

2021 FINANCIAL REPORT

Additional documents for this item: Interim Financial Management Update for the period 1 January 2022 to 31 March 2022 (UNAIDS/PCB(50)/22.13).

Action required at this meeting – the Programme Coordinating Board is invited to:
Accept the financial report and audited financial statements for the year ended 31 December 2021.

Cost implications for decisions: none

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PART I

INTRODUCTION

1. In accordance with the Programme Coordinating Board Modus Operandi, Function 5 (vi) of the Joint United Nations Programme on HIV/AIDS, the UNAIDS Secretariat is submitting the financial report for the year ended 31 December 2021 to the Programme Coordinating Board (PCB) for review, as per established procedures.
2. The Financial Statements, Accounting Policies, and Notes to the Financial Statements have been prepared in compliance with the International Public Sector Accounting Standards (IPSAS) and in accordance with the Financial Regulations and Rules of the World Health Organization (WHO).
3. This is the 10th year that UNAIDS financial statements have been prepared based on IPSAS, which continues to enhance transparency, increase accountability and improve the financial reporting of UNAIDS.
4. Managerial accountability, transparency and risk management are key aspects of the reform agenda in UNAIDS and progress continues in this regard. In line with the best practice a Statement of Internal Control (SIC) is included in the Audited Financial Statements. The SIC is a public accountability document signed by the Executive Director, describing the effectiveness of UNAIDS internal controls and provides details of any significant control issues and risks during the year, and actions taken in response. The SIC will continue to be reviewed each year to assure stakeholders and demonstrate accountability.
5. The implementation of IPSAS does not currently impact the preparation of the Unified Budget, Results and Accountability Framework (UBRAF), which continues to be prepared on a modified cash basis. As this basis differs from the accrual basis applied to the financial statements, reconciliation between the budget and the principal financial statements is provided in accordance with the requirements of IPSAS.
6. Highlights of revenue, expense, net assets/equity, assets and liabilities of the Programme are supplied, as is information on cash flow, liquidity and equity. This is done to provide a complete picture of the financial position of UNAIDS, as at 31 December 2021.

Approved budget and work plan

7. The 2016–2021 UBRAF was the Joint Programme’s instrument to operationalize the UNAIDS Strategy for 2016–2021, which the PCB approved at its 37th meeting in October 2015. It aims to advance progress towards reaching UNAIDS’ long-term vision of zero new HIV infections, zero discrimination, zero AIDS-related deaths.
8. At its 44th meeting in June 2019, the Programme Coordinating Board approved the 2020–2021 budget of US\$ 484 million (or an annual budget of US\$ 242 million) and the proposed allocation between the 11 Cosponsors and the Secretariat based on the revised resource mobilization and allocation model. It approved an annual core budget of US\$ 187 million and distribution of US\$ 140 million to adequately resource the UNAIDS Secretariat; allocation of US\$ 47 million to Cosponsors (US\$ 22 million with US\$ 2 million to each Cosponsor allocated centrally and a further allocation of US\$ 25 million at country level in the form of country envelopes to leverage joint action in the Fast-Track countries and in support of populations in greatest need in other countries). This includes an increase of US \$ 3 million in the form of country envelopes when compared to 2018-2019 biennium,

9. It also approved an annual allocation of additional resources in the form of supplemental funds totaling US\$ 55 million (US\$ 40 million for the Cosponsors and US\$ 15 million for the Secretariat) to address particular epidemic and country contexts, thus bringing the total resources to the level of a fully funded Unified Budget, Results and Accountability Framework to US\$ 242 million per annum or US\$ 484 million in 2020-2021 biennium.

Revenue

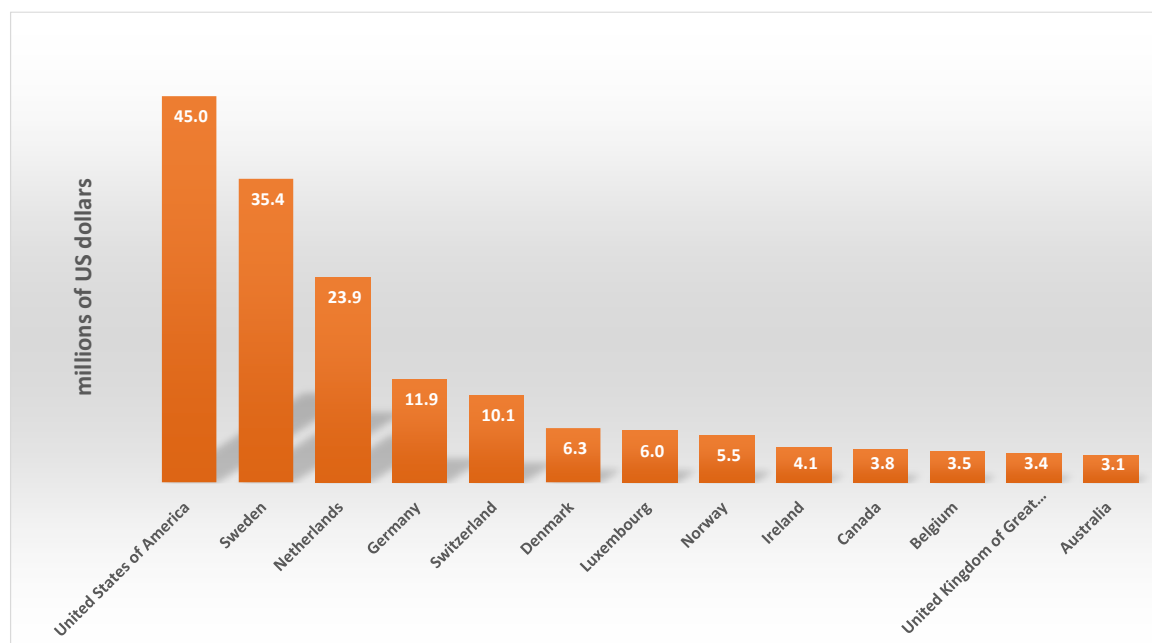
10. Total revenue (including finance revenue) for the year ended 2021 for both core and non-core funds was US\$ 244.9 million (compared to US\$ 269.5 million for 2020). A reduction of US\$ 24.6 million when compared to total funds mobilized in 2020.
11. Of this amount, US\$ 171.4 million was made available towards the UBRAF and US\$ 73.5 million to non-core funds. The non-core funds were made available to UNAIDS to provide support to a number of global, regional and country activities and are designated for specific countries or purposes. Table 1 provides details of revenue for 2021 and 2020.

Table 1. Details of revenue: all funds (in US dollars)

Revenue	UBRAF Core Funds		Non-Core Funds		TOTAL	
	2021	2020	2021	2020	2021	2020
Governments	165 886 216	192 079 177	65 302 871	65 737 033	231 189 087	257 816 210
Cosponsoring organizations	-	-	5 991 574	6 343 310	5 991 574	6 343 310
Others	52 808	34 109	4 559 688	3 667 160	4 612 496	3 701 269
Miscellaneous	266 607	227 019	2 874	14 637	269 481	241 656
Sub-total operating revenue	166 205 631	192 340 305	75 857 007	75 762 140	242 062 638	268 102 445
<i>Finance revenue/(cost)</i>	<i>5 153 003</i>	<i>1 718 474</i>	<i>(2 329 918)</i>	<i>(352 806)</i>	<i>2 823 085</i>	<i>1 365 668</i>
Grand Total	171 358 634	194 058 779	73 527 089	75 409 334	244 885 723	269 468 113

12. As summarized in Table 1 above, revenue totaling US\$ 171.4 million was mobilized and made available towards the core UBRAF. This represented 70.8% of the Secretariat resource mobilization target of US\$ 242 million for the year 2021 (compared to US\$ 194.1 million or 80.2% for 2020), which resulted in a shortfall of US\$ 70.6 million against the PCB-approved budget. The 2021 shortfall is US\$ 22.7 million higher than the US\$ 47.9 million shortfall in 2020.
13. Figure 1 (below) provides details of revenue received from UNAIDS main donors towards the UBRAF for the year 2021.

Figure 1. Details of revenue received from main donors towards the Unified Budget, Results and Accountability Framework for the year 2021 (in millions of US dollars)



Expense

14. Total expenses for the year ended 31 December 2021 amounted to US\$ 279.9 million (compared to US\$ 272.1 million for 2020), of which US\$ 182.8 million related to expenses against the core UBRAF for 2020–2021; US\$ 71.2 million represented expenses under the non-core funds; US\$ 9.4 million representing additional accrual under the After Service Health Insurance Fund (ASHI), Terminal Payments and Special Fund for Compensation based on the actuarial study and in accordance with IPSAS 39 (Employee Benefits) and US\$ 16.5 million related to provision for restructuring established in accordance with IPSAS 19, to finance the cost of staff who opted for separation by mutual agreement (SMA) and cost of termination due to abolishment of positions following the organizational alignment. Table 2 provides details of expense by fund type for 2021 and 2020.

Table 2. Details of expense: all funds (in US dollars)

Expense	2021	2020
UBRAF core funds	182 811 787	179 313 405
Non-core funds	71 206 992	52 210 126
Prior period expense	-	2 424 351
Sub-total	254 018 779	233 947 882
Additional accrual for staff benefits	9 424 446	38 156 288
Resturcturing fund (cost of Separation by mutual agreement(SMAs))	16 500 000	-
Total Expense	279 943 225	272 104 170

15. Through initiatives and measures put in place to reduce costs and increase cost-effectiveness and efficiency the Secretariat expense stayed within its approved share of the UBRAF of US\$

140 million. The 2021 Secretariat core UBRAF expense and encumbrances of US\$ 140 million is in line with that of 2020 of US\$ 136.3 million.

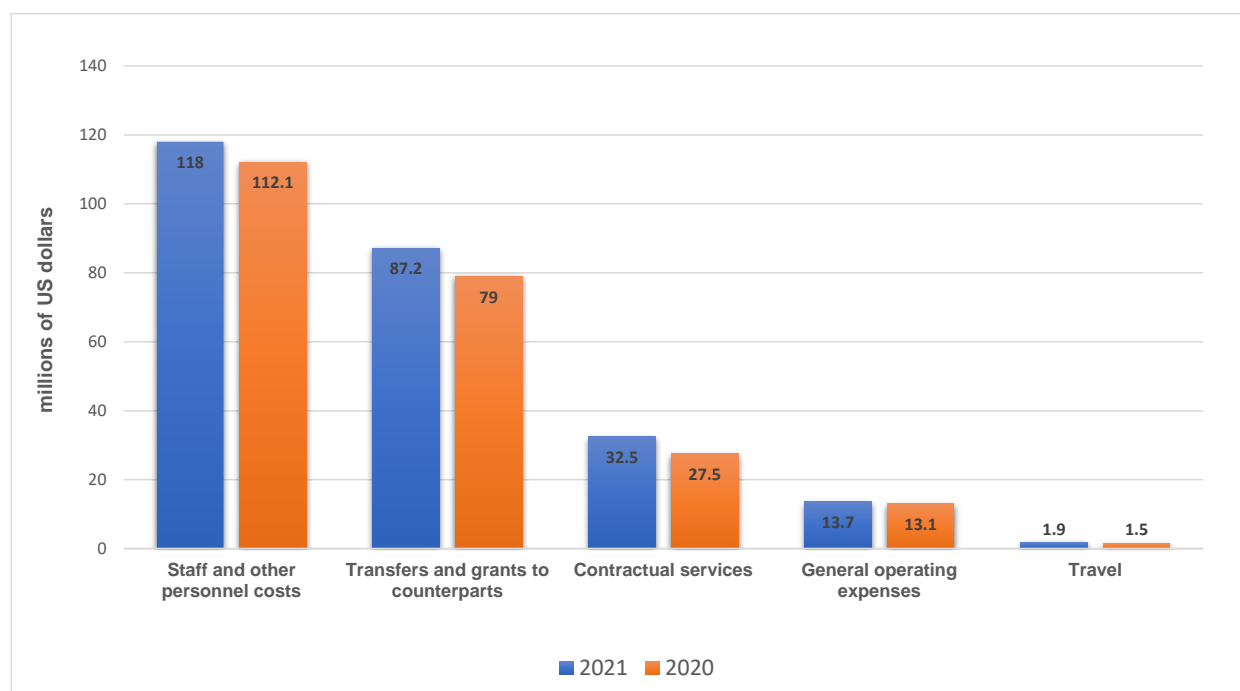
16. The 2021 expense of US\$ 254 million represented a net increase of US\$ 20.1 million or 8.6% compared to the expense for the year ended 2020 which amounted to US\$ 233.9 million. This is reflected in Table 3 and Figure 2 (below), which show an increase in costs of US\$ 5.9 million under the staff expense category; US\$ 8.2 million under the transfers and grants to counterparts expense category; US\$ 5.3 million under contractual services expense category and US\$ 0.6 million and US\$ 0.3 million under general operating and travel expense, respectively. The remaining expense under the other major expense categories are lower when compared to 2020.
17. The increase in staff costs of US\$ 5.9 million, is mainly due to the increase in core and non-core funded positions, and increase in staff costs provisions.
18. Transfers and grants to counterparts from US\$ 79 million in 2020 to US\$ 87.2 million in 2021 is almost entirely related to USAID non-core funded projects for the Robert Carr Funding of the Stichting AIDS Fonds network and the Treatment Action Campaign in Southern Africa, and USAID funded projects to provide essential technical support to priority cities in Fast-Track countries.
19. The increase in contractual services expenditures from US\$ 27.3 million in 2020 to US\$ 32.5 million in 2021 is related to the continued expansion of requests made for technical support for countries provided via the USAID funded UNAIDS Technical Support Mechanism and the increased preparatory work related to the alignment process, design and implementation of two virtual UCD Assessment Centres, change management consultancies, and a capacity assessment of the Joint Programme.
20. Travel expense remained low compared to the travel expense of US\$ 7.8 million in 2019. The low travel expense in 2021 and 2020 was in the most part due to restrictions resulting from the Covid 19 pandemic, but also the improved travel planning during 2021.

Table 3. Details of expense by category (in US dollars)

Expense	2021	2020
Staff and other personnel costs ^{a/}	118 013 734	112 120 520
Transfers and grants to counterparts	87 202 982	78 971 493
Contractual services	32 506 982	27 254 494
General operating expenses	13 725 026	13 136 679
Travel	1 856 094	1 509 515
Equipment, furniture and vehicles	167 201	405 672
Depreciation	546 760	549 510
Total Expense	254 018 779	233 947 882

^{a/} Excludes US\$ 9.4 million for 2021 and US\$ 38.2 million for 2020 related to expense against the After Staff Health Insurance (ASHI) and Special Fund for Compensation due to movement in the actuarial liability. It also excludes US\$ 16.5 million representing provision for restructuring.

**Figure 2. Details of expense by major category for year 2021 and 2020
(in millions of US dollars)**



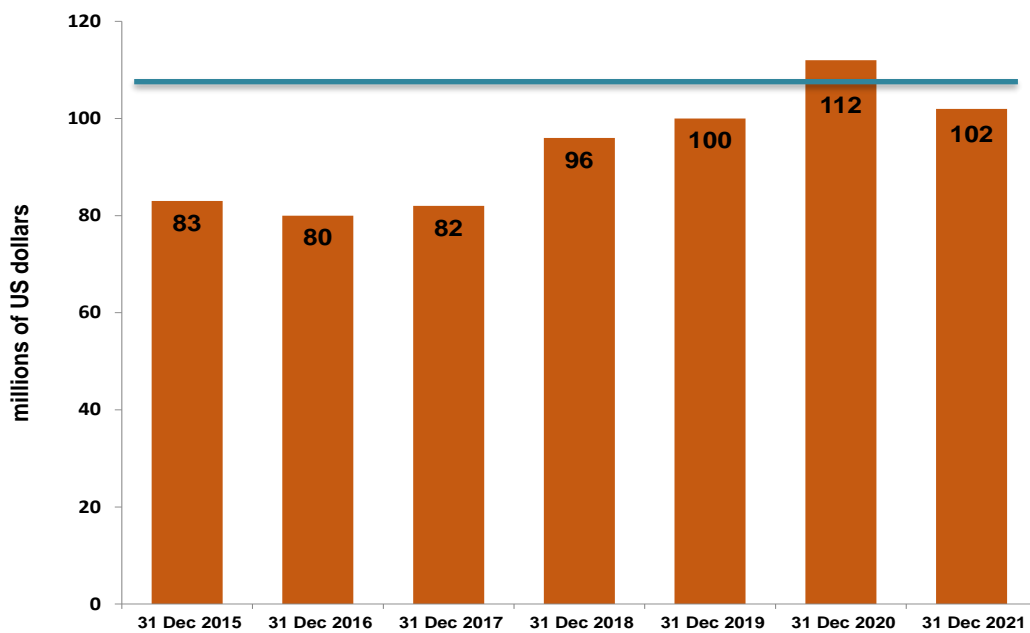
Fund balance

21. The nature of UNAIDS as a voluntary funded programme requires a fund balance that serves as working capital to initiate and implement activities pending receipt of firm pledges/contributions. To ensure continuity of activities from one year to the next, including the transfer of funds to Cosponsors, a sufficient fund balance at the end of each year is necessary to ensure the smooth start up and implementation of the UBRAF in the following year/biennium.
22. At its 26th meeting, held in Geneva from 22–24 June 2010, the PCB approved a maximum level for the UBRAF net fund balance equivalent to 35% (i.e. US\$ 170.0 million) of the UNAIDS biennial budget. Furthermore, at its 36th meeting, held in Geneva from 30 June to 2 July 2015, the Board approved the minimum level for UNAIDS net fund balance equivalent to 22% (i.e. US\$ 107 million) of the UNAIDS biennial budget.
23. As of 31 December 2021, the net fund balance of the UBRAF stood at US\$ 101.8 million or 21% of the biennial budget¹ (compared to US\$ 112 million or 23.1% at 31 December 2020 and US\$ 100.3 million or 20.7% at 31 December 2019). This is below the minimum level of 22% (or US\$ 107 million) of the biennial budget as approved by the Board in June 2015.
24. The net fund balance of the UBRAF at 31 December 2021 is below the approved minimum level by US\$ 5.2 million and represents a decrease of US\$ 10.2 million when compared to fund balance at 31 December 2020 of US\$ 112 million.

