

# REPORT

## **Report of the PCB Bureau on the recommendations and options of the Informal Multistakeholder Task Team for resolving UNAIDS immediate funding crisis for 2022-2023 biennium**

**Report prepared by the PCB Bureau**



Issue date: 28 July 2022

## BACKGROUND

1. At the 50th session of the Programme Coordinating Board (PCB), the Board took note of the alarming funding situation for the Joint Programme and reiterated the full trust and commitments to UNAIDS work. In view of the pressing funding situation, the PCB requested the PCB Bureau to urgently convene an Informal Inclusive Multistakeholder Task Team consisting of PCB members, observers, cosponsors, the PCB NGO Delegation, and other stakeholders on options for resolving the immediate funding crisis for the 2022-2023 biennium and report back to the PCB electronically by 30 July 2022 on outcomes and recommendations of these discussions. Furthermore, the PCB called on the Bureau to utilize the Informal Multistakeholder Task Team to, in advance of the UNAIDS Structured Dialogue at the end of October 2022, develop recommendations on voluntarily based sustainable funding of the UBRAF, to be presented and discussed at the December 2022 PCB meeting.
2. To guide and support the implementation of these decisions, the PCB Bureau met urgently on 28 June 2022 [UNAIDS PCB Bureau 28 June 2022 | UNAIDS](#) to review and approve the [Terms of Reference](#) of the Informal Multistakeholder Task Team on UNAIDS funding situation/crisis. As agreed by the Bureau members in the timeline of the final terms of reference, the call to express interest in being part of the Task Team was sent on behalf of the PCB Bureau on Thursday 30 June to PCB members, observers, cosponsors, the PCB NGO Delegation and other stakeholders following the list of stakeholders decided by the PCB and reflected in the terms of reference approved by the Bureau.
3. The PCB Bureau met again on 8 July 2022 [UNAIDS PCB Bureau 8 July 2022 | UNAIDS](#) to review and discuss the applications following the criteria determined in the final terms of reference. Further to this review, the PCB Bureau agreed that all 18 applicants met the criteria and were therefore qualified to be members of the Informal Multistakeholder Task Team on UNAIDS funding situation /crisis. While the terms of reference of the Task Team determined that the Task Team should be composed of no more than 15 members, Bureau members agreed that the additional 3 members would strengthen the work of the Task Team and asked the Secretariat to reflect this change in the revised terms of reference of the task Team. The final list of the members of the Task Team is available at [Biographical statements for members of the Task Team](#).
4. Finally, the Bureau met on 25 July 2022 [UNAIDS PCB Bureau 25 July 2022 | UNAIDS](#) to review and finalize the options and recommendations of the Informal Multistakeholder Task Team on UNAIDS funding situation/crisis. During this meeting, members of the PCB Bureau endorsed the options in the report of the Task Team and agreed to submit these to PCB stakeholders at the latest on 30 July 2022 as requested by the PCB under decision 6.7 at its 50<sup>th</sup> PCB meeting. The report of the Task Team is available in **annex 1** of the present document. The PCB Bureau agreed that the only modification in the report of the Task Team is to change the options into recommendations and to proceed with their urgent implementation through a plan that would be developed by the Secretariat.

## RECOMMENDATIONS OF THE PCB BUREAU FROM THE REPORT OF THE INFORMAL MULTISTAKEHOLDER TASK TEAM FOR RESOLVING UNAIDS IMMEDIATE FUNDING CRISIS FOR 2022-2023 BIENNIUM

5. The PCB Bureau endorsed the recommendations submitted by the Task Team as follows:

### **Recommendation 1: Address the impact of currency fluctuations on the Joint Programme's funding**

6. The Secretariat informed the Task Team that recent currency fluctuations resulted in a loss of US\$ 12 million to UNAIDS. Addressing currency fluctuations is feasible with multi-year agreements, but few donors in 2022 have multi-year agreements in place. The Task Team endorsed two recommendations for addressing the impact of currency fluctuations:

