



## **UNAIDS PROGRAMME COORDINATING BOARD**

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**Date:** 6 – 8 December 2016

**Venue:** Executive Board Room, WHO, Geneva

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**Agenda item 5**

### **Unified Budget, Results and Accountability Framework (UBRAF)**

**Interim update in response to Decision Point 7.21 of the 38th Meeting of the UNAIDS Programme Coordinating Board**

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# STABILIZATION OF THE JOINT PROGRAMME IN LIGHT OF THE BUDGET SHORTFALL:

## IMPACT AND IMPLICATIONS ON THE IMPLEMENTATION OF THE UNAIDS 2016-2021 STRATEGY

Update and interim report to the  
Programme Coordinating Board

31 October 2016

## Background

Over the past year, the international community has adopted a set of commitments that together constitute the most ambitious global AIDS agenda to date. The UNAIDS 2016-2021 Strategy and the 2016 United Nations General Assembly Political Declaration to End AIDS lay out a clear path towards ending the AIDS epidemic by 2030. Countries have begun to implement the Fast-Track agenda, articulating national strategies and adopting ambitious targets for 2020.

The success of the recent replenishment of the Global Fund to Fight AIDS, Tuberculosis and Malaria further demonstrates extraordinary global commitment toward ending the three epidemics. Ensuring that these funds are invested optimally and deliver the greatest impact will rely on a fully functional AIDS ecosystem, including a robust UNAIDS Joint Programme.

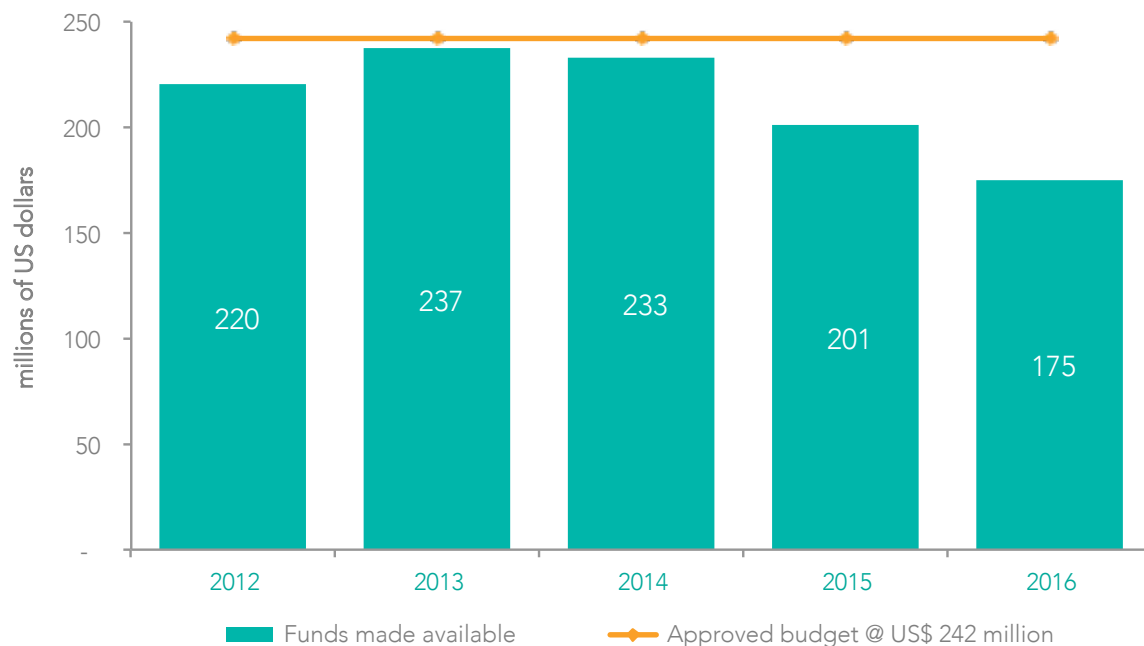
The renewal of political energy in the global AIDS response, amidst the adoption of a vastly-expanded sustainable development agenda, is in part a testament to the leadership of the Joint Programme. UNAIDS' Strategy and its advocacy for an equally ambitious Political Declaration were well-received, owing to a confluence of factors, including modeling demonstrating that the Fast-Track agenda is critical to reaching the Sustainable Development Goal (SDG) target of ending AIDS by 2030, the momentum of recent progress achieved in the AIDS response and continued confidence in the value-added of the Joint Programme's model, particularly at country level. The Joint Programme, unique in the UN system, has been most effective when it has operated in the spirit of a partnership based on mutual trust and confidence.

ECOSOC has emphasized the relevance of the multi-sector model to progress across the 2030 Agenda for Sustainable Development, specifically as an example of "enhanced strategic coherence, coordination, results-based focus, inclusive governance and country-level impact." Strong confidence in the Joint Programme is further evidenced by the continued interest of UN entities in ever closer collaboration with the Joint Programme, full integration of UNAIDS into the UN Resident Coordinator's system and expanded UNAIDS operations in humanitarian settings.

At a time when results in the AIDS response are gaining pace and inspiring hope, when the international community has adopted a bold, concrete agenda to Fast-Track the AIDS response, and when demands are growing for multisectoral, multistakeholder solutions, UNAIDS faces unprecedented budget constraints. At the time of the UNAIDS Financing Dialogue in June 2016, UNAIDS had received US\$ 100 million against a planned budget of US\$ 242.4 million. As a result of resource mobilization efforts, revenue for 2016 is now projected at US\$ 175 million—yet this is still a shortfall of 28% (Fig.1).

Given the rapid change in the financial situation of the Joint Programme, at its 38th meeting the Programme Coordinating Board (PCB) requested UNAIDS to inform the Board of how it is managing the budgetary shortfall. This update responds to that decision and has been informed by contributions from Cosponsors and the Secretariat.