¹ In addition to the expense of US\$ 182.8 million in 2021 under the 2020–2021 UBRAF, US\$2.3 million was encumbered during 2021 (representing firm commitments of goods and services to be delivered in 2022). As a result, the net fund balance as at 31 December 2021 under the UBRAF to cover 2020 UBRAF activities was US\$ 101.8 million (US\$ 104.1 million less US\$ 2.3 million reserved for 2021 encumbrances).

25. As highlighted under paragraph 18, the fund balance of the UBRAF is the Joint Programme’s working capital. It enables the transfer of funds to the Cosponsors at the beginning of each year and enables the Joint Programme to operate without interruption. However, given that the level of the fund balance as of 31 December 2021 remains below the minimum level established by the PCB, the Secretariat will continue monitor the fund balance closely and intensify the mobilization of resources to ensure the fund balance is maintained at a level that enables the effective implementation of the UBRAF.

Figure 3. Management of the Core fund balance for the years 2015 to 2021
(in millions of US dollars)



PART II

2021 STATEMENT OF INTERNAL CONTROL

Scope of responsibility

As Executive Director of the Joint United Nations Programme on HIV/AIDS (UNAIDS), I am accountable, in accordance with the responsibilities assigned to me, in particular, Financial Regulation 12.1, for maintaining a sound system of internal control to “ensure the accomplishment of established objectives and goals for operations; the economical and efficient use of resources; the reliability and integrity of information; compliance with policies, plans, procedures, rules and regulations; and the safeguarding of assets.”

Purpose of internal control

The system of internal control is designed to reduce and manage rather than eliminate the risk of failure to achieve the UNAIDS Secretariat’s objectives and related policies. Therefore, it can only provide reasonable and not absolute assurance of effectiveness. It is an ongoing process designed to identify the principal risks, evaluate the nature and extent of those risks, and to manage them efficiently, effectively, and economically.

Internal control is a process, effected by the Programme Coordinating Board, the Executive Director, senior management and other personnel, and designed to provide reasonable assurance on the achievement of the following objectives:

- effectiveness and efficiency of operations and safeguarding of assets;
- reliability of financial reporting; and
- compliance with applicable rules and regulations.

From an operational perspective, UNAIDS’ internal control system operates continually at all levels of the Secretariat through internal control processes to ensure the above objectives.

My current statement on UNAIDS’ internal control processes, as described above, applies for the year ended 31 December 2021, and up to the date of the approval of the Organization’s 2021 financial statements.

UNAIDS operating environment

UNAIDS operates in challenging environments and is therefore exposed to situations with a high level of inherent risk, including in terms of the security of its employees and, in some cases, its ability to maintain the highest standards of internal control. The security situation in each country in which UNAIDS (and the United Nations in general) operates is closely monitored, and strategic decisions are taken where necessary to adapt UNAIDS’ operations and to manage and mitigate the risk exposure of its personnel. All risks are captured in a formal risk register which is subject to regular review by managers.

The Internal Control Framework and Risk Management

UNAIDS’ Management Accountability Framework operates in tandem with the Risk Management Framework and the Internal Control Framework. These frameworks are critical to the accomplishment of the Joint Programme’s objectives and goals with enhanced accountability and greater transparency.

The risk management framework aims to embed a systematic and effective approach to identifying, assessing and managing risks and opportunities. Senior Management have identified the high-level risks and opportunities which have been compiled into a UNAIDS Risk Universe. Department, Regional, Liaison and Country Office Directors/Managers develop risk registers, including mitigating action plans, based on their risk analysis. Quality assurance of registers is undertaken prior to their evaluation by the Risk Committee.

In addition to a set of rules, procedures and processes, the internal control framework comprises mechanisms for assessing its overall effectiveness. On an annual basis, managers with delegated financial and administrative authorities, complete a Self-Assessment checklist to assess and monitor the overall internal controls, as well as the key functional control areas, across their respective Offices or Departments. Results of the self-assessment checklists are analyzed in light of recurrent audit findings and top risks identified to feed into an overall review of effectiveness and continuous improvement action plans.

Review of the effectiveness of internal controls

My review of the effectiveness of the system of internal control is mainly informed by:

- My senior managers, in particular Deputy Executive Directors, Regional Support Team and Liaison Office Directors, Country Office Directors, Department and Functional Directors, who play important roles and are accountable for results, performance, controlling activities under their purview and the resources entrusted to them.
- I derive assurance from the Attestations of Internal Control signed by the Department/Regional Directors. These letters confirm the importance of ensuring that adequate internal controls are in place, along with other assurances.
- The internal control self-assessment checklist completed by managers. The 2021 self-assessment exercise deemed internal controls to be adequate overall. The operational control area of risk management was considered to have the most room for improvement. For the functional control areas, human resources and security, in particular succession planning and occupational health and safety, were also listed as in need of strengthening. The results of the self-assessment exercise will be reviewed carefully, and action plans developed to address areas for improvement, if applicable.
- The risk assessments completed by managers. The 2021 exercise deemed that the top risks in terms of occurrence relate to political, human resources, programmatic, funding and governance risks.
- Reports issued by the Office of Internal Oversight, which include independent and objective information on the adequacy and effectiveness of UNAIDS' system of internal controls together with recommendations for improvement.
- Reports issued by the External Auditor that provide an independent oversight and reporting on UNAIDS' compliance with financial rules and regulations. The External Auditor presents an update of its work and key findings to the Programme Coordinating Board.
- The Programme Coordinating Board's observations.

UNAIDS alignment exercise – a new organizational structure for the Secretariat

A major alignment exercise was launched in 2021 to ensure that UNAIDS' financial and human resources are deployed in the best possible way to respond to the current challenges and those of the future of the AIDS response.

The alignment process was driven by the following 5 core objectives:

- UNAIDS is aligned with the new AIDS strategy and achieving its highest impact;
- UNAIDS is financially sustainable and more cost effective;
- UNAIDS is diverse and inclusive and therefore legitimate and credible;
- UNAIDS is knowledge driven and optimizes the world-wide expertise and staff of its secretariat through the use of digital technologies in its work;
- UNAIDS is aligned with the UN Reform, principally within its work on pandemic preparedness.

On 12 July 2021, UNAIDS' senior leadership endorsed a high-level organizational structure and staffing proposals for the new structure were approved on 23 November 2021.

The new structure builds on UNAIDS' unique added value, increases emphasis and resources on the priority areas of the Global AIDS strategy for 2021-2026, provides a shift to a knowledge-based organization and allows for better collaboration with Cosponsors. Decentralized global service hubs ensure UNAIDS is closer to the needs of people living with and affected by HIV and better equipped to deliver on its mandate.

The implementation of the new organizational structure will commence mid-2022 and will be carried out in a phased manner. Particular attention will be made to ensure business continuity, that staff needs are taken into account and diversity and gender equality are increased. In addition to dedicated support to staff affected, a change-management team has been established to support the changes.

Significant risk issues noted

After Departments, Regional and Country Offices completed the risk register in 2021, the consolidated findings were reviewed and endorsed by senior management. The most significant risks currently facing the Organization are as summarized below.

Top risks	Examples of ongoing or planned mitigation activities
<p>Insufficient financing to reach targets and commitments at country and regional level (decreased donor funding for AIDS and UNAIDS, reduced funding both at national and regional level due to negative economic and fiscal outlook)</p>	<ul style="list-style-type: none"> • An enhanced Resource Mobilization strategy to achieve a fully resourced UBRAF, calibrated to deliver UNAIDS's full comparative advantage in supporting countries. • Follow up on the 2021 structured funding dialogue (SFD) and plan for the 2022 SFD and the alignment of donor contributions to the new strategy and UBRAF. • Continue efforts to expand and diversify conventional donor base and explore innovative financing including private sector funding. • Support for a strong and effective Global Fund replenishment. Deepened Global Fund collaboration, including financing agreement, to help align work and expectations, and increase the visibility of UNAIDS' contributions to the impact and sustainability of Global Fund investments. • Continue to work closely with PEPFAR, according to areas of comparative advantage, guiding investments in line with the global AIDS strategy, and supporting country ownership and the sustainability of results.

Top risks	Examples of ongoing or planned mitigation activities
	<ul style="list-style-type: none"> • Reinforce donor confidence through enhanced transparency, and reporting on management accountability actions (e.g., quality Performance Monitoring Reporting, up to date Results and Transparency Portal, continued compliance with International Aid Transparency Initiative (IATI) and reporting on SDG Funding Compact). • Positive conclusions of donor-led assessments, demonstrating utility and impact of the Joint Programme.
<p>UNAIDS is slow or unable to align staffing and human capacity with priority objectives and emerging needs</p>	<ul style="list-style-type: none"> • Strong oversight from Senior Leadership towards the alignment exercise to ensure structures and competencies/skills are introduced on time and fit to deliver on the Strategy. • Enhance recruitment practices to attract people with the appropriate skills and experience. • Review and redesign the staff mobility policy, workforce planning and career development modalities. • Enhance delegations of authority and the role of the regional team in human resource and operational support to Country Offices. • Continue efforts to develop new ways of working, simplify processes and use ICTs for efficiency gains. • Planned capacity assessment of Cosponsors to identify recommendations to optimize human and other capacities to deliver on the Strategy. • Simplification of consultancy and project staff selection process.
<p>Erosion of institutional knowledge, delays in planned activities and increased staff stress during the transition towards the new organizational structure of the Secretariat and reduction and relocalization of staff positions</p>	<ul style="list-style-type: none"> • Support to staff affected by post abolition and relocation • Establishment of a change management function with enhanced internal and external capacity with priority attention focused on knowledge management, the four practice areas alongside ongoing culture transformation work. • Phased implementation of the new organisational structure, with close support for training and induction of new and existing staff. • Maintain close communication and interaction with staff to understand emerging views and to do “smoke detection” on issues of concern. • Duty of care and staff welfare services to continue to be supported and further decentralised to be closer to staff.
<p>Legal and socio-economic contexts not conducive to relieving barriers to equitable access to HIV/AIDS services in prevention, treatment, care, and support, free of stigma and discrimination</p>	<ul style="list-style-type: none"> • Convene, advocate for and support the continued development of human rights guidance, as well as political commitment and funding for human rights interventions and approaches. • Provide technical support and guidance to governments, communities and other stakeholders for the development, implementation, scale-up and monitoring of sustainable, evidence-based human rights programming. • Leverage partnerships to promote access to justice, the creation of enabling legal and policy environments, including by removing punitive and discriminatory laws and policies and reducing stigma and discrimination.

Top risks	Examples of ongoing or planned mitigation activities
<p>Multi-factor negative impacts of successive Covid-19 waves on:</p> <ul style="list-style-type: none"> • Continued disruptions working arrangements affecting staff work-life balance • HIV testing and prevention programming • Funding landscape including redirection of national/regional resources to address other needs • Increased discrimination, stigma, gender inequalities and gender-based violence 	<ul style="list-style-type: none"> • Monitor progress on the removal of human rights barriers and support communities and governments to monitor progress and rights violations. • Continue to promote new ways of working initiatives that can support flexible approaches to work/life balance and reduce impact of staff wellbeing and mental health • Internal crisis management group reviews of covid19 consequences. • Business continuity plans updated and reviewed • Continue ICT innovations to support staff to operate in new context. • Continue to spearhead innovations in service delivery and new technologies so that services can be sustained through disruptive periods from Covid or other crises. • Mobilization of Cosponsors, governments, donors, civil society organizations and communities in partnerships for Covid-19 responses.
<p>Weak management practices expose UNAIDS to loss of critical staff and/or under-performance</p>	<ul style="list-style-type: none"> • Assessment centres incorporating expanded methods and tools to assess candidates on staff members' managerial competencies. • 360 appraisals expanded and linked to coaching programme. • Strengthened and ongoing emphasis from senior management on duty of care and implementation of the Management Action Plan, JIU recommendations and culture transformation agenda. • Revised and updated core talent management policies – for recruitment, mobility, as well as policies for dealing with abusive conduct and diversity and inclusion. • Priorities identified by and for the Senior Leadership Team from the Global Staff Survey Staff discussed and addressed through concrete actions.
<p>Changing agenda and priorities of strategic partners, including Cosponsors and other stakeholders, diminish focus on AIDS response</p>	<ul style="list-style-type: none"> • Increase advocacy efforts, engaging with governments, decision-makers and donors in country. • Deliver strong and consistent messaging both internally and externally (through communications and commitment of resources) on top priorities. • Enhance visibility on HIV-related work of Cosponsors and further mainstreaming of HIV into their broader mandate and expertise. • Demonstrate relevance of and lessons from the HIV response to competing priorities, such as Covid-19 and/or relevant related agendas such as SRHR. • Strengthen capacity in core areas to influence the agenda including strategic information and strategic positioning and better integration of the AIDS response as part of broader health, social and development frameworks, initiatives (e.g. UHC, education for All) and related sustainable financing.

Top risks	Examples of ongoing or planned mitigation activities
	<ul style="list-style-type: none"> Strengthen Joint Teams capacity to mobilise additional resources and reinforce country level resource mobilization capacity.
Staff safety and well-being compromised	<ul style="list-style-type: none"> Ensure compliance with UNDSS recommendations to limit risk to staff. Ensure duty of care obligations to staff are fully met, in particular with regards to the ongoing and evolving Covid-19 pandemic. Ensure alternative/flexible working modalities are supported by the organization. Provide staff with information and access to services to promote and protect mental health and wellbeing. Ensure all offices have up-to-date business continuity plans in place. Ensure all staff take at least the minimum number of leave days per year, as set out in the Staff Rules. Ensure access to information on the availability of emergency medical care in country, and what healthcare facilities recognize WHO Staff Health Insurance.

Statement

Internal control, while operating effectively, has inherent limitations, including the possibility of circumvention, no matter how well designed, and therefore can provide only reasonable assurance. Furthermore, because of changes of conditions, the effectiveness of internal control may vary over time.

I am committed to addressing any weaknesses in internal controls that may be noted during the year and brought to my attention.

Based on the above, I conclude that, to the best of my knowledge and information, there are no material weaknesses that would prevent the external auditor from providing an unqualified opinion on UNAIDS financial statements, nor are there other significant matters arising that would need to be raised in the present document for the year ended 31 December 2021 and up to the date of approval of the financial statements.



Winnie Byanyima
Executive Director

Geneva, 29 March 2022

PART III

FINANCIAL STATEMENTS, SCHEDULES AND NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021

This section of the financial report presents the overall financial position of UNAIDS as of and for the year ended 31 December 2021. The relevant financial statements, accompanying notes and supporting schedules have been prepared in compliance with the requirements of the WHO Financial Regulations, Financial Rules and the International Public Sector Accounting Standards (IPSAS). The schedules provide background details and explanations in support of individual funds and accounts administered by UNAIDS, through the WHO financial systems, for the year ended 31 December 2021.

Certification of Financial Statements for the year ended 31 December 2021

The financial statements, accounting policies and notes to the financial statements have been prepared in compliance with International Public Sector Accounting Standards (IPSAS). The financial statements are also prepared in accordance with the Financial Regulations and Financial Rules of WHO, which provides administration in support of UNAIDS as per ECOSOC resolution 1994/24, and Article XI of the Memorandum of Understanding among Cosponsors establishing UNAIDS.

The financial statements for the year ended 31 December 2021, together with the notes to the statements and supporting schedules are approved.