**Recommendation 1.1: Governments requested to augment their planned 2022 and 2023 funding commitments to the Joint Programme with funds equal to the loss of funds as a result of the significant change in foreign currency exchange (as an estimate or actuals at the end of the fiscal year).**

**Recommendation 1.2: UNAIDS donors consider the use of a Memorandum of Understanding with preferential currency rates (as determined by the donor) with the Joint Programme.**

7. It was agreed that the Secretariat will prepare a letter by 29 July requesting donors whose contributions have been negatively affected by currency fluctuations to make up for the lower US-dollar value of their contributions. It was further agreed that the Netherlands and USA will work with the Secretariat to schedule calls with these donors encouraging them to address the effects of currency fluctuations.

### **Recommendation 2: Promote co-investment in the Global Fund and the Joint Programme**

8. Task Team members acknowledged that UNAIDS plays a critical role in support of the Global Fund and activities carried out throughout the grant cycle, including creating pathways for meaningful engagement with communities, the development of funding applications, and support to implementation, monitoring, and evaluation. They noted that The Task Team highlighted there are 8-10 countries currently providing significant funding to the Global Fund but little funding to the Joint Programme. UNAIDS currently receives no core funding from the Global Fund, although it does receive catalytic funding for the provision of different forms of technical support as part of for the Global Fund strategic initiatives. For immediate action, the Task Team has endorsed two resource mobilization recommendations related to co-investment in the Global Fund and the Joint Programme.

**Recommendation 2.1: Encourage simultaneous announcements of co-investment to the Joint Programme and the Global Fund.**

9. The Task Team recommends that the Joint Programme ask countries to announce their support for the Joint Programme at the same time they announce their contribution/pledge to the Global Fund. Simultaneous announcements will increase the visibility of the work of the Joint Programme during the seventh Global Fund replenishment (September 19-21), when the AIDS response is again in the global spotlight, and remind stakeholders that a healthy, fully funded Joint Programme is essential to the Global Fund's success. As countries are currently making decisions about Global Fund contributions for the seventh replenishment, the timing is fortunate for implementation of this recommendation. A dual announcement at the Replenishment Conference could either be a new announcement on funding to the Joint Programme or a recall and highlight of funding commitment already made in 2022. In both cases, an announcement provides visibility to the interconnectedness of the Global Fund and UNAIDS.

**Recommendation 2.2: Take immediate steps to encourage balanced contributions to both the Global Fund and the Joint Programme.**

10. Although the Task Team agreed that defining proportionality between contributions to the Global Fund and the Joint Programme requires continued study by the Task Team, specific steps are needed to mobilize funding from donors that provide significant funds to the Global Fund and limited contributions to UNAIDS. The Task Team recommends immediate outreach to the countries that provide strong support to the Global Fund but less support to the Joint Programme, seeking an additional US\$3 million in immediate UBRAF funding from each of this subset of UNAIDS donors to help address the current funding crisis.
11. Note: The longer-term agenda would be to identify optimal levels of funding to UNAIDS based on potential approaches: compare the core contributions to UNAIDS and to the Global Fund; or compare each donor's percentage of UBRAF funding using its assessed share of contributions to the World Health Organization as a benchmark. This work will continue into September/October 2022.
12. It was agreed that on 2.1 the Global Fund and UNAIDS Secretariat staff would jointly identify the following: countries who have neither pledged to the Global Fund or contributed to UNAIDS (joint new announcement potential); countries who have contributed to UNAIDS already but in the Global Fund's Seventh Replenishment event, could be asked to highlight the UNAIDS contribution as they speak or make their Global Fund pledge.
13. It was agreed that on 2.2 that immediate and specific advocacy and resource mobilization outreach to the 8-10 donors acknowledging that this dialogue may extend beyond the date of the Seventh Replenishment.

**Recommendation 3: Build solidarity and engagement by the PCB.**

14. All Member States are committed to the mission and purpose of the Joint Programme and approved the 2022-2026 UBRAF. Not all [twenty-two PCB Member States](#) currently contribute to the UBRAF. Recent developments, such as the 2021 Political Declaration and the culture transformation within UNAIDS, afford opportunities to cultivate new donors and recover ground lost with some older donors to help close the UBRAF funding gap. In this regard, the recent announcement by the United Kingdom to restore some of the funding to UNAIDS that had previously been cut offers promising news. To build on this momentum, the Task Team endorses two specific funding recommendations.