**Fig. 1. UNAIDS available funds versus PCB-approved budget, 2012-2016**



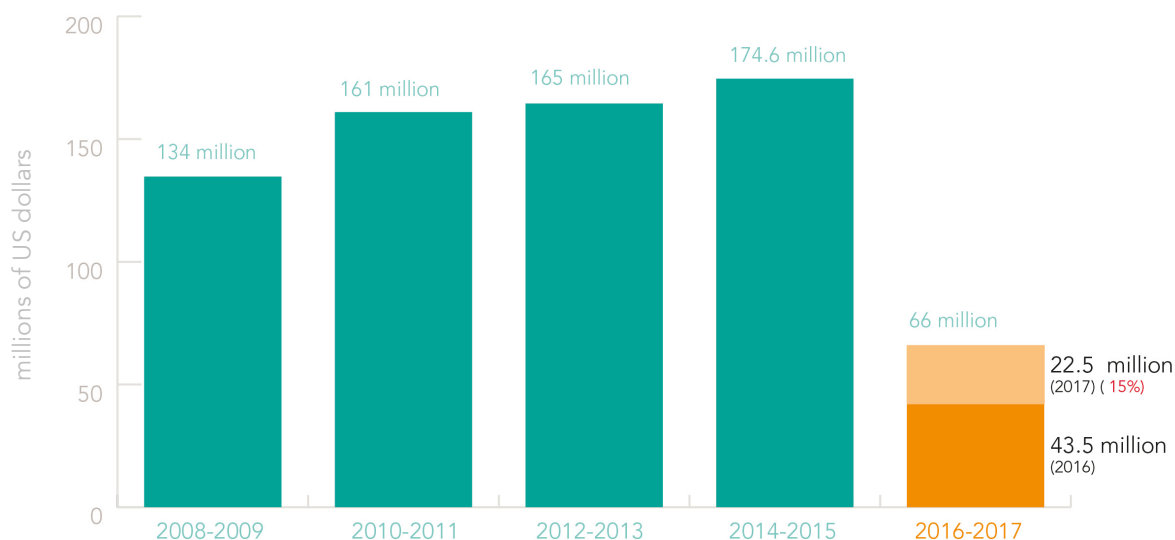
### Managing the financial shock on the Joint Programme

The Joint Programme recognized the global financial crisis of 2008 and has sought to address it. Over the past four biennia, the UNAIDS Executive Director (EXD) has presented zero growth budgets, which amount to a 10% decrease in real terms. The Joint Programme has actively managed ongoing financial pressure by implementing a range of cost-saving and efficiency measures. Between 2008 and 2015, core budget allocations for the Cosponsors were maintained and increased as a proportion of the total budget from 29% to 36%, including resources to a new Cosponsor. These sustained contributions were essential to enable the Cosponsors to mobilize and leverage other resources and maintain AIDS as a priority across wider agendas, all of which are critical to delivering on the UNAIDS Strategy and the 2030 Agenda for Sustainable Development.

The significant and unexpected cuts by several donors in 2015, however, have left the Joint Programme in a financially precarious position. In January 2016, Cosponsors received budget allocations of US\$ 44 million, representing an unprecedented 50% cut to the budget originally envisaged (Fig.2). At the time of the 38th PCB, projected revenue for 2017 was even lower. In response to the PCB call for a sufficiently funded Secretariat, US\$ 127.5 million was expected to be allocated to it (compared to the PCB-approved budget of US\$ 155 million for 2017), leaving just US\$ 22.5 million available to be shared among the 11 Cosponsors (which equates to a reduction in Cosponsors funding from core UBRAF resources raised by the Secretariat from 36% to 15%). This would represent a 75% reduction in the planned budget allocation of US\$ 88 million.

Overall, the budget shortfall represents a crisis, which is leading to tensions within the Joint Programme and has the potential not only to destabilize the Joint Programme but also to undermine the model itself.

**Fig. 2. UNAIDS Cosponsor budget allocation 2008-2017 (US\$, by biennium)**



The Joint Programme has sought to manage the crisis, including through regular communication amongst members of the Committee of Cosponsors Organizations (CCO), participation of the CCO Chair and other Cosponsors in the UNAIDS Financing Dialogue in June 2016, establishment of a CCO working group to analyze the impact of reduced funding, and a common agreement among the Cosponsors and Secretariat to focus resources on Fast-Track countries and Joint Programme core functions.

### Impact and implications of the budget shortfall for the Secretariat

Over the last several years, the Secretariat has made great strides to ensure cost effectiveness and efficiency. These measures have reduced the Secretariat operations and activities by US\$ 40 million over the 2011-2015 Strategy period, including a reduction in Secretariat staff by almost 100 over the course of 2011-2015. This has been followed by a further reduction of 100 staff expected by the end of 2016 thereby contributing to savings of an additional US\$ 15 million.

Moving forward, the Secretariat will continue to pursue reforms to improve our effectiveness, such as:

- Streamlining headquarters and regional teams to produce a leaner, less top-heavy Secretariat structure which will bring down annual staff costs by US\$ 10 million;
- Better aligning field presence to the needs of local epidemics and prioritizing programmes in Fast-Track countries which will generally be protected from staffing reductions;
- Sharpening political and technical focus in support of innovative, rights-based and evidence-informed Fast-Track responses with strengthened accountability.

Without additional funding in 2017, however, the capacity of the Secretariat to deliver on several of its core functions – particularly generating strategic information, empowering and supporting civil society and providing dedicated support to key and other marginalized populations – will be severely

weakened. Senior positions in the field outside of Fast-Track countries will have to be reduced, which will impair UNAIDS' political leadership in those countries and reduce its ability to conduct high-level policy dialogue and advocacy to ensure no one is left behind. The budget shortfall will also likely weaken support to countries to build long-term sustainable capacity to manage the response, to formulate and implement investment cases and to access and optimize support from the Global Fund. Furthermore, reducing the capacity of the Secretariat will make it more challenging to maximize its leadership in employing the AIDS response as a pathfinder for progress on other health and development challenges.