George Farhat
Director, Finance
and Accountability



Winnie Byanyima
Executive Director
UNAIDS

Geneva, 29 March 2022

LETTER OF TRANSMITTAL



Krishna Subramaniam
Director External Audit
World Health Organisation

M 19, World Health Organisation
Avenue Appia, 1211 Geneva

30 May 2022

Letter of Transmittal

Dear Sir,

I have the honour to present to the Programme Coordinating Board, the External Auditor's Audit Report and Opinion on the financial statements of the Joint United Nations Programme on HIV/AIDS (UNAIDS) for the financial year ended 31 December 2021.

I record my appreciation to the Programme Coordinating Board for the honour and privilege to serve as the External Auditor of UNAIDS

Yours Sincerely

K Subramaniam

The Chair
Programme Coordinating Board
Joint United Nations Programme on HIV/AIDS
Geneva, Switzerland

REPORT OF THE EXTERNAL AUDITOR

Chapter I

Report of the External Auditor on the financial statements: Audit opinion

Opinion

We have audited the financial statements of the Joint United Nations Programme on HIV/AIDS (UNAIDS), which comprise the statement of financial position (statement I) as at 31 December 2021, the statement of financial performance (statement II), the statement of changes in net assets/equity (statement III), the statement of cash flow (statement IV) and the statement of comparison of budget and actual amount (statement V) for the year then ended, as well as the notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UNAIDS as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section below entitled "Auditor's responsibilities for the audit of the financial statements". We are independent of UNAIDS in accordance with the ethical requirements relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and the auditor's report thereon

The Management is responsible for the other information, which comprises the Management Information for the year ended 31 December 2021, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as the Management

determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the ability of UNAIDS to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless the Management intends either to liquidate UNAIDS or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of UNAIDS.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of UNAIDS;
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- (d) Draw conclusions as to the appropriateness of the Management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of UNAIDS to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of

our auditor's report. However, future events or conditions may cause UNAIDS to cease to continue as a going concern;

- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of UNAIDS that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the WHO Financial Regulations.

In accordance with Regulation XIV of the WHO Financial Regulations, we will also issue long-form report on our audit of UNAIDS.



Girish Chandra Murmu
Comptroller and Auditor General of India

30 May 2022

Statement I

Statement of Financial Position

All sources of funds as at 31 December 2021

(in US dollars)

	Note	31 December 2021	31 December 2020
ASSETS			
Current assets			
Cash and cash equivalents held by WHO	4.1	176 226 258	198 093 402
Accounts receivable - current	4.2	106 631 802	109 737 473
Staff receivables	4.3	2 094 160	2 176 889
Prepayments	4.4	952 167	1 016 724
Other current receivables	4.5	367 270	273 438
Total current assets		286 271 657	311 297 926
Non-current assets			
Accounts receivable - non-current	4.2	11 323 585	3 180 317
Property, plant and equipment	4.8	19 619 018	19 880 852
Total non-current assets		30 942 603	23 061 169
TOTAL ASSETS		317 214 260	334 359 095
LIABILITIES			
Current liabilities			
Accounts payable	4.9	3 560 424	4 709 986
Staff payable	4.10	307 968	240 768
Accrued staff benefits - current	4.11	23 769 193	11 172 401
Deferred revenue - current	4.12	9 320 678	21 007 545
Long-term borrowings - current	4.13	653 552	677 237
Other current liabilities	4.14	235 975	147 582
Total current liabilities		37 847 790	37 955 519
Non-current liabilities			
Accrued staff benefits - non-current	4.11	140 397 535	164 439 125
Deferred revenue - non-current	4.12	8 143 267	3 109 883
Long-term borrowings - non-current	4.13	22 220 764	23 703 283
Total non-current liabilities		170 761 566	191 252 291
TOTAL LIABILITIES		208 609 356	229 207 810
NET ASSETS/EQUITY			
Net assets/reserves			
Operating Reserve Fund	4.15	35 000 000	35 000 000
Equity in capital assets	4.16	9 747 735	9 094 183
Common Fund		(17 536 288)	(15 585 609)
Non-restricted funds		104 129 517	116 012 670
Restricted funds		65 144 173	68 985 287
Building Renovation Fund	4.17	6 865 248	6 450 892
Staff Benefits		(102 036 645)	(119 506 979)
Non-payroll staff entitlements Fund		7 291 164	4 700 841
TOTAL NET ASSETS/EQUITY		108 604 904	105 151 285
TOTAL LIABILITIES AND NET ASSETS/EQUITY		317 214 260	334 359 095

The statement of significant accounting policies and the accompanying notes form part of the financial statements.

Statement II
Statement of Financial Performance
All sources of funds for the year ended 31 December 2021
(in US dollars)

	<u>Notes</u>	<u>31 December 2021</u>	<u>31 December 2020</u>
Revenue	5.2		
Voluntary contributions			
Governments		231 189 087	257 816 210
Cosponsoring organizations		5 991 574	6 343 310
Others		4 612 496	3 701 269
Sub total voluntary contribution		241 793 157	267 860 789
Miscellaneous		269 481	241 656
Total revenue		242 062 638	268 102 445
Expense	5.3		
Staff and other personnel costs		143 938 180	150 276 808
Transfers and grants to counterparts		87 202 982	78 971 493
Contractual services		32 506 982	27 254 494
General operating expenses		13 725 026	13 136 679
Travel		1 856 094	1 509 515
Equipment, vehicles and furniture		167 201	405 672
Depreciation		546 760	549 510
Total expense		279 943 225	272 104 170
Finance revenue (cost)	5.4	2 823 085	1 365 668
Total surplus/(deficit) for the year		(35 057 501)	(2 636 057)

The statement of significant accounting policies and the accompanying notes form part of the financial statements.

Statement III

Statement of Changes in Net Assets/Equity

All sources of funds for the year ended 31 December 2021

(in US dollars)

	Notes	31 December 2021	2021 Movements	2021 Adjustments	31 December 2020
Net assets/reserves	4.15				
Operating Reserve Fund	4.16	35 000 000			35 000 000
Equity in capital assets		4 458 270			4 458 270
Loan adjustments		5 289 465	653 552		4 635 913
Total Equity in capital assets		9 747 735	653'552	-	9 094 183
Common Fund					
Depreciation on property, plant and equipment		(8 340 822)	(546 760)		(7 794 062)
Revaluation reserve		(9 195 466)	(1 403 919)		(7 791 547)
Total Common Fund		(17 536 288)	(1 950 679)	-	(15 585 609)
Non-restricted funds					
UBRAF Core unrestricted		104 129 517	(11 453 153)	(430 000)	116 012 670
Restricted funds					
UBRAF Supplementary restricted		58 696 482	9 559 667		49 136 815
Extra-budgetary funds		6 447 691	(6 900 780)	(6 500 000)	19 848 471
Total Restricted		65 144 173	2 658 887	(6'500'000)	68 985 286
Other Funds					
Building Renovation Fund	4.17	6 865 248	(15 644)	430 000	6 450 892
Staff Benefits Fund					
Terminal Payments		1 386 106	(1 590 038)	(5 200 000)	8 176 144
Staff Health Insurance		(96 195 890)	(9 148 844)	38 515 249	(125 562 295)
Special Fund for Compensation		(2 426 861)	(301 905)	(4 128)	(2 120 828)
Restructuring Fund		(4 800 000)	(16 500 000)	11 700 000	
Total Staff Benefits Fund		(102 036 645)	(27 540 787)	45 011 121	(119 506 979)
Non-payroll staff entitlements Fund		7 291 164	2 590 323		4 700 841
Net assets/equity		108 604 904	(35 057 501)	38 511 121	105 151 284

The statement of significant accounting policies and the accompanying notes form part of the financial statements.

Statement IV
Statement of Cash Flow
All sources of funds for the year ended 31 December 2021
(in US dollars)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Surplus/(deficit) for the year	(35 057 501)	(2 636 057)
Depreciation	546 760	549 510
Unrealized (gains)/Losses on revaluation of long-term borrowings	1 403 919	1 255 764
(Increase)/decrease in accounts receivables - current	3 105 671	9 036 174
(Increase)/decrease in accounts receivables - non-current	(8 143 268)	17 174 384
(Increase)/decrease in staff receivables	82 729	(53 464)
(Increase)/decrease in prepayments	64 557	(355 208)
(Increase)/decrease in other current receivables	(93 833)	(2 028)
Increase/(decrease) in accounts payables	(1 149 562)	2 842 657
Increase/(decrease) in staff payables	67 200	73 398
Increase/(decrease) in accrued staff benefits - current	12 596 792	2 813 858
Increase/(decrease) in deferred revenue - current	(11 686 867)	(12 061 859)
Increase/(decrease) in accrued staff benefits - current	88 393	147'582
Increase/(decrease) in deferred revenue - non-current	5 033 384	(17 187 834)
Increase/(decrease) in accrued staff benefits - non-current	(24 041 590)	117 249 413
Direct adjustments to net assets/equity	38 511 121	(78 316 367)
<i>Net cash flow from operating activities</i>	<u>(18 672 095)</u>	<u>40 529 923</u>
Cash flows from investing activities		
(Increase)/decrease in property, plant and equipment	(284 925)	(50 615)
<i>Net cash flow from investing activities</i>	<u>(284 925)</u>	<u>(50 615)</u>
Cash flows from financing activities		
Increase/(decrease) in long-term borrowings - current	(23 685)	63 904
Increase/(decrease) in long-term borrowings -non-current	(1 482 519)	1 623 283
<i>Net cash flow from financing activities</i>	<u>(1 506 204)</u>	<u>1 687 187</u>
Net Increase/(decrease) in cash and cash equivalents	<u>(20 463 224)</u>	<u>42 166 495</u>
Net unrealized (gains)/Losses on revaluation	(1 403 919)	(1 255 764)
Cash and cash equivalents at beginning of year	<u>198 093 402</u>	<u>157 182 670</u>
Cash and cash equivalents at end of year	<u>176 226 258</u>	<u>198 093 402</u>

The statement of significant accounting policies and the accompanying notes form part of the financial statements.

Statement V

**Statement of Comparison of Budget and Actual Amount
2020-2021 Unified Budget, Results and Accountability Framework
for the period ended 31 December 2021**

(in US dollars)

	2020-2021 Approved core budget	Expense 2020	Expense 2021	Expense 2020-2021	Balance	Percentage implementation
	(a)	(b)	(c)	(d) = (b+c)	(e) = (a-d)	(f) = (d / a)
I. Result Areas						
1 HIV testing and treatment	28 245 000	14 144 150	13 904 933	28 049 083	195 917	99.3%
2 Elimination of Mother To Child Transmission	4 544 200	2 223 000	2 414 206	4 637 206	(93 006)	102.0%
3 HIV prevention among young people	14 374 000	7 021 950	7 077 099	14 099 049	274 952	98.1%
4 HIV prevention among key populations	16 509 800	8 533 550	7 651 465	16 185 015	324 785	98.0%
5 Gender inequality and GBV	7 054 000	3 572 200	3 482 075	7 054 275	(275)	100.0%
6 Human rights, stigma and discrimination	10 196 700	4 851 950	5 432 438	10 284 389	(87 689)	100.9%
7 Investment and efficiency	5 252 400	2 670 250	1 840 037	4 510 287	742 113	85.9%
8 HIV and health services integration	7 823 900	3 982 950	3 197 747	7 180 697	643 203	91.8%
Total Cosponsors	94 000 000	47 000 000	45 000 000	92 000 000	2 000 000	97.9%
II. Core Functions						
1 Leadership, advocacy and communication	64 298 000	30 954 121	31 219 629	62 173 751	2 124 249	96.7%
2 Partnerships, mobilization and innovation	55 131 000	26 188 638	27 551 877	53 740 515	1 390 485	97.5%
3 Strategic information	39 985 000	18 100 609	19 461 839	37 562 448	2 422 552	93.9%
4 Coordination, convening & country implementation support	64 282 000	30 788 961	31 884 610	62 673 571	1 608 429	97.5%
5 Governance and mutual accountability	56 304 000	26 331 531	27 526 691	53 858 222	2 445 778	95.7%
Total Secretariat	280 000 000	132 363 860	137 644 646	270 008 506	9 991 494	96.4%
Grand Total	374 000 000	179 363 860	182 644 646	362 008 506	11 991 494	96.8%
Basis differences						
Capitalization of assets		(50 615)	(284 926)			
Loan repayment		(677 237)	(653 552)			
Total basis differences		(727 852)	(938 478)			
Timing differences						
Expenses incurred in prior period against all funds		4 364 883				
Entity differences						
Expenses under other funds		89 103 279	98 237 057			
Total expense as per the Statement of Financial Performance (Statement II)		272 104 170	279 943 225			

The statement of significant accounting policies and the accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF OBJECTIVES

The Joint United Nations Programme on HIV/AIDS (UNAIDS) was established through the Economic and Social Council (ECOSOC) resolution 1994/24 of 26 July 1994 to “undertake a joint and co-sponsored United Nations Programme on HIV/AIDS on the basis of co-ownership, collaborative planning and execution, and an equitable sharing of responsibility”. UNAIDS currently consists of eleven United Nations organizations referred to as Cosponsors.²

The Programme is headed by an Executive Director, appointed by the UN Secretary-General upon the recommendation of the Cosponsors, who reports to the Programme Coordinating Board which serves as the governing board of the Programme.

The objectives of UNAIDS, are contained in the Memorandum of Understanding among Cosponsors establishing UNAIDS and in the Economic and Social Council of the United Nations (ECOSOC) resolutions 1994/24 and 1995/2.

The objectives of UNAIDS were further refined and updated in UNAIDS new vision and mission statement which were endorsed by the UNAIDS Programme Coordinating Board at its 26th meeting held in Geneva, from 22-24 June 2010. These are:

- **Uniting efforts** of the UN, civil society, governments, the private sector, global institutions and people living with and most affected by HIV;
- **Speaking out in solidarity** with the people most affected by HIV in defence of human dignity, human rights and gender equality;
- **Mobilizing resources** (political, technical, scientific and financial) and holding ourselves and others accountable for results;
- **Empowering agents of change** with strategic information and evidence to influence and ensuring that resources are targeted where they deliver the greatest impact;
- **Supporting inclusive country leadership** for sustainable responses that are integral to and integrated with national health and development efforts.

2. BASIS OF PREPARATION AND PRESENTATION

The accounts of UNAIDS are maintained in accordance with the Financial Regulations and Financial Rules of WHO, which provides administration in support of UNAIDS as per ECOSOC resolution 1994/24, and Article XI of the Memorandum of Understanding among Cosponsors establishing UNAIDS. The accounting policies and financial reporting practices applied by UNAIDS are therefore based upon the WHO Financial Regulations and Financial Rules.

The financial statements have been prepared on an accrual and going concern basis and in accordance with the requirements of International Public Sector Accounting Standards (IPSAS) using the historical cost convention. Investments and loans, are however recorded at fair value or amortized cost. Where a specific matter is not covered by IPSAS, the appropriate International Financial Reporting Standards (IFRS) have been applied.

² When UNAIDS was established in 1994 the Joint Programme consisted of six UN system organizations: UNDP, UNICEF, UNFPA, WHO, UNESCO and the World Bank. Since that time, a further five UN agencies, namely UNODC, ILO, WFP, UNHCR and UN Women, have become UNAIDS Cosponsors.

The financial statements and notes are presented in United States dollars and all values are rounded to the nearest US dollar.

Financial period

The Programme's financial period for budgetary purposes is a biennium consisting of two consecutive years. The financial statements are prepared annually.

Functional currency and translation of foreign currencies

The functional and reporting currency of the Programme is United States dollar.

The foreign currency transactions are translated into United States dollars at the prevailing United Nations Operational Rate of Exchange, which approximates to the exchange rates at the dates of the transaction. The Operational Rates of Exchange are set once a month and revised mid-month if there are significant exchange rate fluctuations relating to individual currencies.

Assets and liabilities in currencies other than United States dollars are translated into United States dollars at the prevailing United Nations Operational Rates of Exchange year-end closing rate. Resulting gains or losses are accounted for in the Statement of Financial Performance.

Materiality and the use of judgements and estimates

Materiality is central for the preparation of UNAIDS financial statements. The process for reviewing accounting materiality provides a systematic approach to the identification, analysis, evaluation, endorsement, and periodic review of decisions taken involving the materiality of information spread over numerous areas of accounting.

The financial statements include amounts based on judgement, estimates and assumptions by the management. Changes in estimates are reflected in the period they become known. Estimates include, but are not limited to, defined benefit medical insurance and other post-employment benefit obligations (the value of which is calculated by an independent actuary); financial risk on accounts receivable accrued charges and the degree of impairment of fixed assets. Actual results could differ from these estimates.

Financial Statements

In accordance with IPSAS 1, a complete set of financial statements has been prepared as follows:

- Statement of Financial Position
- Statement of Financial Performance
- Statement of Changes in Net Assets/Equity
- Statement of Cash Flow
- Statement of Comparison of Budget and Actual Amounts: and
- Notes to the financial statements, comprising a description of the basis of preparation and presentation of the statements, a summary of significant accounting policies, and other relevant information.

