

**38th Meeting of UNAIDS
Programme Coordinating Board**

Agenda item 4.2

Financial Reporting

Financial reporting

- Fourth set of financial statements prepared according to international **accounting standards** (IPSAS)
- A **clean audit** opinion provided by the external auditors
- All recommendations of the **external audit** conducted in 2015 implemented
- **83% of resource mobilization** target for 2015 reached

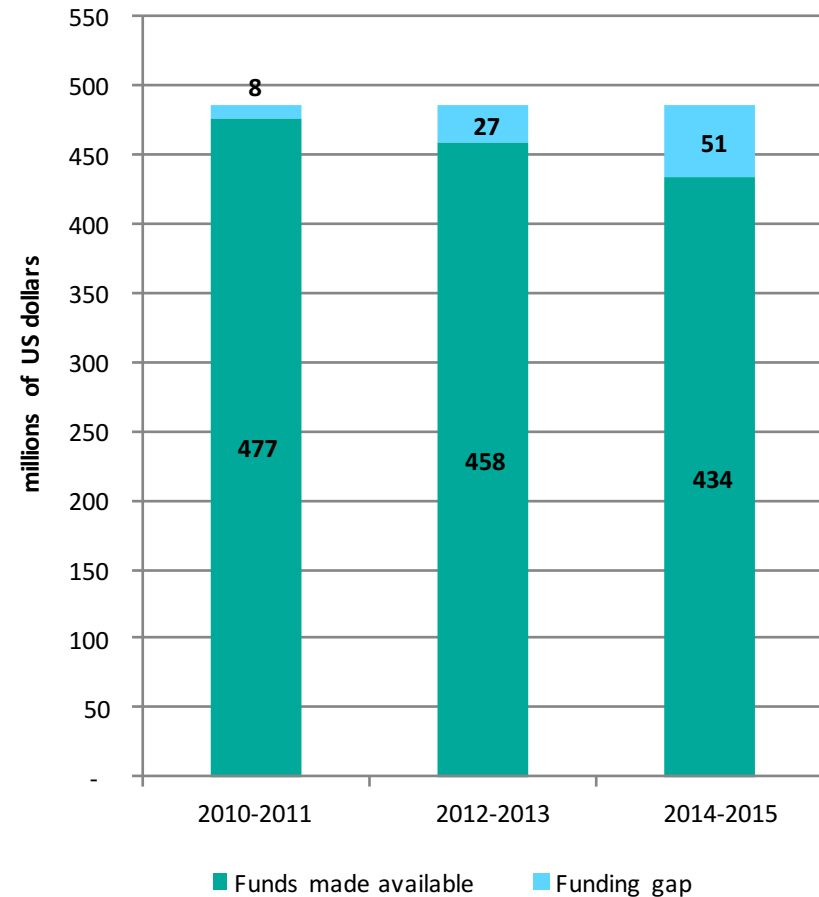


Income and expenditures in 2015

- Core **income** totaling **US\$ 200.9 million** was mobilized in 2015 compared to US\$ 232.8 million in 2014
- Total core **expenditures** in 2015 amounted to **US\$ 242.2 million**
- **The difference** between revenue and expenses **of US\$ 41.3 million** has been covered from the fund balance
- The net **fund balance** at 31 December 2014 was **US\$ 82.6 million** (below the minimum level of US\$107 million established by the PCB)

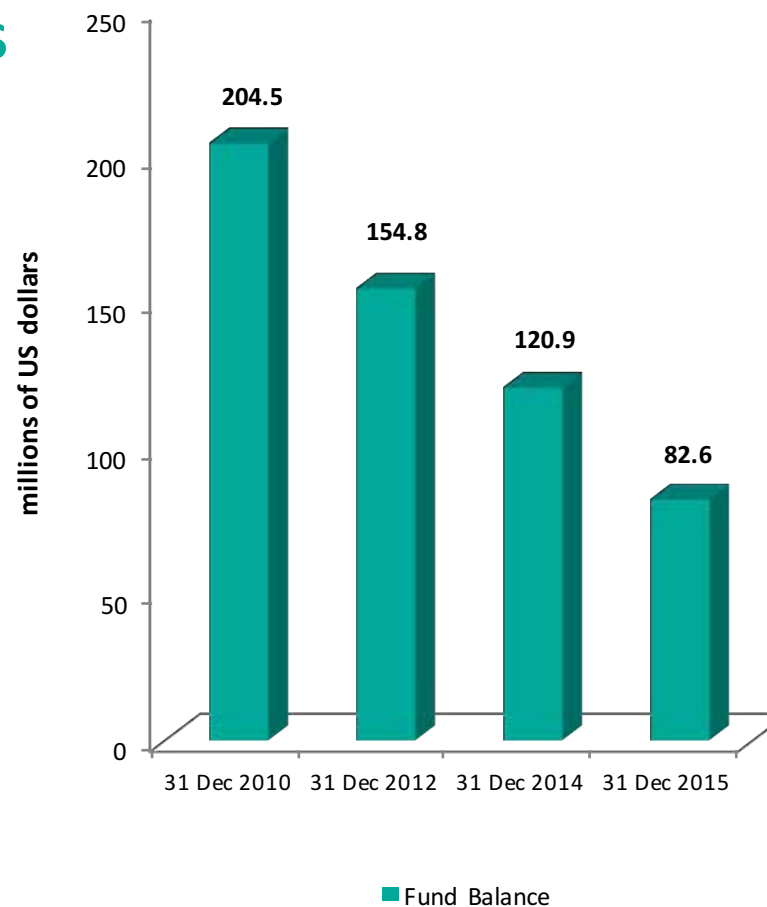
Funds mobilized during the last three biennia