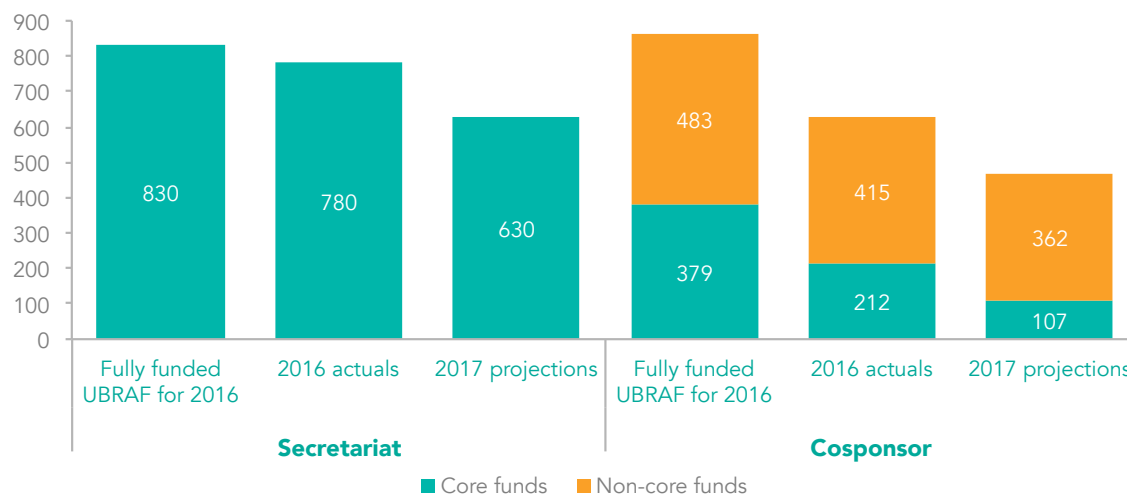
### Impact and implications of the budget shortfall for Cosponsors

Ensuring that the global community continues to raise and increase the current US\$ 20 billion for the AIDS response and that it is effectively used for the delivery of results for people is the unique function of the Joint Programme and its core responsibility. In essence the value of the Joint Programme – its leadership, influence and expertise – is grounded in its multisectoral and multistakeholder approach. Cosponsor agencies leverage their normative role and technical expertise to influence policy and build sustainable capacity in countries.

The budgetary shortfall will have major implications for the work of the Cosponsors and joint teams in this biennium, including Cosponsor work to empower and support civil society and provide dedicated support to key and other marginalized populations. A number of Cosponsors, such as WHO, UNICEF and WFP, developed mitigation plans, including regional ones, and increased internal resources to support HIV work. Some Cosponsors have been able to access resources within their organizations this year to mitigate the impacts of the cuts, but it is unlikely that this will be possible in 2017 for the majority of agencies. Some Cosponsors have indicated that they face a significant challenge in substituting core Unified Budget, Results and Accountability Framework (UBRAF) funds within their organizations, as their funds are often earmarked and non-discretionary and because of the pressure on their own budgets in the present global financial climate. The reduction in flexible HIV resources for Cosponsors is having significant impacts on their HIV programmes.

Cosponsors have taken steps to adapt to and mitigate the budget shock, including by reducing staff (particularly in non Fast-Track countries and at global and regional levels), reducing funding to partners and scaling back programming in order to preserve critical functions. Dedicated Cosponsor staff has been reduced by 27% (from 862 to 627) in 2016 (Fig. 3). In 2017, Cosponsors are expecting to further reduce staff to 469, for a worrying overall reduction of 46% (393 staff in total) if additional resources are not mobilized. Furthermore, core Cosponsor HIV staff mobilize non-core funding for HIV work. Reductions in staff will therefore likely result in lower non-core funding in 2018 and 2019, significantly weakening the ability of the Joint Programme to support multisectoral responses in countries.

**Fig. 3. Reductions in Secretariat and Cosponsor staffing, 2016-2017**



Cosponsor staff reductions will result in a major depletion of joint team expertise at country level in 2017 (compared to a scenario of a fully funded UBRAF), including:

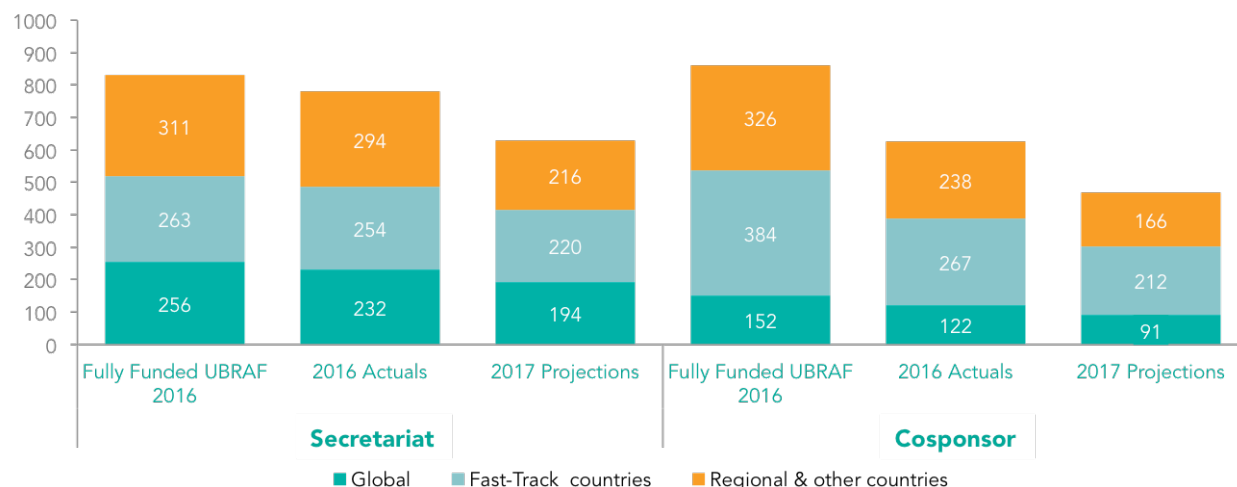
- Reductions in Cosponsor presence in several African countries, including:
  - Reductions (to fewer than five Cosponsors) in Fast-Track countries of Botswana, Cameroon, Democratic Republic of Congo, Ethiopia, Lesotho, Rwanda and South Sudan; and in Côte d'Ivoire (non Fast-Track);
  - Withdrawal of Cosponsor presence<sup>1</sup> in Benin, Burundi, Madagascar, Mauritania, Somalia and Sudan;
- Complete withdrawal of Cosponsor presence from central and South America, including Fast-Track countries Brazil and Jamaica, with the exception of Haiti;
- Major reductions in Cosponsor presence in East and southern Asia, including withdrawal of Cosponsor presence in Pakistan (Fast-Track country) as well as Afghanistan, Fiji, Nepal and the Philippines; and reduced presence in Cambodia, China, Indonesia, Myanmar and Vietnam;
- Withdrawal of Cosponsor presence in eastern Europe and central Asia, including from Belarus, Bosnia and Herzegovina, Kazakhstan, Kyrgyzstan, Moldova and Turkmenistan;
- Withdrawal of Cosponsor presence in Iran (Fast-Track country) and the MENA region (will only retain two Cosponsor staff in Djibouti, Egypt and Tunisia).