The accounting policies set out below have been consistently applied in the preparation of the financial statements throughout the period.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits in transit, cash in bank and balances held by WHO on behalf of UNAIDS. These balances are held centrally by WHO and invested on

behalf of UNAIDS in accordance with WHO's rules and practices. UNAIDS has adopted the disclosure notes of WHO to reflect the accounting policies for investments.

Financial instruments are recognized when WHO/UNAIDS becomes a party to the contractual provisions of the instrument until such time when the rights to receive cash flows from those assets have expired or have been transferred and WHO/UNAIDS has substantially transferred all the risks and rewards of ownership. Investments can be classified as financial assets or financial liabilities at fair value through surplus or deficit, held-to-maturity, available for sale and bank deposits and other receivables. All purchases and sales of investments are recognized on the basis of their trade date.

Financial assets or financial liabilities at fair value through surplus or deficit are financial instruments that meet either of the following conditions: (i) they are held for trading; or (ii) they are designated by the entity upon initial recognition at fair value through surplus or deficit. Financial instruments that belong to this category are measured at fair value and any gains and losses arising from changes in the fair value are accounted for through surplus or deficit and included within the Statement of Financial Performance of WHO/UNAIDS in the period in which they arise. All derivative instruments, such as swaps, currency forward contracts and options are classified as held for trading except for designate and effective hedging instruments defined under IPSAS 29. Financial assets in the externally managed portfolios designated upon initial recognition as at fair value through surplus or deficit, are classified as current assets or non-current assets according to the time horizon of the investment objectives of each portfolio. If the time horizon is less than or equal to one year, they are classified as current assets, and if it is more than one year, they are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that WHO has both the intention and ability to hold to maturity. Held-to-maturity investments are stated at amortized cost using the effective interest rate method, with interest revenue being recognized on an effective yield basis in the Statement of Financial Performance.

Available-for-sale investments are classified as being available-for-sale where WHO has not designated them either as held for trading or as held-to-maturity. Available-for-sale items are stated at fair value (including transaction costs that are directly attributable to the acquisition of the financial asset) with value changes recognized in net assets/equity. Impairment charges and interest calculated using the effective interest rate method are recognized in the Statement of Financial Performance of WHO. As at 31 December 2021, no available-for-sale financial assets were held by WHO.

Bank deposits and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Accrued revenue related to interest and dividend and pending cash to be received from investments to settle are included herein. Bank deposits and receivables are stated at amortized cost calculated using the effective interest rate method, less any impairment. Interest revenue is recognized on the effective interest rate basis, with the exception of short-term receivables for which the recognition of interest would be immaterial. The interest accrued is held globally by WHO which includes UNAIDS portion attributable due to the share in the portion of bank deposits held by WHO on UNAIDS behalf.

3.2 Accounts receivable

Accounts receivable are recorded at their estimated net realizable value after providing for allowances for non-recovery and after careful review of the outstanding receivable. Current receivables are for amounts due within twelve months of the reporting date, while non-current receivables are due more than twelve months from the reporting date of the financial statements.

An allowance for doubtful accounts receivable is recognized when there is a risk that the receivable may be impaired. Changes in allowance for doubtful accounts receivable are recognized in the Statement of Financial Performance.

3.3 Inventories

UNAIDS inventory only comprises of publications on hand held for distribution, free of cost, and has no value.

3.4 Prepayments

Prepayments relate to amounts paid to suppliers for goods and services not yet received. Advances are made to UNDP to cover payments made on behalf of UNAIDS in accordance with the “Working Arrangement between the United Nations Development Programme (UNDP) and the Joint United Nations Programme on HIV/AIDS (UNAIDS) covering the provision of administrative support services by UNDP” signed in April 1996 and updated in June 2008. In addition, advances to UNAIDS Cosponsors could be made to enable them to carry out their mandates under the UNAIDS 2016-2021 Unified Budget, Results and Accountability Framework when necessary.

3.5 Property, plant and equipment (PP&E)

Property, plant and equipment (PP&E) with a value of US\$ 5 000 and above are recognized as non-current assets in the Statement of Financial Position. They are initially recognized at cost, unless acquired through a non-exchange transaction, in which case they are recognized at fair value at the date of acquisition. PP&E is stated at historical costs less accumulated depreciation and impairment. Heritage assets have not been valued and are not considered in the financial statements.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the Statement of Financial Performance. Impairment reviews are undertaken for all PP&E annually and all losses are recognized in the Statement of Financial Performance. Impairment indicators also include the obsolescence and deterioration of PP&E.

Depreciation is calculated on a straight-line basis over the asset’s useful life except for land, which is not subject to depreciation. Property, plant and equipment are reviewed annually for impairment to ensure that the carrying amount is still considered to be recoverable. The estimated useful lives of the asset classes that make up property, plant and equipment are provided in the table below.

Asset Class	Estimated Useful Life (in years)
Land	N/A
Buildings - Permanent	60
Buildings - Mobile	5
Fixtures and fittings	5
Vehicles and transport	5
Office equipment	3
Communications equipment	3
Audio Visual equipment	3
Computer equipment	3
Network equipment	3
Security equipment	3
Other equipment	3

Improvements are capitalized over the remaining life of the asset when the improvement results in an increase in the useful life of the asset or adds usable space. The residual value of the asset and the cost of the improvement will be amortized over the adjusted useful life (remaining life). Normal repair and maintenance costs are expensed in the year when the costs are incurred.

3.6 Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment. UNAIDS only recognizes intangible assets if the useful life of the asset is more than one year and the value is above US\$ 100 000. Intangible assets are amortized over their estimated useful lives using the straight-line method. The estimated useful life of 'software acquired externally' is between two to six years.

Intangible assets are assumed to have a residual value of zero as intangible assets are not sold or transferred at the end of their useful life. Intangible assets are reviewed annually for impairment.

3.7 Leases

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. UNAIDS reviews all leases on an annual basis to determine whether these constitute a finance or operating lease.

3.8 Contributions received in advance

Contributions received in advance arise from legally binding agreements between UNAIDS and its donors whereby the funds are received in advance of the amounts concerned falling due to the Organization.

3.9 Accounts payable and accrued liabilities

Accounts payable are liabilities for goods and services received by the Programme but which have not yet been paid for. Accrued liabilities are liabilities where goods and services have been received by the Programme but have not been paid and for which an invoice for payment to be made has not yet been received. Accounts payable and accrued liabilities are recognized at cost due to the discounting being considered not to be material.

3.10 Employee benefits

UNAIDS recognizes the following categories of employee benefits:

- short-term employee benefits which fall due wholly within 12 months after the end of the accounting period in which employees render the related service;
- post-employment benefits;
- other long-term employee benefits; and
- termination benefits

3.10a Short-term employee benefits

Liabilities are established for short-term employee benefits including items such as wages, salaries and social security contributions, paid annual leave and paid sick leave, and non-monetary benefits (such as medical care) for current employees. Actuarial assumptions and valuations have been used to measure accumulated annual leave. In addition, liabilities are established for the value of accumulated leave, deferred home leave and overtime earned but unpaid at the reporting date and for education grants payable at the reporting date that have not been included in current expenditure.

3.10b Post-employment benefits

Post-employment benefits include pension plans, post-employment medical care and post-employment insurance. Also included are benefits to which eligible staff members are entitled on termination of their contracts and include repatriation grants, repatriation removal and repatriation travel. Post-employment benefits under defined benefit plans are measured at the present value of the defined benefit obligation (DBO) adjusted for unrecognized actuarial gains and losses and unrecognized past service costs.

United Nations Joint Staff Pension Fund

UNAIDS is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to staff. The Pension Fund is a funded, multi-employer defined benefit plan. As specified by Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The plan exposes participating organizations to actuarial risks associated with the current and former staff of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations participating in the plan. UNAIDS and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify UNAIDS's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence UNAIDS has treated this plan as if it was a defined contribution plan in line with the requirements of IPSAS 39 (Employee Benefits). UNAIDS contributions to the plan during the financial period are recognized as expenses in the Statement of Financial Performance.

3.11 Borrowing costs

UNAIDS has taken an interest free loan from the Swiss Government and Canton de Genève jointly with WHO for the construction of the UNAIDS/WHO building in Geneva. There are no

borrowing costs associated with this loan. Borrowings are currently stated at amortized cost; any difference between the proceeds and the redemption value is recognized in the Statement of Financial Performance over the period of the borrowings using the effective interest method. As the loan received by UNAIDS is an interest-free loan, the benefit to UNAIDS of this arrangement has been treated as an in-kind contribution.

3.12 Deferred revenue

Deferred revenue is recognized when legally binding agreements between the Programme and its donors, (including governments, international organizations and private and public institutions) are confirmed and the funds are earmarked and due in the future periods. Deferred revenue which is due after one year from the reporting date has been classified as non-current.

3.13 Provisions and contingent liabilities

Provisions are recognized for future liabilities and charges where UNAIDS has a present legal or constructive obligation as a result of past events and it is probable that the Programme will be required to settle the obligation. Provisions are recorded as expense in the Statement of Financial Performance and a corresponding liability is established in the Statement of Financial Position when the occurrence of the obligation for settlement has been ascertained and can reasonably be estimated.

Other commitments which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of UNAIDS.

3.14 Contingent assets

Contingent assets will be disclosed when an event gives rise to a probable inflow of economic benefits or service potential and there is sufficient information to assess the probability of the inflow of economic benefits or service potential.

3.15 Revenue recognition

Voluntary contributions - UNAIDS receives only voluntary contributions. Voluntary contributions are recorded on an accrual basis. Voluntary contributions which are supported by formal funding agreements signed by both parties are recognized as revenue at the time the agreement becomes binding and when control over the underlying asset is obtained. Where there are no payment terms specified by the contributor or payment terms are in the current accounting year, revenue is recognized immediately.

Agreements which are subject to conditions such as performance and/or receipt of funds are conditional on a certain future date, such agreements are established recognizing a receivable and a corresponding deferred revenue as a liability. Revenue is recognized when the condition is discharged.

Contributions in-kind and in-service - Contributions of goods or services in-kind or in-service are recorded in the period in which the contribution was received by UNAIDS. They are recognized and reflected as revenue and expense under the non-core funds at the best estimate of fair value.

3.16 Expense recognition

UNAIDS recognizes expense at the point when goods have been delivered or services rendered and not when cash or its equivalent is paid.

3.17 Segment reporting-fund accounting

Fund accounting is a method of segregating resources into categories, (i.e. funds) to identify both the source and use of funds. Establishment of such funds helps ensure better reporting of revenue and expenses along with a distinguishable group of activities for achieving its objectives and making decisions for future allocation of resources. The five types of funds for UNAIDS are core Unified Budget, Results and Accountability Framework funds, supplementary Unified Budget, Results and Accountability Framework funds, extra-budgetary funds, common fund and staff benefits and other funds. Any transfers between funds that would result in duplication of revenue and/or expense (including Programme Support Costs) are eliminated during consolidation. UNAIDS' assets and liabilities are not allocated to individual funds since ownership rests with the Programme, however, the balances against the respective funds and working capital reserve are recognized.

3.18 Statement of cash flow

The Statement of Cash Flow (Statement IV) is prepared using the indirect method.

3.19 Budget comparison

The Unified Budget, Results and Accountability Framework continues to be prepared on a modified cash basis and is presented in the financial statements as Statement V, Statement of Comparison of Budget and Actual Amounts. The Programme Coordinating Board provides approval of the Unified Budget, Results and Accountability Framework and the UNAIDS financial statements encompass all activities of the Programme.

As stipulated in IPSAS 24, the actual amounts presented on a comparable basis to the budget shall, where the financial statements and the budget are not prepared on a comparable basis, be reconciled to the actual amounts presented in the financial statements, identifying separately any basis, timing, presentation and entity differences. There may also be differences in formats and classification schemes adopted for the presentation of financial statements and the budget. As the bases used to prepare the budget and financial statements differ, and in order to facilitate a comparison between the budget and the financial statements, reconciliation between the actual amounts presented in Statement V to the actual amounts presented in Statement II and Statement IV are included in the notes to the financial statements.

4. SUPPORTING INFORMATION TO THE STATEMENT OF FINANCIAL POSITION

4.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, imprest bank account balances, petty cash, cash deposits in transit and balances held by WHO on behalf of UNAIDS. Cash and cash equivalents are held for meeting short-term cash commitments rather than for investment or other purposes. The balance also reflects cash and cash equivalents held in the portfolios managed by investment managers.

The total cash and cash equivalents stood at US\$ 176 226 258 as at 31 December 2021 (US\$ 198 093 402 as at 31 December 2020).

	31 December 2021	31 December 2020
	(in US dollars)	(in US dollars)
Cash on hand and at bank (imprest accounts)	109 715	114 703
Cash held on behalf of UNAIDS by WHO	<u>176 116 543</u>	<u>197 978 699</u>
Total cash and cash equivalents held by WHO	<u>176 226 258</u>	<u>198 093 402</u>

Investments

Details of significant accounting policies and methods adopted criteria for recognition and de-recognition, basis of measurement and basis on which gains, and losses are recognized are set out in the Accounting Policies.

The main objectives for investments are the preservation of capital, the maintenance of sufficient liquidity to meet all payments of liabilities on time and the optimization of income return. The Investment Policy reflects the nature of funds, which may be held for the short-term, pending programme implementation, or for the longer term in order to meet liabilities under the other long-term funds of the Organization.

Short-term investments are funds related to pending programme implementation, which are invested in cash and high-quality, short-term, government, agency, corporate bonds and time deposits as defined in the approved Investment Policy. Investments included within 'financial assets at fair value through surplus and deficit' include fixed income securities and derivatives instruments held to cover projected liabilities and unexpected cash requirements. Financial assets in the externally managed portfolios designated upon initial recognition as at fair value through surplus or deficit are classified as short-term investments where the investment time horizon objective of these portfolios is less than or equal to a year. For short-term tactical investment reasons, the external managers of these portfolios may from time to time decide to lengthen temporarily the average duration of these portfolios to slightly longer than one year. This will not change the short-term classification of these financial assets unless the investment time horizon objective of the portfolio and the duration of its benchmark have been changed to more than one year. The investments in the 'held-to-maturity' portfolio with a duration of less than one year are classified as current assets in the category 'financial assets at amortized costs'.

Long-term investments are for funds managed under the Terminal Payments Account as defined in the approved Investment Policy and are invested in high-quality, medium-dated and long-dated, government, agency and corporate bonds. The financial assets at fair value through surplus or deficit upon initial recognition in the Terminal Payments Fund investment portfolio are classified as long-term investments in accordance with the investment time horizon objective of the portfolio and the duration of its benchmark which are both greater than one year.

Risk exposure

UNAIDS shares the risk of WHO which is exposed to financial risks including credit risk, interest rate risk, foreign currency exchange risk and investment price risk. Derivative financial instruments are used to hedge some of its risk exposures. In accordance with WHO Financial Regulations, funds not required for immediate use may be invested. All investments are carried out within the framework of the investment policy approved by the WHO Director General. Some portfolios are managed by external managers appointed by WHO to manage funds in accordance with a defined mandate. The Advisory Investment Committee reviews regularly the investment policies, the investment performance and the investment risk for each investment portfolio. The Committee is composed of external investment specialists who can make investment recommendations to the Director General of WHO.

Credit risk

UNAIDS shares similar credit risks to those of WHO and makes full disclosures with respect to the same. The WHO's investments are widely diversified in order to limit its credit risk exposure to any individual investment counterparty. Investments are placed with a wide range of counterparties using minimum credit quality limits and maximum exposure limits by counterparty (and by groups of related counterparties) established in investment mandates. These limits are applied both to the portfolios managed internally by the WHO Treasury Unit, and also to the portfolios managed by external investment managers. The WHO Treasury Unit monitors the total exposure to counterparties across all internally and externally managed portfolios to ensure that total counterparty exposure across portfolios are tracked and managed.

The credit and liquidity risk for cash and cash equivalents are minimized by investing only in major financial institutions that have received strong investment grade credit ratings from primary credit rating agencies. The WHO Treasury Unit regularly reviews the credit ratings of the approved counterparties and takes prompt action whenever a credit rating is downgraded.

Interest rate risk

UNAIDS is exposed to interest rate risk through short-term and long-term fixed income investments. The investment duration is a measure of sensitivity to changes in market interest rates, and the effective average duration of WHO's investment as at 31 December 2021 was 0.8 year for short-term investments (excluding bank deposits) and 7 years for the long-term investments. An increase of 1 % in the interest rate would cause a decrease of 0.8% in the value of the short-term investments (excluding bank deposits) and a decrease of 7% in the value of the long-term investments. The interest rates on short-term bank deposits are fixed at the time of investment; their values are not affected by any subsequent movement in interest rates.