- In the 2010-2011 biennium core funding totalling **US\$ 477 million** was mobilized; **US\$ 8 million** below the target
- In the 2012-2013 biennium core funding totalling **US\$ 458 million** was mobilized; **US\$ 27 million** below the target
- In the 2014-2015 biennium core funding totalling **US\$ 434 million** was mobilized; **US\$ 51 million** below the target



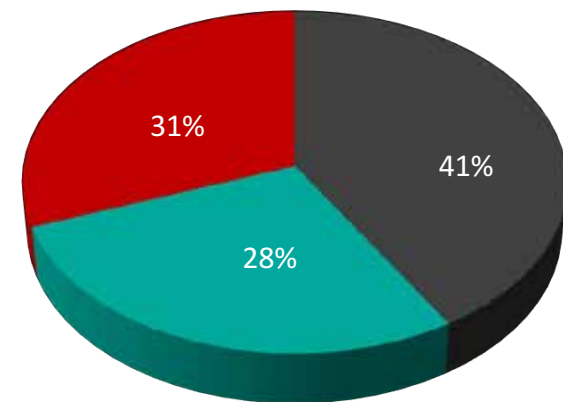
Management of the core fund balance

- In 2010, **35% of UNAIDS biennial budget (US\$ 170 million)** was established by the PCB as the maximum level of the core fund balance
- In July 2014, the PCB requested an analysis based on which to establish an appropriate **lower-limit of the fund balance**
- In July 2015, **22% of UNAIDS biennial budget (US\$ 107 million)** was established as the minimum level of the fund balance
- At the end of December 2015, the net fund balance stood at **US\$ 82.6 million**



Developments in 2016

- So far in 2016 a total of **US\$ 99.9 million** has been mobilized against the core budget
- **US\$ 168 million** is projected to be raised against the core, which represents **70%** of the target for 2016 (83% in 2015 and 96% in 2014)
- **Reduced contributions** from key donors and the **strong US dollar** explain the drop in funding (as 70% of the core funding is in other currencies)
- **Additional contributions are urgently needed** to close the 30% gap between the projected income and the approved budget for 2016