Regional coordination functions are also at severe risk. For example, UNODC is likely to lose all regional HIV advisors by the end of 2016 and UNDP has been forced to reduce regional presence in all regions. In 2016, ILO and UNHCR funded their regional positions with non-core resources, but will not be able to do so in 2017.

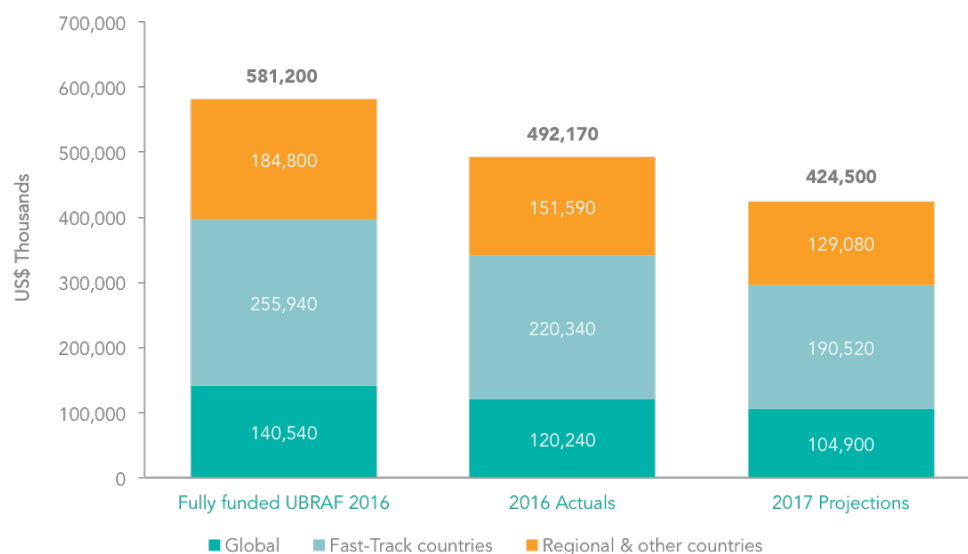
<sup>1</sup> Cosponsor presence is defined as at least two Cosponsors with at least 0.5 staff presence each.



**Fig. 4. Global, regional and Fast-Track country Cosponsor and Secretariat staff: comparing a fully funded UBRAF to current status (2016) and projections for 2017**



**Fig. 5. Global, regional and Fast-Track country Joint Programme funding: comparing a fully funded UBRAF to current status (2016) and projections for 2017 (US\$ in thousands)**



The potential long-term implications of staff reductions are particularly worrisome given that the value-added of the Joint Programme is contingent upon its high-quality technical capacity in the field. The Joint Programme’s technical and programmatic support to countries will certainly be weakened including in regions and countries where the epidemic continues to grow or is at best stable, while the loss of its leadership for a multisectoral response will jeopardize progress across a range of structural and social determinants of vulnerability to HIV. See box below and annex for further details.

A more comprehensive report of how the 2016 budgetary shortfall and the 2017 revenue projections will affect delivery of the UNAIDS 2016-2021 Strategy will be presented to the Board in December 2016, as per Decision Point 7.20 of the 38th meeting of the PCB.

**Impacts of staff reductions on Joint Programme programming and activities: illustrative examples** (see Annex for a more comprehensive assessment)

The diminished capacity of Cosponsors to provide support at country and regional levels will affect the Joint Programme's contributions towards achieving the vision of zero new HIV infections, zero AIDS-related deaths and zero discrimination and cut across all eight results areas of the UNAIDS 2016-2021 Strategy. Some preliminary and illustrative examples of this wide-reaching impact in 2016 and 2017 include:

***Zero new HIV infections***

- UNFPA's support for comprehensive condom programming to prevent HIV, other STIs and unintended pregnancy will have to be scaled down dramatically. For example, such programming will be reduced from 13 countries in LAC in 2016 to only three countries in 2017; UNFPA's work on social marketing of condoms in EECA was discontinued in 2016, and; expansion of the CONDOMIZE! campaign into new countries in Africa has been stopped.
- Implementation of the Global Plan to eliminate new HIV infections in children and keep their mothers alive will be put at risk as will efforts to validate elimination of mother-to-child transmission (eMTCT) as Cosponsors—especially UNICEF and WHO—will only be able to support an estimated 70% of Fast-Track countries to implement eMTCT guidance by 2021.
- UNODC's extensive harm reduction work is in jeopardy. UNODC will not provide targeted policy advocacy and technical assistance for harm reduction in 13 of 26 high priority countries in 2016/17, and its HIV work in prisons will be suspended in 50% of high priority countries. Work to develop linkages between law enforcement, health, prison services, drug control agencies, justice and civil society organizations to ensure access to harm reduction services will be undertaken in only half of the 26 high priority countries.
- UNESCO's country-level support to Ministries of Education to strengthen HIV prevention and comprehensive sexuality education will be scaled back from over 75 countries to under 30. In WCA and LAC, only a regional presence has been maintained, and in the MENA region, technical support will now be carried out by the Global team.
- The World Bank will sharply curtail its work to improve the efficiency, effectiveness and financial sustainability of national AIDS responses as follows: from 50 to fewer than 5 countries supported to develop more efficient and effective AIDS responses and from over 20 to fewer than 5 countries supported to develop sustainable, long-term HIV financing approaches. World Bank support has led to funding reallocations of up to 35% to more cost effective programmes and helped to reduce new infections in countries that have already been supported. These reductions will severely compromise important work that countries demand to make the global AIDS response more efficient, effective and sustainable, and integrate it within countries' national development and recurrent budgeting and financing systems, at a critical moment in the global HIV response and will have long-term negative consequences. As one of the world's largest funders of health systems, education, social protection, poverty reduction, gender, infrastructure and other multisectoral interventions, reducing UBRAF funding will severely reduce the Bank's capacity to effectively integrate proven HIV interventions into these sectors, dramatically reducing and re-medicalizing the global HIV response.