**Recommendation 3.1: Each of the 11 donor PCB Member State<sup>1</sup> (2022) be requested to increase its voluntary commitment to the Joint Programme UBRAF.**

15. Were each current donor PCB member from the 11 countries to increase their contribution to UNAIDS by US\$ 1 million, an additional US\$ 11 million in funding would be generated to help close the UBRAF funding gap. Note: The 11 countries would be cross-referenced with those countries identified in 2.2 (Global Fund donors) and only a single request for additional resources will be made.

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<sup>1</sup> Canada, China, Germany, Japan, Netherlands, Norway, Russian Federation, Switzerland, Thailand, United Kingdom, United States of America.

**Recommendation 3.2: For the other current 11 PCB Member States<sup>2</sup>: the PCB members qualifying as LIC<sup>3</sup> and LMIC<sup>4</sup> are requested to contribute US\$ 500 000 to the Joint Programme, and those that are UMIC<sup>5</sup> and HIC are requested to contribute US\$ 1 million to the Joint Programme.**

16. The Secretariat projects that enhanced resource mobilization outreach to programme countries could generate US\$ 3 million to mitigate the current funding crisis by helping to close the UBRAF funding gap.
17. To implement recommendations 3.1 and 3.2, the Task Team asked the Secretariat to produce two sets of letters – one to donor PCB members and PCB members qualifying as UMIC and HIC requesting each an increase/first contribution of at least US\$ 1 million to the Joint Programme, and another to LMIC programme countries to contribute US\$ 500 000 in support of the Joint Programme. The Task Team Co-chairs will then work with the Secretariat to schedule calls with countries (including multiple countries at one time, as appropriate) to explain and make this request.

[Annex follows]

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<sup>2</sup> Belarus, Botswana, Iran (Islamic Republic), Cameroon, Côte d'Ivoire, Dominican Republic, El Salvador, Guyana, India, Kenya, Tunisia.

<sup>3</sup> See World Bank <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>.

<sup>4</sup> Note that none of the current PCB members falls into LIC category, LMIC countries currently PCB members include Cameroun, Cote d'Ivoire, El Salvador, India, Iran, Kenya and Tunisia.

<sup>5</sup> Note that the current PCB members qualifying as UMIC are Belarus, Botswana, Dominican Republic, Guyana, Thailand and the Russian Federation.

## **Annex 1: Report to the PCB Bureau on the recommendations and options of the Informal Multistakeholder Task Team for resolving UNAIDS immediate funding crisis for 2022-2023 biennium.**

### **Introduction**

1. The Informal Multistakeholder Task Team to provide recommendations to the Bureau on the UNAIDS funding situation (immediate and short term) submits this first report of its work. In accordance with [PCB decision point 6.7](#) and the Task Teams' [Terms of Reference](#) this first report identifies options for resolving the immediate UNAIDS funding crisis for the 2022-2023 biennium.