- So far mobilized
- Estimated to be mobilized
- Still to be raised

Core contributions from top ten donors 2013-2016

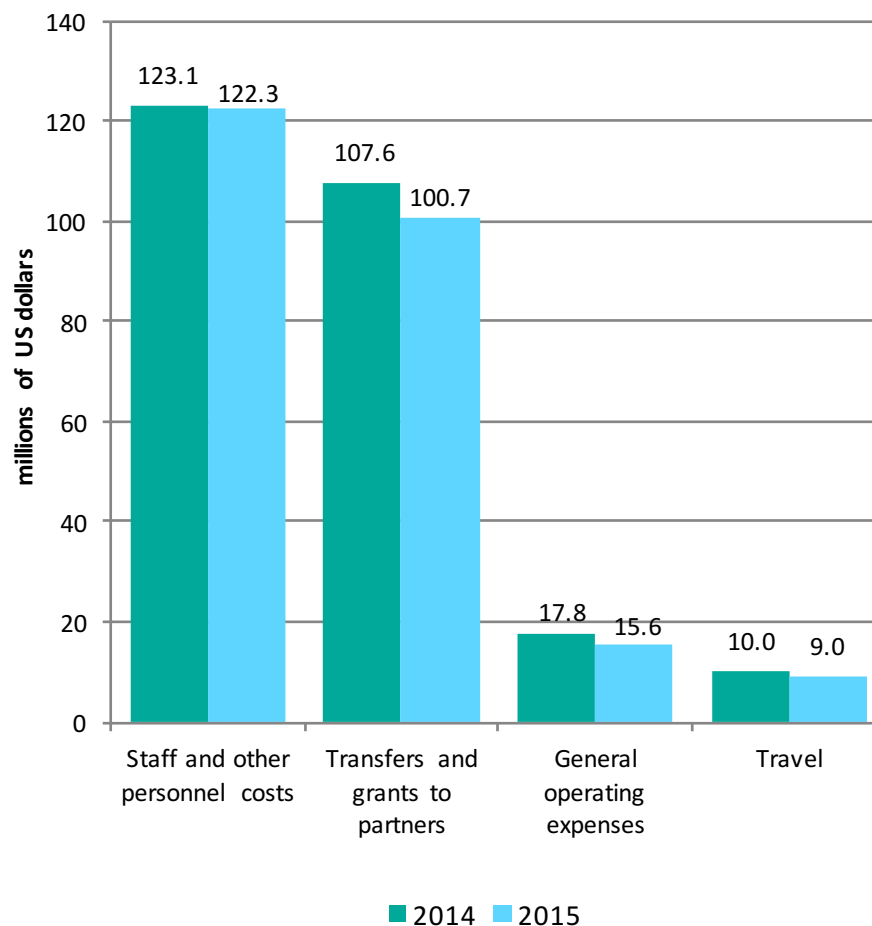
(in US dollars)

Ranking based on 2015 contribution	Governments	2013	2014	2015	2016
1	UNITED STATES OF AMERICA	42 792 127	45 000 000	45 000 000	45 000 000 ⁽¹⁾
2	SWEDEN	38 853 723	34 641 391	24 973 370	24 761 669
3	NETHERLANDS	26 178 010	27 210 884	22 675 737	22 346 369
4	UNITED KINGDOM	23 527 311	24 429 967	22 189 349	21 428 571 ⁽¹⁾
5	NORWAY	30 715 590	29 332 886	21 894 157	14 558 399
6	SWITZERLAND	11 160 714	11 160 714	11 160 714	10 319 917
7	FINLAND	12 516 297	13 132 695	8 667 389	0
8	DENMARK	6 956 522	8 291 874	8 291 874	2 848 576
9	AUSTRALIA	3 730 772	6 679 035	5 703 422	3 427 266
10	BELGIUM	7 305 236	5 619 413	5 619 413	4 509 583

⁽¹⁾ Estimate

Cost savings and efficiency gains in UNAIDS Secretariat

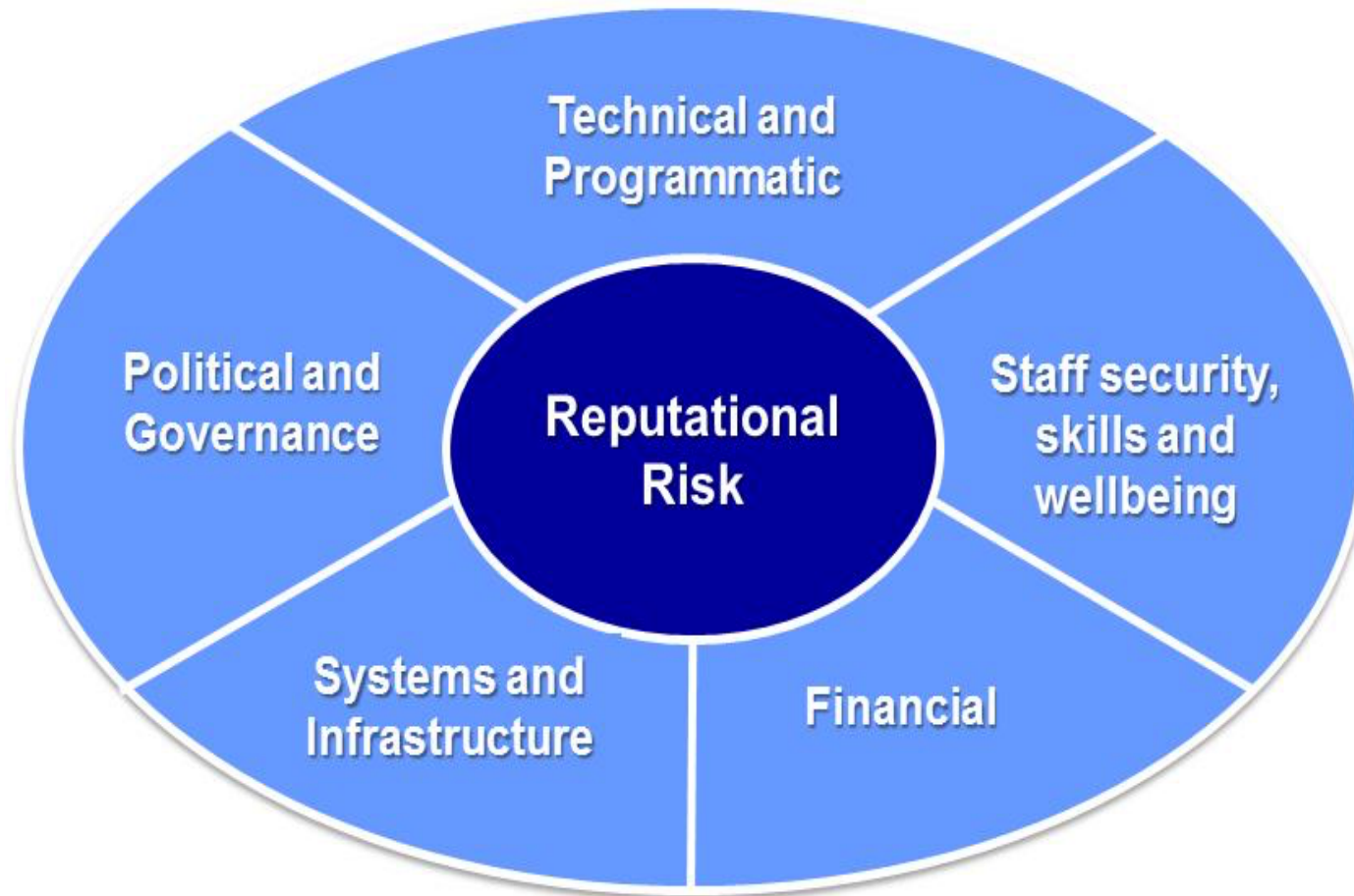
- Continued emphasis on **cost effectiveness** and **cost containment**
- Overall level of **expenditures in 2015**, including staff costs, **in line with 2014 expenditures**
- Most savings generated in the area of **transfers, grants, operating expenses and travel**