***Zero AIDS-related deaths***

- It is estimated that only 15 Fast-Track countries will implement new treatment guidelines (the "treat all" approach) by 2021, compared to the target of 28, due to the curtailing of WHO capacity to support implementation.
- UNHCR's capacity to provide technical support and coordination activities for HIV in humanitarian emergencies will be substantially reduced in 35 countries in Africa, Latin America, Asia, the Middle

East and North Africa. Prevention programs, including those for key populations - including sex workers and men who have sex with men among refugees and other populations affected by humanitarian emergencies - will be drastically scaled down in all regions. Community- and facility-level support for people on antiretroviral therapy and TB treatment and in eMTCT programmes will be scaled down. Access to viral load and CD4 testing in humanitarian settings will be underfunded..

- WFP's capacity to address structural and biological drivers of HIV outcomes, food security and nutrition interventions across the entire HIV treatment cascade, including through vulnerability assessments and capacity building initiatives, will be diminished. For example, technical support to integrate food and nutrition in HIV will be cut in 13 countries, directly impacting treatment adherence and prevention outcomes. Additionally, WFP's capacity to make existing social protection programmes HIV-sensitive will be scaled down. This is likely to be particularly harmful in countries dealing with emergencies – such as war zones and southern African countries currently affected by El Nino – especially since WFP forecasts that its ability to support HIV in emergencies will drop by 77% (or 10 countries) by 2017 given the funding cuts.
- ILO's VCT@Work programming, which has tested 2.9 million workers in two and a half years and referred 85,000 to treatment services, will be completely halted in 14 countries and underfunded in 20 other countries. The ILO will have limited country capacity to ensure HIV prevention is integrated into ILO programmes in migration, social protection, youth employment, occupational safety and health, economic empowerment and other ongoing programmes, particularly at the country level.
- Over the last two years, UNICEF has supported more than 25 countries to initiate critical work to develop sharper national plans to address bottlenecks affecting the delivery of effective HIV prevention, treatment and care interventions to adolescents and improve knowledge and demand among adolescents. Implementation of these plans and continued expansion of this model of improved data-driven planning to close the gap in the response for adolescents is at risk of slowing down. Furthermore, UNICEF's work to accelerate and sustain access to ART will be limited to only 20 countries with the highest HIV infections among children and adolescents within the "Three Frees" Framework. Efforts in low and concentrated epidemics will be limited.

#### ***Zero discrimination***

- UN Women's work to integrate gender equality into national HIV responses, support engagement of women's organizations and implement evidence-based interventions addressing intersections of violence and HIV is underfunded and will be further reduced from 23 to just 10 countries in 2017. The number of countries and networks of women living with HIV that UN Women supports will fall by nearly 60%.
- UNDP's work in 88 countries supporting countries and civil society to conduct legal environment assessments and community engagement on human rights and legal issues, national dialogues and law and policy review will be severely constrained and scaled down in Asia Pacific, Arab States, eastern Europe and Latin America. UNDP's work on social contracting for sustainable AIDS financing will also cease.

## Implications of the budget shortfall for UNAIDS' partnership with the Global Fund to Fight AIDS, Tuberculosis and Malaria

Particular concern has been expressed about the potential implications of the budget shortfall for the Joint Programme's partnership with the Global Fund. The Global Fund currently maintains 9.2 million people on HIV treatment, with expectations that this number will significantly increase in the near-term, given the Fifth Replenishment of nearly US\$ 13 billion for the next round of grants. As a financing mechanism, the Global Fund draws on the technical and political contributions of the entire Joint Programme to ensure the effective delivery of programmes and the optimal use of funds, in particular with the role of UNDP as an interim Principal Recipient for HIV grants in 11 countries facing exceptional circumstances. A robust partnership between the Joint Programme and the Global Fund will continue to be critical to ensure that progress is maintained, and that the Global Fund can deliver even greater results in the coming years.

The Joint Programme has assisted more than 100 countries in mobilizing and effectively using US\$ 16 billion disbursed by the Global Fund since 2002. In 2014/15 alone the Joint Programme helped develop 88 HIV and HIV/TB concept notes for the Global Fund. To help countries access and optimally use Global Fund grants, UNAIDS provides a broad range of support, including state-of-the-art epidemic modeling, contributing to the design of HIV prevention and treatment programmes (including in humanitarian and challenging operating environments), gender and human rights assessments, negotiating lower prices for diagnostics and medicines, convening civil society, and building country capacity to generate strategic information and monitor the epidemic and response.

The critical nature of the functions performed by the Joint Programme is widely recognized. As a result, there have been calls for the Global Fund to directly finance UNAIDS to ensure that it can continue to perform them. The UNAIDS Executive Director has chosen not to accept such funding for the UNAIDS Secretariat (although some Cosponsors do accept support, for example as principal recipients or for technical support). The Executive Director has taken this position to avoid potential or perceived conflicts of interest, ensuring that UNAIDS can continue to function as an impartial broker and remain fully accountable to the PCB. Nonetheless, it is possible to calculate the actual costs associated with the Joint Programme's support to the Global Fund and its funding recipients, and identify ways to finance this support in addition to its core functions. More donors to the Global Fund could be encouraged to follow the lead of others and allocate 5% of their pledges to directly finance the Joint Programme's technical assistance to the Global Fund.

## Bridge financing to absorb the shock and manage the transition

During 2016 resource mobilization efforts have been strengthened and UNAIDS executive leadership has engaged with more than 40 donors, to ensure higher levels of core UBRAF funding. The efforts are starting to deliver results and signals of support from donors for the work of the Joint Programme remain as strong as ever. The United Kingdom and the United States have indicated their intention to maintain their level of support with long-term commitments. Cote d'Ivoire, Kenya, Sweden and Switzerland have advised that they will be providing additional funds by the end of 2016, in some cases to manage the current financial crisis. In addition to these commitments, there are promising indications from China, Denmark, Namibia and Norway. These contributions are welcome, however, they are insufficient to fully implement the Joint Programme's activities approved by the PCB.