### **Background**

2. The Joint United Nations Programme on HIV/AIDS (UNAIDS) is experiencing a serious shortfall in its core operational funding, commonly referred to as the UBRAF (Unified Budget, Results and Accountability Framework). Against a full UBRAF funding level of US\$210 million for 2022, as of 1 June 2022, expected contributions for the year were only expected to total US\$162 million due to a combination of factors, but also reflecting longer term funding trends that has left the UBRAF notably underfunded for a number of years. These shortfalls have curtailed the Joint Programme's operations and most recently resulted in the Secretariat not providing the full funding to the Cosponsors for their annual core allocation of \$2 million. The same funding shortfalls are also tied to significant financial constraints at the Secretariat, which is in the midst of implementing a realignment of its staff and operations to align with the new Global Strategy and reduce operating costs.
3. The UNAIDS Programme Coordinating Board (PCB), at its 50th meeting in June 2022, took note of the alarming funding situation for the Joint Programme and reiterated its commitments to UNAIDS' work. The PCB requested the Bureau to urgently convene an informal Task Team consisting of PCB members, observers, cosponsors, the PCB NGO delegation, and other stakeholders to explore options for resolving the immediate funding crisis. The PCB asked the Bureau to report back to the full PCB electronically by 30 July 2022 on outcomes and recommendations of these discussions. The PCB further asked the Bureau to use the informal multistakeholder Task Team to develop recommendations, prior to the UNAIDS Structured Funding Dialogue at the end of October 2022 and for submission to and consideration by the full PCB at its December 2022 meeting, for voluntarily based sustainable funding for the Joint Programme.
4. Drawing on previous experiences of the Secretariat on establishing working groups, the [UNAIDS PCB Bureau 28 June 2022 | UNAIDS](#) developed Terms of Reference and issued an open call for nominations from the different constituencies and external partners with fundraising expertise and experience. Following the open call for nominations, the Bureau [UNAIDS PCB Bureau 8 July 2022 | UNAIDS](#) selected 18 members to participate in the geographically and gender balanced informal multistakeholder Task Team. ([Biographical statements for members of the Task Team](#))
5. The Task Team has to date held two virtual meetings – the first on 15 July 2022, and the second on 21 July 2022 (*links to meeting reports will be added*). At its first meeting, the Task Team elected Dr Mohamed Chakroun from Tunisia and Ms Julia Martin from the United States of America (USA) to serve as co-chairs. The Task Team approved its [working modalities](#).

## Options to address the Joint Programme's immediate funding crisis

6. During its two meetings, the Task Team examined in detail the current UNAIDS funding crisis, including the serious effects on the broader AIDS response of a failure to fully fund the UNAIDS Unified Budget, Results and Accountability Framework (UBRAF) 2022-2026. The Task Team examined a series of resource mobilization options for the Joint Programme. For options it endorsed, the Task Team differentiated between short-term and longer-term options for sustainability. In accordance with PCB decision point 6.7 and the Task Team's Terms of Reference, this report highlights resource mobilization options which the Task Team has endorsed, and which warrant immediate action to address the Joint Programme's short-term funding crisis, and particularly to help close the UBRAF funding gap.

**Option 1:** *Address the impact of currency fluctuations on the Joint Programme's funding.*

7. The Secretariat informed the Task Team that recent currency fluctuations resulted in a loss of US\$ 12 million to UNAIDS. Addressing currency fluctuations is feasible with multi-year agreements, but few donors in 2022 have multi-year agreements in place. The Task Team endorsed two options for addressing the impact of currency fluctuations:

**Option 1.1:** *Governments requested to augment their planned 2022 and 2023 funding commitments to the Joint Programme with funds equal to the loss of funds as a result of the significant change in foreign currency exchange (as an estimate or actuals at the end of the fiscal year).*

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**Option 2:** *Promote co-investment in the Global Fund and the Joint Programme*

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### Further work planned by the Task Team

19. The Task Team will have two additional hybrid meetings in the Fall, to develop recommendations for longer-term sustainability of the Joint Programme prior to the October Structured Funding Dialogue. The Task Team will continue discussions on various options which were discussed during its first two meetings and deemed promising but not ripe for an immediate, actionable recommendation. These include various proposals to funnel greater funding to the Joint Programme for the substantial technical support it provides for Global Fund programmes, exploring discussions to have the Global Fund act as a ‘guarantor’ for a fully funded UBRAF, and various options to increase funding commitments to UNAIDS from

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programme companies. In addition, the Task Team will analyze other possible strategies for sustainable, longer-term funding, including the potential to recruit new donors from governments, foundations and the private sector; innovative partnerships to improve collaboration between key HIV response stakeholders; making the case for investments, including through compelling value propositions; engaging with Cosponsors to explore the possibility of shifting their internal resources to fund the UBRAF; joint approaches for resource mobilization among PCB members and fully leveraging the voice of UNAIDS ambassadors, celebrities and influencers; and ensuring timely and quality communication on the return on UNAIDS investments.

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