Fixed income derivatives may be used by external investment managers to manage interest rate risk under strict investment guidelines. Typically, the interest rate instruments are used for portfolio duration management and strategic interest rate positioning.

Foreign exchange currency risk

UNAIDS receives voluntary contributions and makes payments in currencies other than US dollars and it is exposed to foreign exchange currency risk arising from fluctuations in the currency exchange rates. Exchange gains and losses on the purchase and sale of currencies, revaluation of cash book balances and all other exchange differences are adjusted against the funds and accounts eligible to receive interest under the interest apportionment programme. Translation into US dollars of transactions expressed in other currencies is performed at the United Nations Operational Rates of Exchange prevailing at the date of transaction. Assets and liabilities that are denominated in foreign currencies are translated at the United Nations Operational Rates of Exchange year end closing rate. Forward foreign exchange contracts are transacted to hedge foreign currency exposures and to manage short-term cash flows. Realized and unrealized gains and losses resulting from settlement and revaluation of foreign currency transactions are recognized in the Statement of Financial Performance (Statement II).

Hedging foreign exchange exposures on future payroll costs

The value of non-dollar (i.e. Swiss Franc) payroll expenditures in 2021 has been protected from the impact of movements in foreign exchange rates against the US dollar. Protection has been affected through the transaction of forward currency contracts during 2021. As at 31 December 2021 the forward foreign currency exchange hedging contracts were CHF 17.6 million. Unrealized net gain on these contracts amounted to US\$ 0.03 million as at 31 December 2021 (unrealized gain of US\$ 0.8 million as at 31 December 2020). Realized gains or losses on these contracts will be recorded on maturity of the contracts and applied during 2022.

Hedging foreign exchange exposures on receivables and payables

Currency exchange risk arises as a result of differences in the exchange rates at which foreign currency receivables or payables are recorded, and the exchange rates at which the cash receipt or payment is subsequently recorded. A monthly programme of currency hedging is in place to protect against this foreign currency risk. On a monthly basis the exposures in respect of accounts receivable and accounts payable exposures are netted by currency and each significant net foreign currency exposure is bought or sold forward using a forward foreign exchange contract equal and opposite to the net currency exposure.

These exposures are re-balanced at each month end to coincide with the settings of the monthly United Nations Operational Rates of Exchange. Through this process the exchange gains or losses realized on the forward foreign currency contracts match the corresponding unrealized exchange losses and gains on the movements in the net accounts receivable and accounts payable. As at 31 December 2021 the total forward foreign currency hedging contracts by currency for UNAIDS were as follows:

Currency forward sold	Sum amount sold	Sum amount bought	Net unrealized gain/(loss)
		(US dollars)	(US dollars)
Australian dollar	4 500 000	3 258 261	(13 913)
Euro	9 750 000	11 060 862	19 887
Total		14 319 123	5 974

4.2 Accounts receivable

As at 31 December 2021, US\$ 118 million in contributions receivable was outstanding (US\$ 112.9 million as at 31 December 2020). A total of US\$ 100 million of this receivable is due to letters of credit outstanding with the Government of the United States of America; and US\$ 18 million represents receivables due in future financial periods (broken down between current, 2023 and beyond).

	31 December 2021	31 December 2020
Accounts receivable - current		
Unified Budget, Results and Accountability Framework	52 495 532	68 085 292
Supplementary Funds	44 044 582	39 406 973
Extra-budgetary Funds	10 091 688	2 245 208
Allowance for doubtful debt against Extra-budgetary Funds	-	-
Total accounts receivable - current	106 631 802	109 737 473
Accounts receivable - non-current		
Unified Budget, Results and Accountability Framework	10 185 355	3 109 883
Supplementary Funds	1 067 797	-
Extra-budgetary Funds	-	-
Others	70 434	70 434
Total accounts receivable - non current	11 323 585	3 180 317
Total accounts receivable	117 955 387	112 917 790

4.3 Staff receivables

In accordance with WHO's Staff Rules and Regulations, staff members are entitled to certain advances including salary, rent, education grant and travel advances. Advances are recovered periodically from staff salaries through payroll except for education grants which are settled at the end of the scholastic year. International staff members are eligible to receive an advance equal to the estimated amount of education grant for each child at the beginning of the scholastic year and are settled at the end of the scholastic year.

As at 31 December 2021, US\$ 2.1 million in staff receivables was outstanding including salary advances, rental advances, travel advances and education grant advances (US\$ 2.2 million as at 31 December 2020). The education grant advances represent the advances made to staff members for the scholastic year 2021-2022.

	31 December 2021	31 December 2020
	(in US dollars)	(in US dollars)
Staff receivables		
Salary advances	64 489	31 950
Rental advances	93 222	115 962
Education Grant advances	1 622 099	1 680 638
Travel advances	(1 412)	44 254
Expected Sick Leave Insurance Contribution	225 440	270 993
Other staff receivables	90 323	33 091
Total staff receivables	2 094 160	2 176 889

4.4 Prepayments

The total value of prepayments as at 31 December 2021 was US\$ 1.0 million (US\$ 1.0 million as at 31 December 2020). Out of this amount US\$ 0.5 million represents payments to suppliers in advance of receipt of goods or services which will be charged to expense in 2022. The remaining amount of US\$ 0.5 million relates to advances made to UNDP to cover payments made on behalf of UNAIDS.

	31 December 2021	31 December 2020
	(in US dollars)	(in US dollars)
Prepayments		
Advances to UNDP	417 361	493 133
Advances to Suppliers	534 806	523 591
Total prepayments	952 167	1 016 724

4.5 Other current receivables

As at 31 December 2021, US\$ 0.4 million in other receivables was outstanding (US\$ 0.3 million as at 31 December 2020) representing mainly value added tax (VAT) receivables.

4.6 Inventories

The Secretariat only held publication for distribution with no realizable value. The cost of publications expensed during 2021 was zero.

4.7 Intangibles

The Secretariat has no intangible assets to report.

4.8 Property, plant and equipment (PP&E)

Building

The carrying value of the UNAIDS building at headquarters has been calculated at cost less depreciation. The building was constructed jointly with WHO and ownership is recognized at the 50% value with WHO. The land upon which the building has been constructed was made available by the Swiss Government at no cost. The value of the land has therefore not been valued and disclosed in the financial statements. The estimated useful life of the building has been determined at 60 years and has been depreciated using the straight-line method.

Plant and equipment

UNAIDS has capitalized all plant and equipment purchased in 2021 with a value of US\$ 5 000 or above.

As at 31 December 2021, the total value of recognized property, plant and equipment (net of accumulated depreciation) was US\$ 19.6 million (US\$ 19.9 million as at 31 December 2020). Out of which total value of property (net of accumulated depreciation) was US\$ 19.2 million (US\$ 19.6 million as at 31 December 2020) and the total value of equipment (net of accumulated depreciation) was US\$ 0.4 million (US\$ 0.24 million as at 31 December 2020).

Assets value purchased during 2021 amounted to US\$ 284 926 and have been depreciated for an amount of US\$ 27 207 prorated to their date placed in the service using the straight-line method. Equipment with original cost value totalling US\$ 1.6 million has been fully depreciated and are still in use by the Secretariat.

	Building	Furniture and Fixtures	Vehicles	Communications and IT Equipment	Other Equipment	Total
	(in US dollars)	(in US dollars)	(in US dollars)	(in US dollars)	(in US dollars)	(in US dollars)
Cost or fair value	25 613 445	11 298	1'275'374.68	362 645	412 152	27 674 915
Accumulated depreciation	(5 976 474)	(11 298)	(1 077 870)	(340 578)	(387 843)	(7 794 062)
Total carrying cost as at 31 December 2020	19 636 971	-	197 505	22 067	24 309	19 880 852
Movements 1 January to 31 December 2021						
Additions	-	-	274 448	10 477	-	284 926
Disposals	-	-	-	-	-	-
Depreciation	(426 891)	-	(88 451)	(13 994)	(17 425)	(546 760)
Total property, plant and equipment	19 210 080	-	383 502	18 551	6 884	19 619 018

4.9 Accounts payable

This represents the total amount outstanding to suppliers for goods and services. The total accounts payable for UNAIDS programme activities as at 31 December 2021 was US\$ 3.6 million (US\$ 4.7 million as at 31 December 2020).

	31 December 2021	31 December 2020
	(in US dollars)	(in US dollars)
Accounts payable		
Payables to suppliers	1 504 531	2 887 575
Non-staff meeting participants payable	58 637	10 854
Accrual of goods and services	1 997 256	1 811 557
Total - accounts payable	3 560 424	4 709 986

4.10 Staff payable

The total balance for staff payable as at 31 December 2021 was US\$ 0.31 million (US\$ 0.24 million as at 31 December 2020). These amounts relate to salaries payable and other staff liabilities.

	31 December 2021	31 December 2020
	(in US dollars)	(in US dollars)
Staff payables		
Salaries payable	230 511	162 079
Other staff payables	77 457	78 689
Total - staff payables	307 968	240 768

4.11 Accrued staff benefits

Accrued staff benefits include terminal payments, staff health insurance and illness insurance and liabilities due to service-incurred death or disability (Special Fund for Compensation). In addition it includes provision for restructuring.

UNAIDS staff benefits liabilities (excluding restructuring fund) are determined by professional actuaries. The actuarial studies commissioned determined various liabilities to be established to cover different staff benefits in accordance with IPSAS for WHO, UNAIDS and the other non-consolidated entities as at 31 December 2021. The professional actuarial studies were calculated based on personnel data and past payment experience.

	31 December 2021	31 December 2020
	(in US dollars)	(in US dollars)
I. Accrued staff benefits - current		
Terminal Payments	12 045 537	11 157 724
Special fund for compensation	23 656	14 677
Total accrued staff benefits - current	12 069 193	11 172 401
Accrued staff benefits -non-current		
Terminal payments	11 587 853	11 360 092
After-service health insurance	121 328 806	150 695 211
Special fund for compensation	2 680 876	2 383 822
Total accrued staff benefits - non-current	135 597 535	164 439 125
Accrued staff benefits		
Terminal payments	23 633 390	22 517 816
After-service health insurance	121 328 806	150 695 211
Special fund for compensation	2 704 532	2 398 499
Total accrued staff benefits	147 666 728	175 611 526
II. Restructuring Fund		
Provision for restructuring -current	11 700 000	-
Provision for restructuring - non-current	4 800 000	-
Total provision for restructuring	16 500 000	-
Grand total	164 166 728	175 611 526

Terminal Payments

The Terminal Payments Fund was established to finance the terminal emoluments of staff members, including repatriation grants, accrued annual leave, repatriation travel and removal on repatriation. It is funded by a salary and post adjustment budgetary provision.

Liabilities arising from repatriation benefits and annual leave are determined by independent consulting actuaries. However, the accrued leave is calculated on a walk-away basis – that is, as if all staff separated immediately – and, therefore, is not discounted.

The actuarial study as at 31 December 2021 has estimated the total liability for terminal payments (excluding annual leave) to be US\$ 12.7 million (US\$ 12.5 million as at 31 December 2020). This calculation did not include cost of end of service grant and separation by mutual agreement.

The annual leave entitlements stood at US\$ 10.9 million as at 31 December 2021 (US\$ 9.9 million as at 31 December 2020) representing an increase of US\$ 1 million.

After Service Health Insurance

UNAIDS participates in a health insurance scheme which is managed as a separate entity, WHO Staff Health Insurance, and which has its own governance. It provides for the reimbursement of expenses for medically recognized health care incurred by staff members, recognized dependents and retired staff. It is financed from the contributions made by the participants and the Programme.

UNAIDS has recognized staff health insurance liabilities as a Post-Employment Benefit. Actuarial gains and losses are recognized in the net assets / equity in accordance with IPSAS 39 (Employee Benefits).

The defined benefit obligations as at 31 December 2021 determined by professional actuaries based on personnel data and past payments experience provided by WHO stood at US\$ 236.4 million (US\$ 252 million as at 31 December 2020) of which US\$ 115.1 million is funded (including incurred-but-not-paid reserve) resulting in net unfunded liability of US\$ 121.3 million which is reflected in the Statement of Financial Position (Statement I). Further details on Staff Health Insurance can be found in the Staff Health Insurance Annual Report.

In accordance with IPSAS 39 (Employee Benefits), the actuarial gain of US\$ 38.5 million was transferred directly to net assets / equity in 2021 and an additional accrual of US\$ 9.1 million was charged to staff costs in the Statement of Financial Performance (Statement II).

It should be noted that whilst the ASHI actuarial study reflects an unfunded liability of US\$ 121.3 million as at 31 December 2021, following the Programme Coordinating Board decision at its 30th meeting (held in June 2012) to fully fund the organizational staff-related liabilities from the fund balance, a total of US\$ 25.1 million has so far been attributed towards funding the ASHI liability. Therefore, the unfunded ASHI liability as at 31 December 2021 stood at US\$ 96.2 million (i.e. US\$ 121.3 million as per actuarial study less the funding of US\$ 25.1 million).

Special Fund for Compensation

In the event of a death or disablement attributable to the performance of official duties of an eligible staff member, the Special Fund for Compensation covers all reasonable medical, hospital, and directly related costs, as well as funeral expenses. In addition, the fund will also provide compensation to the disabled staff member (for the duration of the disability) or the surviving family members.

UNAIDS accounts for the Special Fund for Compensation as a post-employment benefit. Actuarial gains and losses are recognized in the net assets / equity in accordance with IPSAS 39 (Employee Benefits).

As per the actuarial study, the total liability was US\$ 2.7 million at 31 December 2021 (US\$ 2.4 million as at 31 December 2020). In accordance with IPSAS 39, the actuarial loss of US\$ 0.004 million was transferred directly to net assets / equity in 2021 and an additional accrual of US\$ 0.3 million has been recognized by nature of expenses in the Statement of Financial Performance (Statement II).

Restructuring Fund

A provision for restructuring was established in accordance with IPSAS 19, to finance the cost of staff who opted for separation by mutual agreement (SMAs) and cost of termination due to abolishment of positions following the organizational alignment. The provision for restructuring amounted to US\$ 16.5 million broken down between current and non-current.

Actuarial calculations

Staff Benefits as per Actuarial Valuation

IPSAS Disclosure tables as at 31 December 2021

Description	After Service Health Insurance	Terminal Payments excluding Accrued Annual Leave	Special Fund for Compensation
	(in US dollars)	(in US dollars)	(in US dollars)
RECONCILIATION OF DEFINED BENEFIT OBLIGATIONS			
Defined Benefit Obligation at 31-Dec-2020	252 003 319	12 465 007	2 398 499
Service cost for 2021	16 423 863	626 357	275 602
Interest on Defined Benefit Obligation for 2021	503 624	250 103	26 303
(Actual Gross Benefit Payments in 2021)	(410 313)	(832 325)	
(Actual After Service Admin Expenses in 2021)	(29 771)		
Actual Contributions by After Service Participants in 2021	137 830		
Plan Amendments Adopted during 2021	-		
(Gain)/Loss on DBO Due to Financial Assumption Changes	(9 562 000)	37 756	64 318
(Gain)/Loss on DBO Due to Other Assumption Changes	(22 629 784)	158 655	(60 190)
Defined Benefit Obligation at 31-Dec-2021	236 436 768	12 705 553	2 704 532
RECONCILIATION OF ASSETS			
Market value of ASHI Assets at 31-12-2020, Gross of IBNP Reserve	102 888 108		
(Actual Total Gross Benefit Payments for 2021)	(3 714 669)	(832 325)	
(Actual Total SHI Administrative Expenses in 2021)	(269 516)		
Actual Total SHI Participant Contributions during 2021	3 691 170		
Actual Total Organization Contributions during 2021	7 560 375	832 325	
Interest on Net WHO-Administered SHI Assets for 2021	212 189		
Gain/(Loss) on Plan Assets during 2021	6 068 305		
Assets at 31-Dec-2021, for SHI Net of 470.1 Reserve	116 435 962	-	-
RECONCILIATION of Incurred-But-Not-Paid Reserve, Offset to Assets			
Incurred-But-Not-Paid Reserve at 31-12-2020	1'580'000		
Interest On Incurred-but-Not-Paid Reserve for 2021	3'160		
(Gain)/Loss on Incurred-But-Not-Paid Reserve	(255 160)		
Incurred-But-Not-Paid Reserve at 31-12-2021	1 328 000		
Net Assets (Gross Assets Minus Incurred-but-Not-Paid Reserve at 31-12-2021)			
RECONCILIATION OF FUNDED STATUS			
Defined Benefit Obligation (DBO)			
Active	195 518 106	12 705 553	1 986 186
Inactive	40 918 662	-	718 346
Total DBO	236 436 768	12 705 553	2 704 532
Plan Assets			
(Gross Plan Assets)	(116 435 962)		
Offset for WHO 470.1 Reserve			
(Net Plan Assets)	(116 435 962)	-	
Net (Surplus)/Deficit	121 328 806	12 705 553	2 704 532
Current (Asset)/Liability		1 117 700	23 656
Noncurrent (Asset)/Liability	121 328 806	11 587 853	2 680 876
Unrecognized Gain/(Loss)		196 411	4 128
Net (Asset)/Liability Recognized in Statement of Financial Position	121 328 806	12 705 553	2 680 876
(Gain)/Loss on Defined Benefit Obligation	(38 515 249)		
Current (Asset)/Liability		1 117 700	23 656
Non-current (Asset)/Liability	121 328 806	11 587 853	2 680 876
Net (Asset)/Liability Recognized in Statement of Financial Position	121 328 806	12 705 553	2 704 532
Annual Expense for 2021			
Service cost	16 423 863	626 357	275 602
Interest cost	294 595	250 103	26 303
Remeasurements		196 411	
Past Service (Credit)/Cost	0		
Expected Accounting Contributions during 2021	16 718 458	1 072 871	301 905
Expected Organization Contributions during 2022	8 399 000	1 131 585	23 845
Contributions by UNAIDS for Active Staff	962 000		
Contributions by UNAIDS for Inactives			
Total Expected Contributions for 2022	9 361 000	1 131 585	23 845
Sensitivity Analysis			
31 December 2021 Defined Benefit Obligation			
Current Medical Inflation Assumption Minus 1%	168 506 373		
Current Medical Inflation Assumption	237 764 768		
Current Medical Inflation Assumption Plus 1%	332 659 163		
Current Discount Rate Assumption Minus 1%	322 153 101	13 771 806	3 506 939
Current Discount Rate Assumption	237 764 768	12 705 553	2 704 532
Current Discount Rate Assumption Plus 1%	178 841 821	11 772 889	2 133 412

Actuarial methods and assumptions

Each year, the Programme identifies and selects assumptions and methods that will be used by actuaries in the year-end valuation to determine the expense and contribution requirements for the Programme's staff benefits. Actuarial assumptions are required to be disclosed in the financial statements in accordance with IPSAS 39. In addition, each actuarial assumption is required to be disclosed in absolute terms.