The June 2016 PCB decision to establish a minimum threshold of 15% of the anticipated 2017 revenues for Cosponsors, with the guarantee of no less than US\$ 1.5 million for each Cosponsor, helps to stabilize financing but will severely undermine their support to countries. As mentioned above, current revenue projections would translate into Cosponsors receiving half of the PCB-approved allocation and a quarter of their respective allocations in the 2017 approved budget.

Concerned about the financial stability of UNAIDS and the need to maintain sufficient working capital for the operations of the Joint Programme, the 36th meeting of the PCB took the decision to establish 22% of the biennial budget as the minimum level of the fund balance (i.e., US\$ 107 million). However, to ensure the delivery of the Joint Programme activities and the Fast-Track Strategy, the decision was taken to draw down on the fund balance in 2015 as well as 2016. It is now projected that the fund balance will stand at US\$ 70-75 million at the end of 2016. As result, the fund balance is no longer at a level to effectively absorb further shocks and exigencies.

As an urgent step, it is therefore critical that members of the Board and other stakeholders reconsider their financial commitments to UNAIDS and provide the bridging funds needed for this transitional period. The budget crisis serves to underline that business as usual is no longer an option. It thus raises the need to critically examine the Joint Programme business model, including its financing modalities, to ensure its long-term sustainability, relevance and added-value.

### Seeking solutions to strengthen the UNAIDS business model: High-Level Independent Review Panel

These short-term measures and renewed efforts to mobilize resources are critical to stabilize the Joint Programme, but a longer-term strategic approach is warranted if UNAIDS is to lead a Fast-Track response and remain a model for the UN working together in the SDG era. In order to do more with less, it will need to continue to innovate—strengthening its governance, reinforcing joint working, and ensuring UN expertise and structures are strategically resourced, flexible and capable of the rapid deployment necessary for a Fast-Track response. These challenges raise fundamental questions on the future of the Joint Programme’s business model and how it can deliver results and the best value for money.

To assess opportunities and provide recommendations on updating and reinforcing the Joint Programme business model, the Executive Director will convene a High-Level Independent Review Panel. The Review Panel will be composed of a diverse group of experienced members including PCB members, CCO Heads of Agency, civil society, foundations and the private sector, among others and will complete its work in the first quarter of 2017. Recommendations will be integrated into reporting to the Board in June 2017.

## Summary

This paper summarizes the financial situation facing the Joint Programme, the anticipated impact of the budget shock on delivering the UNAIDS Strategy and the SDGs, and the steps that have been collectively taken to address the shortfall.

The current levels of planned allocation to the Cosponsors helps to stabilize the Joint Programme to some degree, but it has severely undermined its ability to deliver on the Strategy and is not a solution for the medium-term. In retrospect, the current approach may be sub-optimal and untenable during periods of budget uncertainty and constraint. This is particularly the case given the fact that the Cosponsors have faced a double whammy; a sharp reduction in core resources at a time when their own budgets are under pressure.

Yet the current financial situation is fostering challenges beyond its impact on country programmes. The current reduction in allocations is creating tension in the Joint Programme, generating the potential for competition and distrust. Should this continue it would destabilize the Joint Programme and paralyze efforts to implement the Fast-Track Strategy.

That said, the budget shortfall has also revealed the need for reform to the basic business model of the Joint Programme. Ultimately a strong Secretariat and capacitated Cosponsors are critical to an effective Joint Programme.

To emerge stronger from the present crisis and prevent damage to the spirit of the Joint Programme, urgent efforts are needed to broker consensus on both short- and longer-term sustainable solutions.

## Roadmap to manage the shock and transition

The impact and implications of the budget shortfall call for urgent action. To respond in the short-term as well as move towards more sustainable solutions, four critical actions are needed:

- 1. Develop a consensus among the Committee of Cosponsoring Organizations on a stabilization plan:* Agree on a short-term, prioritized and evidence-informed allocation of resources so as to ensure that the core functions of the Secretariat and vital contributions of Cosponsors to the global AIDS response are maintained. Ultimately, a new model for distributing the resources in the budget between the Secretariat and the various Cosponsors needs to be put in place; a model more flexible and nuanced as to be workable for any scenario that may emerge in the future.
- 2. Continue to aggressively focus on Fast-Track and achieve cost-savings and efficiencies across the Secretariat and Cosponsors:* Efforts will continue to reduce Secretariat operating costs, including further streamlining of headquarters and regional offices while concentrating on deploying staff to Fast-Track countries and consolidating elsewhere. The Cosponsors will also continue to find cost-savings and efficiencies.
- 3. Revitalize resource mobilization:* Despite positive signs from a number of donors, a significant financial gap remains. In the medium-term, the Joint Programme needs to be financed in a sustainable manner. Renewed efforts and approaches to resource mobilization are needed. Fully financing the

UNAIDS budget will rely on both broadening the donor base, including among newly emerging economies and private sector donors, and encouraging current donors to review and increase their existing financial commitments. Going forward, Cosponsors will need to mobilize more core resources for AIDS and work differently to contribute to Fast-Track, including considering how to mainstream and integrate AIDS into their country, regional and global programmes that support progress on a range of SDGs.

*4. Implement recommendations of the High-Level Independent Review Panel:* The Review Panel, under the joint leadership of the EXD and Chair of the CCO, will produce a range of concrete recommendations on reforms to ensure that the Joint Programme business model adopts a differentiated approach to country circumstances, is fit for purpose and capable of delivery of greater impact with strengthened accountability. These recommendations will be presented to the PCB in June 2017 and require careful consideration and dedicated planning for urgent implementation.

Since its inception, UNAIDS has been a pioneer in inclusive partnerships and results-based leadership. By proactively addressing the challenges of a shifting development and budgetary environment, and embracing the opportunity and obligation to work more effectively and efficiently across priorities and sectors, UNAIDS can remain at the forefront of UN reform and governance for health while leading the global movement to end AIDS.