Overview of internal audit recommendations 2010-2015

	16 Country & Liaison Offices	5 Regional Support Teams	6 Headquarters Functions	
Scope	<ul style="list-style-type: none"> ✓ Accuracy and reliability of management information ✓ Effective use of non-core funds 	<ul style="list-style-type: none"> ✓ Risk management and controls in high-risk areas ✓ Consistency with established control procedures 	<ul style="list-style-type: none"> ✓ Availability of management information ✓ Compliance with rules & regulations 	
Status	Closed	62%	50%	58%
	In progress	14%	14%	21%
	Open	24%	36%	21%

UNAIDS risk categories



UNAIDS 2016 top risks

Risk Category	Risk Description	Likelihood	Impact	Score (Likelihood x Impact)
Political and Governance	Inadequate positioning of AIDS in the post-2015 agenda	1	3	3
	Polarized debate on key issues in relevant governance structures	2	2	4
	Loss of cohesion within the Joint Programme	1	3	3
Technical and Programmatic	Loss of leadership role due to failure to provide relevant information	2	2	4
	Emergence of alternative credible data sources on AIDS	1	2	2
	Inability to communicate achievements and quantify value added	1	3	3
Funding and Financial	Sudden or gradual withdrawal by one or several donors	2	3	6
	Continued diminished resource base and volatility in the foreign exchange markets	2	3	6
	Financial mismanagement	1	3	3
Staff Security, Skills and Wellbeing	Failure to attract and maintain skilled workforce	1	3	3
	Threats to staff safety and security	3	2	6
Systems and Infrastructure	Confidentiality and integrity of UNAIDS data compromised	1	2	2
	Loss of essential infrastructure (e.g., IT, Global Service Centre, buildings)	1	3	3
	Compromised capacity to deliver critical services in an event of disaster or crisis	2	2	4

Risk Level

Low risk
Moderate risk
High risk

Strong stewardship and accountability for results

- **Be brave**, provide a space to **build trust and consensus** around difficult issues; do things that others cannot or will not.
- **Strengthen bold advocacy**, including high level political advocacy with leaders – in all epidemic contexts.
- Support **generation of data and strategic information** to guide policy, investments and programmatic decisions.
- Build capacity of **countries and communities to deliver services**; invest in local expertise; provide quality strategic/technical support.
- Foster **country ownership, leadership, coordination, partnerships, good governance and accountability systems**.
- Empower and **create space for civil society** in a number of roles including governance, activism, service delivery, demand creation.
- Convene and **coordinate partnerships** and provide strategic direction to partners.