Measurement Date

All plans	31 December 2021
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Discount rate

Terminal Payments (other than accrued leave)	The discount rate used is 2.1% (decrease from 3% in the prior valuation). Based on the projected benefit payments with weights of 100% on the Aon AA Above Median Curve outside of Switzerland. The resulting discount rate is rounded to the nearest 0.1%.									
After Service Health Insurance	<p>Europe—0.4% (Increase from 0.2% in prior valuation).</p> <p>The Americas—3.2% (Increase from 2.9% in prior valuation).</p> <p>Other Countries—2.9% (Increase from 2.7% in prior valuation).</p> <p>The discount rates are based on the yields on high grade corporate bonds. The yield curve approach is used to reflect the expected cash flows and assumed currency exposure-specific to ASHI.</p> <p>The liability is assumed to be incurred in Swiss Francs, euros and US dollars, based on approximate liability mix for UNAIDS and the following yield curves: Switzerland - SIX - Swiss Exchange curve Euro Zone - iBoxx Euro Zone curve United States - Aon Hewitt AA Bond Universe</p> <p>The discount rates for the 31 December 2021 valuation are based on the currency mix of the after service health claims and not on the geographic locations of the UNAIDS offices. The resulting rates which are rounded to the nearest 0.1% are shown in the table below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3">% of Rate for 2021</th> </tr> <tr> <th>Switzerland</th> <th>Euro Zone</th> <th>United States</th> </tr> </thead> <tbody> <tr> <td>80%</td> <td>20%</td> <td>0%</td> </tr> </tbody> </table>	% of Rate for 2021			Switzerland	Euro Zone	United States	80%	20%	0%
% of Rate for 2021										
Switzerland	Euro Zone	United States								
80%	20%	0%								
Special Fund for Compensation	The discount rate used is 1.1% (decrease from 1.6% in the prior valuation). Based on the combined projected benefit payments from the prior valuation with weights of 75% on the Aon Hewitt AA Bond Universe yield curve and 25% on the SIX Swiss Exchange yield curve as of 31 December 2019. The resulting discount rate is rounded to the nearest 0.1%.									

Annual General Inflation

Terminal Payments (other than accrued leave)	The weighted-average inflation rate used is 2%. The regional weightings used are 100% on non-Swiss rate. Rounding of the resulting weighted-average inflation rates for each plan to the nearest 0.1%.
After Service Health Insurance	<p>Europe—1.2% (Increase from 1.1% in prior valuation).</p> <p>The Americas—2.5%. (Increase from 2% in prior valuation)</p> <p>Other Countries—2.4% (Increase from 1.9% in prior valuation).</p> <p>The inflation rates are based on a weighted average of the United Nations common assumptions (for long-duration plans). Those are 0.9% for Switzerland, 2.2% for Euro Zone and 2.5% for the United States as directed by the United Nations System Task Force on Accounting Standards using the same weighted average methodology as the discount rate.</p>
Special Fund for Compensation	The weighted-average inflation rate used is 1.5%. The regional weightings used are 75% on non-Swiss rate and 25% on Swiss rate. Rounding of the resulting weighted-average inflation rates for each plan to the nearest 0.1%.

Annual Salary Scale

All Plans	Includes merit/promotional increases, plus 3.5% static increases for general inflation, plus productivity growth.
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Actuarial Method

Repatriation Travel and Removal on Repatriation	Calculated using projected unit credit with service prorated, with an attribution period from the "entry on duty date" to separation. Plus 2% increase is applied for incurred but not yet paid benefits (IBNP)
Repatriation Grant, Termination Indemnity, and Grant in Case of Death	Calculated using the projected unit credit method with accrual rate proration. Plus 2% increase is applied for incurred but not yet paid benefits (IBNP)
Accrued Leave	The liability is set equal to the walk-away liability as if all staff separated immediately. Plus 2% increase is applied for incurred but not yet paid benefits (IBNP)
Abolition of Post, End-of-Service Grant, and Separation by Mutual Agreement	These benefits are considered termination benefits under IPSAS 39 and, therefore, excluded from the valuation.
Special Fund for Compensation	Calculated using projected unit credit, with an attribution period from the "entry on duty date" to separation.
After- Service Health Insurance	Liabilities are attributed using the projected unit credit method linearly from the "entry on duty date" to the earlier of the full eligibility date (the latest of age 55, 10 years of service, and five years of continuous service) and retirement date.

United Nations Joint Staff Pension Fund

UNAIDS is a member organization participating in the United Nations Joint Staff Pension Fund (the "Fund"), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. UNAIDS and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify the UNAIDS's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, UNAIDS has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39, Employee Benefits. UNAIDS's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.

The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the Open Group Aggregate Method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities.

UNAIDS' financial obligation to the UNJSPF consists of its mandated contribution, at the rate established by the United Nations General Assembly (7.9% for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. Each member organization

shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

The latest actuarial valuation for the Fund was completed as of 31 December 2019, and the valuation as at 31 December 2021 is currently being performed. A roll forward of the participation data as of 31 December 2019 to 31 December 2020 will be used by the Fund for its 2020 financial statements.

The actuarial valuation as of 31 December 2019 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 144.2% (139.2% in the 2017 valuation). The funded ratio was 107.1% (102.7% in the 2017 valuation) when the current system of pension adjustments was taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2019, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the UNJSPF pension plan, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the UNJSPF during the preceding three years (2018, 2019 and 2020) amounted to USD 7,993.15 million, of which 0.78% was contributed by the Agency.

During 2021, contributions paid to UNJSPF amounted to US\$ 22.9 million (2020 US\$ 22 million). Expected contributions due in 2022 are approximately US\$ 22.9 million.

Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund publishes quarterly reports on its investments, and these can be viewed by visiting the Fund at www.unjspf.org.

4.12 *Deferred revenue*

As at 31 December 2021 deferred revenue amounted to US\$ 17.5 million (US\$ 24.1 million as at 31 December 2020). This represents multi-year pledges made in 2021 for which the revenue recognition has been deferred to future financial periods. Out of this amount, US\$ 8.1 million represents non-current deferred revenue for 2022 and future financial periods.

	31 December 2021	31 December 2020
	(in US dollars)	(in US dollars)
Deferred revenue - current		
Unified Budget, Results and Accountability Framework	7 532 052	17 010 238
Supplementary Funds	1 788 626	1 843 787
Extra-budgetary Funds	-	2 153 520
Total deferrred revenue - current	<u>9 320 678</u>	<u>21 007 545</u>
Deferred revenue - non-current		
Unified Budget, Results and Accountability Framework	7 075 472	3 109 883
Supplementary Funds	1 067 797	-
Total deferred revenue - non-current	<u>8 143 267</u>	<u>3 109 883</u>
Total deferred revenue	<u>17 463 945</u>	<u>24 117 428</u>

4.13 Long-term borrowings

At its 12th meeting in May 2004, the Programme Coordinating Board endorsed UNAIDS' negotiation of a direct loan with the Swiss Confederation for the construction of a new building in Geneva for UNAIDS and WHO at an estimated cost of CHF 66 million, of which UNAIDS' share was estimated at CHF 33 million. In December 2003, the Swiss Confederation agreed to provide an interest-free loan of CHF 59.8 million, of which UNAIDS' share is CHF 29.9 million. The repayment over a 50-year period of UNAIDS' share of the interest-free loan provided by the Swiss Confederation is made through the reallocation of funds otherwise expended on the rental of office space with effect from the first year of the completion of the building. The building was completed in November 2006. The amount under Buildings includes US\$ 25.6 million which represents the 50% share of UNAIDS' expense incurred on the building up to 31 December 2007.

The Swiss Confederation 30-year bonds rate was -0.095% at December 2021 (-0.356% for 2020). Hence, in line with prudent accounting principles the non-current outstanding amount of US\$ 22.2 million for the UNAIDS building loan was not discounted. Of the total amount outstanding on the loan totalling US\$ 22.9 million, US\$ 0.7 million will be due in the next 12 months and is shown as a current liability, which is separately disclosed.

4.14 Other current liabilities

As at 31 December 2021, US\$ 0.24 million in other current liabilities (US\$ 0.15 million as at 31 December 2020), those represent accrued pension liability made by UNAIDS on behalf of temporary staff.

	31 December 2021	31 December 2020
	(in US dollars)	(in US dollars)
Other Current Liability		
Accrued Pension Liability	222 061	147 582
Financial liability	13 913	-
Total - Other Current Liability	<u>235 975</u>	<u>147 582</u>

4.15 Changes in net assets/equity

For the financial year ended 31 December 2021, the net assets/equity increased by US\$ 3.4 million, out of which US\$ 38.5 million related to actuarial gain under ASHI and SFFC which was transferred directly to net assets/equity in accordance with IPSAS 39 (Employee benefits) and US\$ 35.1 million related to a deficit in 2021 (compared to a deficit of US\$ 2.6 million in 2020).

In line with the Programme Coordinating Board's approval to fund the annual replenishment of the Building Renovation Fund, in 2021 the Executive Director authorized the transfer of a total of US\$ 0.43 million from the fund balance towards the Building Renovation Fund. The Programme Coordinating Board during its 48th meeting held from 29 June – 2 July 2021 took note of the Executive Director's decision.

The unfunded staff-related liabilities, stood at US\$ 102 million as at 31 December 2021 (US\$ 119.5 million as at 31 December 2020), a net decrease of US\$ 17.5 million. The non-payroll staff entitlements fund stood at US\$ 7.3 million as at 31 December 2021 (US\$ 4.7 million as at 31 December 2020), an increase of US\$ 2.6 million.

4.16 Operating Reserve Fund

Pending receipt of core contributions, implementation of the Unified Budget, Results and Accountability Framework may be financed from the Operating Reserve Fund (ORF), which was established by the Programme Coordinating Board in June 1996. The rules and procedures guiding the use of the ORF by the Executive Director were decided by the Programme Coordinating Board at its sixth meeting held in Geneva in May 1998.

4.17 Building Renovation Fund

The Building Renovation Fund was established by the Programme Coordinating Board at its 30th meeting in June 2012. This fund has been set up to meet the future costs of major repairs of, alterations to, and investments in, the UNAIDS office building.

The Programme Coordinating Board also approved the annual replenishment of the fund for an amount equivalent to the accumulated depreciation of the UNAIDS building. In line with the decision of the Programme Coordinating the Building Renovation Fund was increased by US\$ 0.43 million in 2021 (same amount as in the last year).

5. SUPPORTING INFORMATION TO THE STATEMENT OF FINANCIAL PERFORMANCE

5.1 Statement overview

The Statement of Financial Performance consolidates revenue and expenses for all activities throughout the Programme. The statement segregates operating activities from those arising from financing operations.

5.2 Revenue

Voluntary contributions to the Programme totalled US\$ 241.8 million (US\$ 267.9 million for 2020). Out of which US\$ 231.2 million from governments; US\$ 6 million from UNAIDS Cosponsors; and a net of US\$ 4.6 million from other operating revenue received from intergovernmental organizations, other United Nations Organizations, institutions, as well as the private sector. (included in this figure is an amount of US\$ 2.2 million representing in-service contributions) and miscellaneous income of US\$ 0.3 million. There has been no revenue received on account of exchange transactions.

Revenue	2021			Total 2021	Total 2020
	UBRAF Core Funds	Supplementary Funds	Extra budgetary Funds		
	(in US dollars)	(in US dollars)	(in US dollars)		(in US dollars)
Voluntary contributions					
Governments	165 886 216	45 983 767	19 319 104	231 189 087	257 816 210
Cosponsors	-	5 914 460	77 114	5 991 574	6 343 310
Others	52 808	4 545 105	14 583	4 612 496	3 701 269
Sub total voluntary contributions	165 939 024	56 443 332	19 410 801	241 793 157	267 860 789
Miscellaneous	266 198	3 283	-	269 481	241 656
Total revenue	166 205 222	56 446 615	19 410 801	242 062 638	268 102 445

5.3 Expense

UNAIDS recognizes expense at the point when goods have been delivered or services rendered. An encumbrance represents a firm commitment or obligation for goods and services which have not been delivered. Encumbrances are not reported in the Statement of Financial Performance (Statement II).

5.3.1 Staff and other personnel costs

Staff and other personnel costs represent the total cost of employing staff at all locations, including remuneration of base salary, post adjustment and any other type of entitlements (e.g., pension and insurance) paid by the Programme. Staff costs also include the increase in the SHI actuarial liability which is recognized as expense in the Statement of Financial Performance. It also includes the cost of staff who opted for Separation by Mutual Agreements (SMAs) and termination.

Description	31 December 2021	31 December 2020
	(in US dollars)	(in US dollars)
Salary cost	107 606 613	102 008 965
Actuarial cost	9 424 466	37 596 250
Cost for Separation by mutual agreement (SMAs) and termination	16 500 000	1 220 630
Other personnel costs	10 407 101	9 450 963
Total staff cost	143 938 180	150 276 808

5.3.2 Transfers and grants to counterparts

Transfers and grants to counterparts represent grants provided to national counterparts, letters of agreements signed with UN entities, non-profit non-governmental organizations and academic institutions to perform activities to help achieve specific objectives of the UNAIDS Secretariat and transfers to UNAIDS Cosponsors for their share of the Unified Budget, Results and Accountability Framework for 2020-2021. Transfers and grants to governments are referred to as direct financial cooperation. Funds are normally expensed at the time of transfer to the contractual partner.

Description	31 December 2021	31 December 2020
	(in US dollars)	(in US dollars)
Direct financial Cooperation	2 915 587	3 204 426
Letter of Agreements	84 287 395	75 767 066
Total Transfer and grants to counterparts	87 202 982	78 971 492

5.3.3 Contractual services

Contractual services represent expenses for service providers. The main components are Agreements for Performance of Work (APWs), consulting contracts given to individuals to perform activities on behalf of the Programme.

Description	31 December 2021	31 December 2020
	(in US dollars)	(in US dollars)
Contractual services	29 447 041	25 059 913
Security expenses	1 856 508	1 627 505
Training	1 067 001	471 496
Direct implementation and Special service agreements	136 432	95 580
Total Contractual Services	32 506 982	27 254 494

5.3.4 General operating expenses

General operating expenses represent expenses related to general operations in support of headquarters, regional and country offices. This includes costs such as utilities, telecommunications and rent.

Description	31 December 2021	31 December 2020
	(in US dollars)	(in US dollars)
General operating expenses	13 725 026	13 136 679

5.3.5 Travel

Travel of staff, meeting participants and consultants paid by UNAIDS are included in the total travel costs. Travel expenses include airfare, per diem and other travel related costs.

Description	31 December 2021	31 December 2020
	(in US dollars)	(in US dollars)
Travel	1 856 094	1 509 515

5.3.6 Equipment vehicles and furniture

Equipment, vehicles, and furniture are charged as expense at the point of delivery. PP&E purchased during 2021 have been recognized and capitalized in accordance with IPSAS 17.