## Annex: Impact of reduced UBRAF funding on Cosponsor Programmes in 2016/17

Reductions in core UNAIDS UBRAF funding in 2016 and the projected shortfall in 2017 are having a major impact on the levels of dedicated HIV staff across all Cosponsor organizations. Cosponsor HIV staff have been reduced by 27% – from 862 to 627 – in 2016. In 2017, Cosponsors are anticipating further reducing their staff complement to 469 – an overall reduction of 46% (393 staff in total). The impact of these cuts is particularly being felt in non Fast-Track countries and in Latin America and the Caribbean, the Middle East and North Africa and eastern Europe and central Asia. WHO, the World Bank and UNESCO have allocated all their remaining resources to Fast-Track countries. Cosponsor presence in sub-Saharan Africa will also be increasingly affected. In 2017, fewer than five cosponsors will have HIV staff presence in Botswana, Cameroon, Côte D'Ivoire, Democratic Republic of Congo, Ethiopia, Lesotho, Rwanda and South Sudan, and there will be no Cosponsor presence in Benin, Burundi, Madagascar, Mauritania, Somalia and Sudan. Regional coordination functions are also at severe risk. UNODC is likely to lose all its regional HIV advisors by 2016, while ILO and UNHCR—which are funding these positions from non-core resources in 2016—will not be able to do so in 2017.

The diminished capacity of Cosponsors to provide support at country and regional levels will affect programming and activities across all eight Strategic Results Areas of the UNAIDS 2016-2021 Strategy. Some preliminary examples of this wide-reaching impact in 2016 and 2017 for each Strategic Results Area include:

### Access to testing, knowledge of HIV status and link to treatment

- WHO capacity to support implementation of normative guidance on scale-up of HIV testing and 2016 treatment guidelines (the “treat all” approach) is being severely curtailed. It is estimated that only 15 Fast-Track countries will implement new treatment guidelines by 2021, compared to the target of 28.
- UNHCR's capacity to provide technical support and coordination activities for HIV in humanitarian emergencies will be substantially reduced in 35 countries in Africa, Latin America, Asia, the Middle East and North Africa. Prevention programs, including those for key populations - including sex workers and men who have sex with men among refugees and other populations affected by humanitarian emergencies - will be drastically scaled down in all regions due to the necessity to prioritise the continuation of treatment.
- Work undertaken through the UNDP/UNFPA Urban Health and Justice Initiative to develop municipal action plans for key populations in five regions and 42 cities will be discontinued in 2017.
- UN Women will not be able to complete work on assessing and developing guidance on gender-related barriers to treatment access.
- ILO's VCT@Work programme, which has tested 2.9 million workers in 2.5 years and referred 85,000 people to treatment services, will be completely halted in 14 countries and underfunded in 20 other countries.



- UNICEF's capacity to deliver on paediatric HIV will be reduced to leveraging opportunities through child health and nutrition funding (which tends to be siloed and as such has limited room for integration) and supporting introduction of early infant point-of-care diagnostics.

#### Elimination of HIV infections among children and the well-being of mothers

- Reduced funding to Cosponsors – especially WHO and UNICEF – will undermine implementation of the Global Plan and capacity to validate elimination of mother to child transmission of HIV (eMTCT). It is estimated that only about 70% of Fast Track countries will implement eMTCT guidance by 2021. With reduced funding UNICEF's efforts will be limited in the Jamaica, Mali, Pakistan, Russian Federation, South Sudan and Vietnam. Support to low and concentrated epidemics will be limited to tracking and advocacy.
- UNICEF will not be able to house the Secretariat of the IATT due to limited funding for M&E and Knowledge Management positions, but will continue to provide technical assistance to countries through the senior PMTCT position.
- The World Bank will sharply reduce HIV-specific guidance to the more than 50 maternal and child health projects that it is funding. These projects aimed to integrate PMTCT into sexual and reproductive health and increase the utilization of primary maternal and child health services.
- UNFPA support for integration of PMTCT interventions with sexual and reproductive health and primary health care services in the 21 Global Plan countries will be severely constrained.

#### Prevention for young people, especially young women and adolescent girls

- WHO is shifting core and non-core funds away from this results area to address other priorities, reducing its capacity to address HIV prevention among young people by 50%.
- UNICEF will not be able to follow up on implementation support to close the programme gaps in the 25 countries that have conducted ALL IN! assessments.
- UNFPA is scaling back HIV prevention and outreach for adolescents and youth in West Africa and will discontinue Youth Peer programs in six Arab states in 2017.
- UNESCO's work to support teachers living with HIV has been significantly scaled back.
- The World Bank will sharply reduce technical assistance to the HIV components of its US\$ 2.5 billion portfolio of secondary education projects.
- Work by UNFPA, the World Bank and UNAIDS to revitalize HIV prevention, with a focus on ESA, is being constrained. For example, UNFPA has reduced the number of countries receiving catalytic funding from 17 to eight in 2016, and is likely to provide such funding to only two countries in 2017.
- UNFPA's support for comprehensive condom programming to prevent HIV, other STIs and unintended pregnancy will have to be scaled down dramatically. For example, in LAC it will be reduced from 13 countries in 2016 to only three countries in 2017, UNFPA's work on social marketing of condoms in EECA was discontinued in 2016, and expansion of the CONDOMIZE! campaign into new countries in Africa has been stopped.

- The ILO-supported Corridor Economic Empowerment Project (CEEP), which develops the capacity of and empowers vulnerable women and men to start businesses, access capital and monitor changes in access to health, being implemented in six countries in SSA will be halted due to financial constraints.

### Tailored combination HIV prevention for key populations

- UNODC's extensive harm reduction work at global and country levels is being seriously undermined. For example, targeted policy advocacy and technical assistance for harm reduction for people who use drugs will not take place in 13 of 26 high priority countries in 2016-17, and its HIV work in prisons will not take place in 17 of 34 high priority countries. The I-DUIT implementation tool as developed with INPUD will not be implemented in 14 countries and UNODC work to develop multi-stakeholder linkages between law enforcement, health, prison services, drug control agencies, justice and civil society organizations to ensure access to harm reduction services will not take place in 13 of 26 high priority countries. A wide range of partnerships with civil society organizations and technical guidance related to HIV in prisons will be curtailed.
- UNDP will use non-core resources to focus on LGBT inclusion in Africa, Asia and eastern Europe, while discontinuing this work in LAC. Policy work on addressing violence against key populations will not be scaled up in Fast-Track countries.
- UNFPA, UNDP and UNODC's capacities to support the rollout of key population implementation tools such as SWIT, MSMIT and TransIT developed with other partners will be curtailed in LAC, AP and ESA, and will not commence in WCA. UBRAF reductions will cripple programming on HIV and sexual and reproductive health and rights among key populations in most countries where UNFPA has been providing support, and UNFPA support for many community-led organizations working with key populations will be cut in EECA, MENA and WCA.
- WHO's capacity to update and roll out guidelines on prevention, diagnosis, treatment and care for key populations – including use of new technologies such as PrEP and self-testing – will be severely constrained.
- Tailored ILO support to 15 countries in SSA and AP to implement programmes which increase access to evidence-informed HIV services for men who have sex with men and sex workers in entertainment establishments and hot spots will be reduced to five countries in 2017.
- UNHCR's community level prevention and care programmes for sex workers and men who have sex with men amongst refugee populations in three MENA countries and 15 countries in Africa will be scaled back. Four civil society organizations working with more than 600 members of key populations amongst refugees and other populations affected by humanitarian emergencies in MENA will lose funding. Community-based services in Pakistan to increase the uptake of HIV testing and ART for people who inject drugs, including those affected by humanitarian emergencies, and harm reduction services in Iran will be scaled back. Three civil society organizations will lose their funding, negatively affecting refugee and host community beneficiaries.

- UNICEF will reduce its efforts in advocating and supporting civil society to advance work on reducing inequalities in access to services and commodities for marginalized and key populations in various regions, especially MENA and EECA.

### Healthy gender norms and ending gender-based violence

- UN Women's work to integrate gender equality into national HIV responses, support engagement of women's organizations and implement evidence-based interventions addressing intersections of violence and HIV is underfunded and will be further reduced, from 23 to 14 countries in 2016, and to just 10 countries in 2017. The number of countries and networks of women living with HIV that UN Women supports will fall by nearly 60%.
- UNESCO will discontinue work in MENA in 2016/17 to build the evidence-base on the scope of school-related gender-based violence.
- UNHCR provides comprehensive services for the clinical management of rape in humanitarian settings but will no longer be able to scale up identification and support services and training programmes for providers in 14 countries.
- UNDP's work with WHO on the intersection of HIV, gender-based violence and alcohol in 20 countries will be discontinued in 2017.
- The World Bank will sharply reduce HIV-specific technical assistance to HIV components of the Bank's \$1.4 billion portfolio of gender operations.
- WHO has eliminated core and non-core funding in this area and has no role in gender-based violence for HIV.

### Punitive laws, policies and practices; stigma and discrimination

- UNDP has worked in 88 countries to follow up on the recommendations of the Global Commission on HIV and the Law. Further activities in this area, including legal environment assessments, national dialogues and law and policy review will be severely constrained. Work to reduce stigma and discrimination against women and key populations in health care settings in AP, EECA, MENA and LAC will be discontinued.
- UNFPA will scale back advocacy work for sex workers, including work to eliminate the confiscation of condoms from sex workers by law enforcement authorities in countries in AP and support for sex worker networks in EECA.
- Due to the loss of national programme officers in 6 countries in AP, UNFPA will scale back work to address laws and policies affecting young people's access to sexual and reproductive health services.
- UNODC will scale down its work on alternatives to imprisonment, including for women who use drugs and for minor drug-related offences, and discontinue it in 2017. The organization will also abandon seven regional community and scientific consultations on rights-based approaches to drug policy in preparation for the High-Level Meeting on Drugs in 2019.

- UN Women will provide no further support for seven countries working on law reform to improve women's property and inheritance rights and will be unable to develop work on women and HIV as part of UN Women's Roadmap for Legal Equality 2030.
- UNHCR advocacy activities and support for the promotion of human rights and protection for refugees and asylum seekers living with HIV, including advocating for the end of mandatory testing and restrictions on freedom of movement, will be scaled down in four countries in MENA.
- In 2015, the ILO provided normative support to 15 countries to undertake HIV-related legal and policy reforms including the adoption of non-discrimination legislation and laws, codes of conduct and workplace policies. In 2017, based on its reduced capacity, the ILO will focus its non-discrimination support on five countries only.

#### Fully-funded AIDS response based on reliable strategic information

- Several Cosponsors (WB/UNDP/WHO/UNFPA), UNAIDS Secretariat and the Global Fund have collaborated on work to develop HIV investment cases in countries in EECA. UNDP's ability to expand this work and social contracting will be severely curtailed.
- The Bank will sharply curtail its work to improve the efficiency, effectiveness and financial sustainability of national AIDS responses as follows: from 50 to fewer than 5 countries supported to develop more efficient and effective AIDS responses and from over 20 to fewer than 5 countries supported to develop sustainable, long-term HIV financing approaches. This support has led to funding reallocations of up to 35% to more cost effective programmes and helped to reduce new infections in countries that have already been supported. These reductions will severely compromise critically important work that countries demand to make the global AIDS response more efficient, effective and sustainable, and integrate it within countries' national development and recurrent budgeting and financing systems, at a critical moment in the global HIV response and will have long-term negative consequences.
- WHO has eliminated core funding in this area and will need to scale back work to support technological innovation in areas such as PrEP, voluntary medical male circumcision, HIV testing, vaccine development and service delivery. Capacity to collect data on health service quality and monitoring elements of the care cascade, such as retention, for global reporting will be diminished.

#### People-centred HIV and health services integrated in the context of stronger systems for health

- UBRAF cuts and shortfalls pose a broad threat to advocacy and policy work by Cosponsors on the inclusion of HIV with the universal health coverage agenda. The World Bank and WHO, in particular, will have more limited engagement in discussions related to HIV and universal health coverage.
- WFP's capacity to ensure food security within the context of HIV-sensitive social protection will be diminished and there will be limited capacity to target people living with HIV, orphans and vulnerable children and PMTCT within the context of food security programming.

- UNDP will scale back its work on HIV-sensitive social protection in 35 countries and its capacity to influence the broader social protection agenda will be significantly diminished.
- HIV-related technical assistance to the World Bank's US\$ 11 billion social protection portfolio will be severely reduced and broader work to ensure that Bank spending on social protection, education and infrastructure is HIV-sensitive will be scaled back in 2017.
- Countries supported by the ILO to implement HIV-sensitive social protection programmes for vulnerable populations, including orphans and vulnerable children, will be halved as a result of the financial shortfalls.
- UNDP will stop work undertaken with ILO and IOM on the integration of HIV, health and gender into environmental and social impact assessments in 17 countries.