Description	31 December 2021	31 December 2020
	(in US dollars)	(in US dollars)
Equipment, vehicles and furniture	167 201	405 672

5.3.7 Depreciation

Depreciation has been charged on property, plant and equipment (PP&E) using the straight-line method. Depreciation is the expense resulting from the systematic allocation of the amounts on the PP&E over their useful lives. The useful life of the building has been estimated at 60 years. The useful lives of furniture and vehicles have been estimated at 5 years and equipment has been estimated at 3 years.

Description	31 December 2021	31 December 2020
	(in US dollars)	(in US dollars)
Depreciation	546 760	549 510

5.4 Finance revenue (cost)

The total interest earnings were US\$ 1.9 million for the financial period ended 31 December 2021; the net realized foreign exchange gains were US\$ 1.6 million; net unrealized foreign exchange losses on revaluation of the accounts receivables and Swiss loan adjustments amounted to US\$ 1.4 million and also includes actuarial interest cost related to valuation of Terminal Payments and Special Fund for Compensation for US\$ 0.3 million. This has resulted in a net total financial revenue amount of US\$ 2.8 million as at 31 December 2021 (US\$ 1.4 million as at 31 December 2020).

	31 December 2021	31 December 2020
	(in US dollars)	(in US dollars)
Finance revenue		
Interest	1 867 055	4 381 397
Net realized foreign exchange gains or (losses)	1 614 003	(898 661)
Actuarial revaluation gains or (losses) on Terminal Payments Funds	(196 411)	-
Bank charges and investment management fees	(2 290)	(1 313)
Net unrealized foreign exchange gains or (losses) on revaluation	(1 403 920)	(1 255 764)
Realised foreign exchange gains or (losses) losses on balance sheet hedging	1 221 054	-
Actuarial interest cost related to valuation of Terminal Payments Fund and Special Fund for Compensation	(276 406)	(859 990)
Total net finance revenue	<u>2 823 085</u>	<u>1 365 668</u>

6. SEGMENT REPORTING

Schedule 1
Statement of Financial Performance by Segments
All sources of funds for the year ended 31 December 2021
(in US dollars)

	UBRAF Core Funds	Non-Core Funds									Sub-total non-core funds	TOTAL
		UBRAF Supplementary Funds	Extra-budgetary Funds	Terminal Payments	Non-payroll Entitlements	Special Fund for Compensation	Staff Health Insurance	Restructuring Fund	Common Fund	Eliminations		
Revenue												
Voluntary contributions												
Governments	165 886 216	45 983 767	19 319 104								65 302 871	231 189 087
Cosponsoring organizations	-	5 914 460	77 114								5 991 574	5 991 574
Others	52 808	4 545 105	14 583								4 559 688	4 612 496
Sub-total voluntary contributions	165 939 024	56 443 332	19 410 801								75 854 133	241 793 157
Miscellaneous	266 607	2 874									2 874	269 481
Total revenue	166 205 631	56 446 206	19 410 801	-	-	-	-	-	-	-	75 857 007	242 062 638
Programme Support Costs			4 022 824							(4 022 824)	-	-
Payroll transfers to accrual funds				1 571 785	9 067 525					(10 639 310)	-	-
Total revenue	166 205 631	56 446 206	23 433 625	1 571 785.00	9 067 525	-	-	-	(14 662 134)	75 857 007	242 062 638	
Expense												
Staff and other personnel costs	108 435 004	6 013 092	6 243 516	2 082 037	5 879 395	275 602	9 148 844	16 500 000		(10 639 310)	35 503 176	143 938 180
Transfers and grants to counterparts	50 751 259	19 658 986	16 792 737								36 451 723	87 202 982
Contractual services	13 342 886	17 188 399	1 377 890		597 807						19 164 096	32 506 982
General operating expenses	8 144 936	741 662	4 838 428								5 580 090	13 725 026
Travel	1 351 109	280 337	28 913	195 735							504 985	1 856 094
Equipment, vehicles and furniture	786 593	34 160							(653 552)		(619 392)	167 201
Programme Support Costs		2 969 903	1 052 921							(4 022 824)	-	-
Depreciation									546 760		546 760	546 760
Finance costs												
Total expense	182 811 787	46 886 539	30 334 405	2 277 772	6 477 202	275 602	9 148 844	16 500 000	(106 792)	(14 662 134)	97 131 438	279 943 225
Financial revenue	5 153 003			(884 051)		(26 303)				(1 419 564)	(2 329 918)	2 823 085
Total Surplus/(Deficit) by fund	(11 453 153)	9 559 667	(6 900 780)	(1 590 038)	2 590 323	(301 905)	(9 148 844)	(16 500 000)	(1 312 772)	0	(23 604 349)	(35 057 501)

7. COMPARISON OF BUDGET AND ACTUAL AMOUNTS

UNAIDS Programme Budget is established on a modified cash basis and is approved by the Programme Coordinating Board.

UNAIDS' budget and financial accounts are prepared using two different accounting basis. The Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets and Statement of Cash Flow are prepared on a full accrual basis, whereas the Statement of Comparison of Budget and Actual Amounts (Statement V) is prepared on a modified cash basis.

As required by IPSAS 24, reconciliation has been provided between the actual amounts on a comparable basis as presented in Statement V and the actual amounts in the financial accounts identifying separately any basis, timing, presentation and entity differences.

Basis differences - occur when the approved budget is prepared on a basis other than the full accrual accounting basis. Basis differences include the depreciation and capitalization of assets and repayment of the principal on the outstanding loan from the Swiss Confederation.

Timing differences - occur when the budget period differs from the reporting period reflected in the financial statements.

Presentation differences - are due to differences in the format and classification schemes adapted for presentation of Statement of Cash Flow and Statement of Comparison of Budget and Actual Amounts.

Entity differences - include expenses under non-core funds, which are financed from other sources and are not included in the Unified Budget Results and Accountability Framework approved by the Programme Coordinating Board.

Reconciliation between the actual amounts on a comparable basis in the Statement of Comparison of Budget and Actual Amounts (Statement V) and the actual amounts in the Statement of Financial Performance (Statement II) and Statement of Cash Flow (Statement IV) for the year ended 31 December 2021 are presented below.

Reconciliation of Budget Utilization (Statement V) with Statement of Cash Flow (Statement IV) as at 31 December 2021

	2021			
	Operating	Investing	Financing	Total
	(in US dollars)	(in US dollars)	(in US dollars)	(in US dollars)
Actual amount on budget implementation (Statement V)	(182 644 646)			(182 644 646)
Basis Difference	(938 477)	(284 925)	(1 506 204)	(2 729 607)
Presentation Difference	66 673 971			66 673 971
Entity Difference	98 237 057			98 237 057
Actual Amount in Statement of Cash Flow (Statement IV)	(18 672 095)	(284 925)	(1 506 204)	(20 463 225)

8. ADMINISTRATIVE WAIVERS, AMOUNTS WRITTEN OFF AND, EX-GRATIA PAYMENTS

During the financial year ended 31 December 2021, there were no administrative waivers, amounts written off or ex-gratia payments.

9. RELATED PARTY AND SENIOR MANAGEMENT DISCLOSURE

Key management personnel of UNAIDS consists of all staff members graded at the D1 level and above as they have the authority and responsibility for planning, directing and controlling the activities of UNAIDS.

The aggregate remuneration paid to key management personnel includes salaries, allowances, statutory travel and other entitlements paid in accordance with the Staff Rules and Regulations and applicable to all staff.

Key management personnel are members of the UN Joint Staff Pension Fund (UNJSPF) to which the personnel and UNAIDS contribute and are also eligible for participation in the Staff Health Insurance scheme including the after service medical insurance scheme if they meet the eligibility requirements.

During the year, no loans were granted to key management personnel beyond those available to staff outside this group.

Key Management Personnel

(in US dollars)

Number of individuals	24
Compensation and post adjustment	5 189 996
Entitlements	489 677
Pension and Health Plans	1 514 841
Total remuneration 2021	7 194 515
Outstanding advances against entitlements	262 478
Outstanding loans (in addition to normal entitlements if any)	-

10. EVENTS AFTER THE REPORTING DATE

The Programme's reporting date is 31 December 2021. On the date of the certifying of these accounts, no material events, favorable or unfavorable, occurred between the balance sheet date and the date when the financial statements have been authorized for issue that would have impacted these statements.

11. CONTINGENT LIABILITIES, COMMITMENTS AND CONTINGENT ASSETS

Contingent Liabilities

As at 31 December 2021, two outstanding appeals were pending before the WHO Global Board of Appeal (GBA) in respect of UNAIDS former and serving staff. The respective recommendations from the GBA for decision by the UNAIDS Executive Director are expected during the course of 2022. Furthermore, 19 (nineteen) outstanding personnel matters (complaints), submitted during the period of 2019-2021, were pending with the ILO Administrative Tribunal as at the above-referenced and therefore are not practicable to disclose as the likelihood of repayment has been determined to be remote. There are no cases involving contractual disputes that are to be considered contingent liabilities.

Operating leases

The Secretariat enters into operating lease arrangements for the use of country, regional and liaison offices premises. Some of the operating lease agreements contain renewal clauses which enable the Secretariat to extend the terms of the leases at the end of the original lease terms and escalation clauses that may increase annual rent payments based on increases in the relevant market price indexes in the respective countries where country, regional and liaison offices are located. Future minimum lease rental payments for the following periods are:

	31 December 2021	31 December 2020
	(in US dollars)	(in US dollars)
Operating leases		
Within one year	3 779 450	960 622
Later than one year but not later than five years	2 506 983	4 577 638
Later than five years		505 236
Total operating leases	6 286 433	6 043 496

Commitments

As at 31 December 2021, UNAIDS had commitments for the acquisition of good and services contracted but not yet delivered totalling US\$ 11.3 million.

Commitments are not recognized as expense in the statement of financial performance (Statement II) on the basis of IPSAS 1, and on the basis of the delivery principle.

Contingent Assets

In accordance with IPSAS 19, contingent assets will be disclosed for cases where an event will give rise to a probable inflow of economic benefits. As at 31 December 2021, there were no material contingent assets to disclose.

Schedule 2

**Unified Budget, Results and Accountability Framework - details of revenue
for the year ended 31 December 2021**

(in US dollars)

Revenue	Funds made available towards year 2021 of the Unified Budget, Results and Accountability Framework
Voluntary contributions	
Governments	
Andorra	34 884
Australia	3 109 883
Belgium	3 537 736
Belgium Flanders	884 434
Canada	3 819 710
China	250 000
Denmark	6 304 177
France	471 698
Germany	11 940 303
Ireland	4 063 703
Japan	600 000
Liechtenstein	27 027
Luxembourg	5 985 647
Monaco	183 287
Netherlands	23 866 348
New Zealand	724 113
Norway	5 485 798
Poland	49 933
Portugal	119 332
Russian Federation	500 000
Sweden	35 352 345
Switzerland	10 080 645
Thailand	100 000
Turkey	10 000
United Kingdom of Great Britain & Northern Ireland	3 360 215
United States of America	45 000 000
Vietnam	25 000
Sub-total Governments	165 886 216
Other	
UNFCU	17 211
Others	35 597
Sub-total - Other	52 808
Miscellaneous	266 607
Total operating revenue	166 205 631
Finance revenue	5 153 003
TOTAL	171 358 634

Schedule 3

**Supplementary - details of revenue
for the year ended 31 December 2021**

(US dollars)

Revenue	Funds made available towards Supplementary funds 2021
Governments	
Australia	3 372 363
China	750 000
Germany	585 981
Japan	250 000
Kazakhstan	35 000
Netherlands	35 862
Russian Federation	1 843 787
Sweden	303 480
United States of America (CDC)	5 241 387
United States of America (USAID)	33 565 907
<i>Sub-total Governments</i>	<u>45 983 767</u>
Cosponsoring Organizations	
UNDP	213 158
UNFPA	5 258 806
UNICEF	201 558
WFP	37 718
WHO	203 220
<i>Sub-total Cosponsors</i>	<u>5 914 460</u>
Other	
Bill and Melinda Gates Foundation	2 210 007
EPAM Systems, Inc	221 386
Global Fund	1 322 549
MPTF Office	534 418
The Regents of the University of California	(62 036)
UNOPS	356 412
Refund to donors	(37 630)
<i>Sub-total others</i>	<u>4 545 105</u>
<i>Miscellaneous</i>	<u>2 874</u>
<i>TOTAL</i>	<u>56 446 206</u>

Schedule 4

Extra-budgetary funds - details of revenue
for the year ended 31 December 2021
(US dollars)

Revenue	Funds made available towards Extra-budgetary funds 31 December 2021		
	In Cash	In- Kind and In-service	Total
Governments			
Belguim		155 000	155 000
Denmark		167 000	167 000
Finland		97 417	97 417
France		276 000	276 000
Germany		328 250	328 250
Luxembourg		167 000	167 000
Netherlands		515 000	515 000
Russian Federation	2 153 520		2 153 520
Sweden		385 917	385 917
Switzerland		74 000	74 000
United States of America (USAID)	15 000 000		15 000 000
Sub-total	17 153 520	2 165 584	19 319 104
Cosponsoring Organizations			
UNDP	77 114		77 114
Sub-total	77 114	-	77 114
Other			
PharmAccess Foundation		14 583	14 583
Sub-total others	0	14 583	14 583
TOTAL	17 230 634	2 180 167	19 410 801

PART IV

MANAGEMENT INFORMATION

I. Funds made available for the financial period ended 31 December 2021

During the period under review, revenue totalling US\$ 171.4 million was made available towards the UBRAF. Twenty-seven governments contributed 96.8% of this amount. The remaining 3.2% was made up of financial revenue (primarily interest earnings) received and apportioned during the reporting period as well as miscellaneous income, including funds received from private contributors and public institutions other than governments, as well as miscellaneous donations and honoraria. Schedule 2 on page 58 provides the details of this revenue.

Furthermore, non-core resources amounting to US\$ 75.9 million were made available to UNAIDS to provide support to a number of global, regional and country activities that are designated for specific countries or purposes. Details on the sources of these funds are presented in Schedules 3 and 4 on pages 59 and 60.

II. Funds expended for the financial period ended 31 December 2021

The total expense for the financial period ended 31 December 2021 against the core UBRAF for 2020–2021 amounted to US\$ 182.6 million and expenses against the non-core funds amounted to US\$ 71.2 million (excluding encumbrances).

A. Unified Budget, Results and Accountability Framework

During the year ended 31 December 2021, expense and encumbrance (including transfers to Cosponsors) totalling US\$ 185 million were incurred against the core budget of US\$ 187 million approved for the 2020–2021 UBRAF which corresponded to a financial implementation of 98.9%.

The total expense and encumbrance for the implementation of the activities contained in the Unified Budget, Results and Accountability Framework were distributed as follows:

- US\$ 45 million was transferred to the Cosponsors and
- US\$ 137.6 million was expended and US\$ 2.3 million encumbered for Secretariat activities and staff costs.

Total UBRAF core expenses and encumbrances for 2020-2021 amounted to US\$ 364.4 million representing a financial implementation of 97.4% (US\$179.4 million expended in 2020 and US\$ 182.6 million expended and US\$ 2.3 million encumbered in 2021). Table 4 provides details on the 2020-2021 UBRAF approved core budget, expense and encumbrances, broken down by result area, and the Secretariat core functions for the biennium 2020-2021.

Table 4
2020–2021 Unified Budget, Results and Accountability Framework approved core budget, expense and encumbrances for the period ended 31 December 2021
(in US dollars)

	2020-2021 Approved core budget	Expense 2020	Expense 2021	Encumbrances ^{a/}	Total	Balance	Percentage implementation	
	(a)	(b)	(c)	(d)	e = (b+c+d)	(f) = (a-e)	(g) = (e / a)	
I. Result Areas								
1	HIV testing and treatment	28 245 000	14 144 150	13 904 933	28 049 083	195 917	99.3%	
2	Elimination of Mother To Child Transmission	4 544 200	2 223 000	2 414 206	4 637 206	(93 006)	102.0%	
3	HIV prevention among young people	14 374 000	7 021 950	7 077 099	14 099 049	274 952	98.1%	
4	HIV prevention among key populations	16 509 800	8 533 550	7 651 465	16 185 015	324 785	98.0%	
5	Gender inequality and GBV	7 054 000	3 572 200	3 482 075	7 054 275	(275)	100.0%	
6	Human rights, stigma and discrimination	10 196 700	4 851 950	5 432 438	10 284 389	(87 689)	100.9%	
7	Investment and efficiency	5 252 400	2 670 250	1 840 037	4 510 287	742 113	85.9%	
8	HIV and health services integration	7 823 900	3 982 950	3 197 747	7 180 697	643 203	91.8%	
Total Cosponsors		94 000 000	47 000 000	45 000 000	0	92 000 000	2 000 000	97.9%
II. Core Functions								
1	Leadership, advocacy and communication	64 298 000	30 954 121	31 219 629	705 668	62 879 418	1 418 582	97.8%
2	Partnerships, mobilization and innovation	55 131 000	26 188 638	27 551 877	508 978	54 249 492	881 508	98.4%
3	Strategic information	39 985 000	18 100 609	19 461 839	210 031	37 772 479	2 212 521	94.5%
4	Coordination, convening & country implementation support	64 282 000	30 788 961	31 884 610	644 802	63 318 373	963 627	98.5%
5	Governance and mutual accountability	56 304 000	26 331 531	27 526 691	273 279	54 131 501	2 172 499	96.1%
Total Secretariat		280 000 000	132 363 860	137 644 646	2 342 757	272 351 263	7 648 737	97.3%
Grand Total		374 000 000	179 363 860	182 644 646	2 342 757	364 351 263	9 648 737	97.4%

^{a/} Encumbrances representing firm commitment for good and/or services which have not yet been delivered

i) Funds transferred to Cosponsors

In 2021, a total amount of US\$ 45 million has been transferred to the Cosponsors. This represents 95.7% of the Cosponsors' share for year 2021 of the 2020-2021 biennium core budget. US\$ 2 million has been transferred to each of the eleven Cosponsors to cover their core activities with the exception of the World Bank and a further US\$ 25 million has been transferred to Cosponsors at country level in the form of country envelopes.

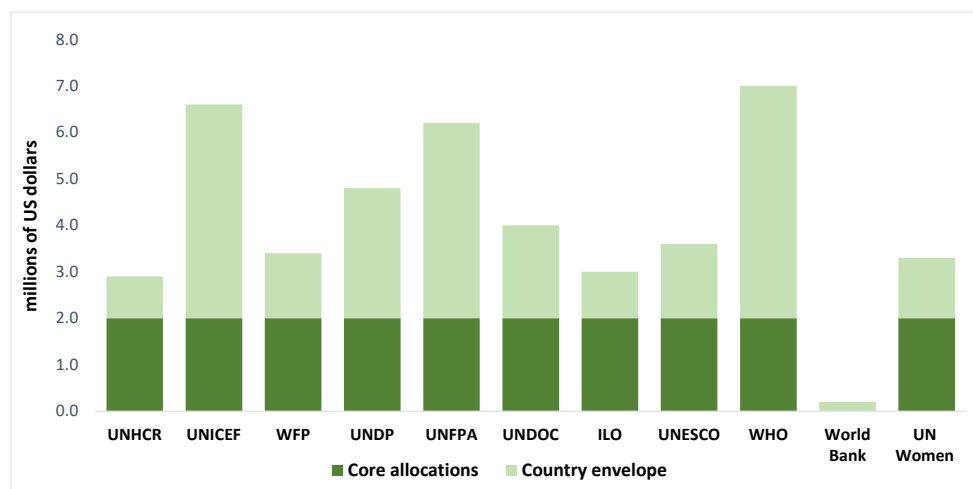
The country envelope funding modality was first introduced in the 2018-2019 biennium following the approval of the refined UNAIDS Joint Programme operating model by the Programme Coordinating Board (PCB) at its 40th meeting in June 2017.

This approach serves three overarching objectives: to deploy human and financial resources where they are needed most; to reinvigorate country-level joint work and collaborative action; and to reinforce accountability and results for people.

The country envelopes were established for seventy-one countries through a process which entailed engagement of the Cosponsor at all levels to reach consensus on the formula, process, deliverables and allocations. (Table 8 on pages 68 to 69 provides details of funds transferred to Cosponsors at country level).

Figure 4 illustrates the dynamic and differentiated resource allocation model and provides information on the proportion of funds transferred to each individual Cosponsor).

Figure 4
Funds transferred to the Cosponsors in 2021



ii) Funds expended and encumbered against the Secretariat budget

During the year ended on 31 December 2021, a total amount of US\$ 137.6 million was expended and US\$ 2.3 million encumbered for Secretariat activities and staff costs against the Secretariat 2021 core budget of US\$ 140 million which together represent a financial implementation rate of 100% of the Secretariat part of the 2021 core budget.

Total Secretariat core expenses and encumbrances for the 2020-2021 biennium amounted to US\$ 272.3 million representing a financial implementation of 97.3% (US\$132.4 million expended in 2020 and US\$ 136.6 million expended in 2021 and US\$ 2.3 million encumbered in 2021).

Table 4 provides details on the 2020–2021 UBRAF approved core budget, expense and encumbrances, broken down by result area, and the Secretariat core functions for the biennium 2020–2021.

B. Expense incurred against the non-core funds

During the year ended 31 December 2021, a total amount of US\$ 77.2 million was expended by the Secretariat against non-core funds (US\$ 46.9 million was expended against supplemental funds and US\$ 30.3 million was expended against extra-budgetary funds). In addition to the above, US\$ 7.3 million and US\$ 1.4 million were encumbered against supplemental and extra-budgetary funds, respectively, as indicated in Table 5 and Table 6 on pages 64 and 65.

C. Country and regional expense against all sources of funds

As recommended by the PCB at its 22nd meeting, held in Chiang Mai, Thailand from 23–25 April 2008, the report in Table 7 on pages 66 to 67 presents a breakdown of expense and encumbrances of the Secretariat by country and region for both the UBRAF and non-core funds. Country and regional expense amounted to US\$ 94.8 million for the financial period ended 31 December 2021. In addition to the above expense, a total of US\$ 4.4 million was encumbered during the same period, which together totalled US\$ 99.2 million for the financial period ended 31 December 2021.

Table 5
Supplementary Funds
Funds available, expense and encumbrance by source of revenue
For the year ended 31 December 2021 (in US dollars)

Source of revenue	2020	Funds made	Total	Expense	Encumbrance ^{a/}	Total
	carry-over	available in	available			
	(a)	(b)	(c) = (a+b)	(d)	(e)	(f) = (d + e)
Australia	150 512	3 372 363	3 522 875	1 191 600	44 076	1 235 676
China	3 534 619	750 000	4 284 619			-
France	3 400		3 400	2 787	556	3 343
Germany	4 400	585 981	590 381	479 090	660	479 750
Italy	13 789		13 789	13 788		13 788
Ireland	378 829		378 829	360 241	14 670	374 911
Japan	167 627	250 000	417 627	384 003	4 564	388 567
Kazakhstan	50 000	35 000	85 000	49 047	1 022	50 069
Netherlands	853 805	35 862	889 667	300 378	23 237	323 615
Russian Federation	1 061 945	1 843 787	2 905 732	2 107 446	313 218	2 420 664
Sweden		303 480	303 480	255 980		255 980
Switzerland	117 363		117 363			-
United States of America (CDC)	6 267 790	5 241 387	11 509 177	5 768 733	547 459	6 316 192
United States of America (USAID)	25 768 721	33 565 907	59 334 628	27 179 197	5 276 228	32 455 425
Bill & Melinda Gates Foundation	2 281 548	2 210 007	4 491 555	1 524 970	42 607	1 567 577
Children's Investment Fund Foundation (CIFF)	18 997		18 997	18 996		18 996
China Social Assistance Foundation (CSAF)	1 396		1 396			-
Global Fund	235 205	1 322 549	1 557 754	409 796	32 217	442 013
International Initiative for Impact Evaluation, Inc. (3ie)	57 311		57 311	19 891	26 000	45 891
EPAM Systems, Inc.		221 386	221 386	218 153		218 153
MDTF Office	932 511	534 418	1 466 929	693 684	129 873	823 557
M.A.C. AIDS Fund	880 793		880 793			-
Oak Foundation	160 775		160 775	105 602	50 622	156 224
OFID	133 969		133 969			-
Open Society Foundations	339 550		339 550	339 550		339 550
The Regents of the University of California	139 561	(62 036)	77 525	76 899		76 899
WHO		203 220	203 220	179 728	22 917	202 645
WFP	507 758	37 718	545 476	23 155	13 249	36 404
UNDP	1 173 427	213 158	1 386 585	1 216 147	83 538	1 299 685
UNHCR	10 090		10 090			-
UNICEF	495 392	201 558	696 950	543 121	54 553	597 674
UNFPA	3 229 538	5 258 806	8 488 344	3 145 145	590 824	3 735 969
UNOPS	123 994	356 412	480 406	241 841	18 369	260 210
Miscellaneous	42 200	2 873	45 073	37 571	5 045	42 616
Refund to donors		(37 630)	(37 630)			-
Total	49 136 815	56 446 206	105 583 021	46 886 539	7 295 504	54 182 043

^{a/} Encumbrance equals a firm commitment for goods and/or services which have not yet been delivered.

Table 6
Extra-budgetary funds
Funds available, expense and encumbrance summary by source of revenue
for the year ended 31 December 2021
(in US dollars)

Source of revenue	2020 carry-over	Funds made available in 2021	Total available funds	Expense	Encumbrance ^{a/}	Total	Percentage implementation
	(a)	(b)	(c) = (a+b)	(d)	(e)	(f) = (d + e)	(g) = (f / c)
<i>Voluntary contributions and other revenue</i>							
Belgium	179 354	155 000	334 354	155 000		155 000	46.4%
Denmark	-	167 000	167 000	167 000		167 000	100.0%
Finland	-	97 417	97 417	97 417		97 417	100.0%
France	-	276 000	276 000	276 000		276 000	100.0%
Germany	218 601	328 250	546 851	328 250		328 250	60.0%
Japan	300 000		300 000			-	0.0%
Luxembourg	27 341	167 000	194 341	167 000		167 000	85.9%
Netherlands	379 910	515 000	894 910	515 000		515 000	57.5%
Norway	294 945		294 945			-	0.0%
Russian Federation	104 727	2 153 520	2 258 247	1 604 663	495 266	2 099 929	93.0%
Sweden	-	385 917	385 917	385 917		385 917	100.0%
Switzerland	-	74 000	74 000	74 000		74 000	100.0%
United States of America (CDC)	99 341		99 341			-	0.0%
United States of America (USAID)	289 928	15 000 000	15 289 928	12 575 001	462 963	13 037 964	85.3%
European Commission	203 761		203 761			-	0.0%
UNDP	348 249	77 114	425 363	99 693		99 693	23.4%
UNWTO ST-EP Foundation	25 000		25 000			-	0.0%
WHO	528 927		528 927			-	0.0%
Miscellaneous and other	2 670 964	14 583	2 685 547	2 683 259		2 683 259	99.9%
Programme support costs and other	7 677 423	4 022 824	11 700 247	11 206 205	397 829	11 604 034	99.2%
Total	13 348 471	23 433 625	36 782 096	30 334 405	1 356 058	31 690 463	86.2%

^{a/} Encumbrance equals a firm commitment for goods and/or services which have not yet been delivered.

Table 7
**Country and Regional expense and encumbrance against all sources of funds
for the financial year ended 31 December 2021**
(in US dollars)

Region	Countries	Unified Budget, Results and Accountability Framework			Non-core Funds			Total		
		Expense	Encumbrance ^{a/}	Total	Expense	Encumbrance ^{a/}	Total	Expense	Encumbrance ^{a/}	Total
Asia and Pacific	Regional Support Team, Asia and Pacific	3 811 703	71 968	3 883 671	1 289 150	60 108	1 349 259	5 100 853	132 076	5 232 930
	Bangladesh	197 594	82	197 676	2 556		2 556	200 150	82	200 232
	Cambodia	622 271	7 044	629 315				622 271	7 044	629 315
	China	1 373 880	29 579	1 403 459	30 054	7 204	37 258	1 403 934	36 783	1 440 717
	Fiji	212 118	16 539	228 657				212 118	16 539	228 657
	India	865 470	32 188	897 658	251 884	60 141	312 025	1 117 354	92 329	1 209 684
	Indonesia	831 088	19 289	850 378	916 132	208 575	1 124 707	1 747 220	227 864	1 975 084
	Lao People's Democratic Republic	128 041	9 631	137 672	25 548		25 548	153 589	9 631	163 220
	Myanmar	733 373	15 663	749 035	4 275 409	28 657	4 304 066	5 008 782	44 319	5 053 101
	Nepal	376 524	23 252	399 776				376 524	23 252	399 776
	Pakistan	736 968	20 219	757 187	70 981	9 317	80 299	807 949	29 536	837 486
	Papua New Guinea	752 888	33 571	786 459	52 573	9 625	62 198	805 460	43 196	848 656
	Philippines	400 471	30 495	430 966				400 471	30 495	430 966
	Thailand	413 152	22 832	435 985		5 050	5 050	413 152	27 882	441 034
Viet Nam	522 180	21 738	543 919	47 702		47 702	569 883	21 738	591 621	
Total Asia and Pacific		11 977 722	354 090	12 331 812	6 961 990	388 678	7 350 668	18 939 712	742 767	19 682 480
East and South Africa	Regional Support Team, East and South Africa	2 381 839	20 172	2 402 011	1 806 712	321 932	2 128 644	4 188 551	342 104	4 530 655
	Angola	1 228 514	18 013	1 246 528				1 228 514	18 013	1 246 528
	Botswana	748 468	301	748 769				748 468	301	748 769
	Eritrea	345 510	4 039	349 549				345 510	4 039	349 549
	eSwatini	841 639	3 830	845 469				841 639	3 830	845 469
	Ethiopia	1 208 360	9 992	1 218 352	20 963	970	21 933	1 229 323	10 962	1 240 285
	Kenya	1 458 631	31 472	1 490 103	239 849	7 290	247 139	1 698 480	38 762	1 737 242
	Lesotho	591 859	831	592 690	124 201	6 785	130 986	716 060	7 617	723 676
	Madagascar (covering Seychelles, Comores, Mauritius)	599 266	6 190	605 455	82 118	9 869	91 987	681 384	16 059	697 443
	Malawi	920 342	8 405	928 747	1 191 543	191 025	1 382 569	2 111 885	199 431	2 311 316
	Mozambique	960 898	11 863	972 760	496 512	141 259	637 771	1 457 409	153 122	1 610 531
	Namibia	800 958	17 384	818 341	433 673	97 921	531 594	1 234 631	115 305	1 349 935
	Rwanda	664 408	18 755	683 162	46 954	16 069	63 023	711 362	34 824	746 186
	South Africa	2 147 297	16 354	2 163 651	3 177 100	310 027	3 487 127	5 324 397	326 380	5 650 777
	South Sudan	1 071 067	15 816	1 086 882				1 071 067	15 816	1 086 882
	Tanzania, United Republic of	1 717 500	10 705	1 728 206	144 561	12 098	156 659	1 862 061	22 803	1 884 864
	Uganda	1 128 178	28 790	1 156 968	1 403 720	138 578	1 542 297	2 531 897	167 368	2 699 265
Zambia	1 339 454	1 117	1 340 571	645 467	83 074	728 541	1 984 921	84 190	2 069 112	
Zimbabwe	1 540 677	15 229	1 555 906	233 655	63 522	297 177	1 774 332	78 750	1 853 083	
Total East and South Africa		21 694 864	239 256	21 934 119	10 047 029	1 400 418	11 447 447	31 741 892	1 639 674	33 381 566
Europe	Regional Support Team, Europe	2 100 022	22 213	2 122 235	3 226 521	806 644	4 033 164	5 326 542	828 857	6 155 399
	Armenia				53 630		53 630	53 630		53 630
	Belarus	41 027	4 689	45 716	216 304		216 304	257 331	4 689	262 020
	Kazakhstan	494 540	3 231	497 771	57 771	1 022	58 793	552 311	4 254	556 564
	Kyrgyzstan	106 337	818	107 155	31 448		31 448	137 785	818	138 603
	Moldova, Republic of	101 374		101 374	188 838	606	189 443	290 212	606	290 817
	Tajikistan	98 688		98 688	18 199		18 199	116 887		116 887
	Ukraine	1 113 299	14 466	1 127 765	89 878	2 019	91 898	1 203 177	16 485	1 219 662
	Uzbekistan				91 665		91 665	91 665		91 665
Total Europe		4 055 286	45 417	4 100 704	3 974 254	810 291	4 784 545	8 029 540	855 709	8 885 249

^{a/} Encumbrance equals a firm commitment for goods and/or services which have not yet been delivered.

Table 7 continued

Region	Countries	Unified Budget, Results and Accountability Framework			Non-core Funds			Total		
		Expense	Encumbrance ^{a/}	Total	Expense	Encumbrance ^{a/}	Total	Expense	Encumbrance ^{a/}	Total
Latin America and Caribbean	Regional Support Team, Latin America and Caribbean	2 317 603	63 205	2 380 808	182 158	74 073	256 231	2 499 761	137 278	2 637 039
	Argentina	679 797	14 475	694 272	6 790		6 790	686 587	14 475	701 062
	Brazil	661 936	19 169	681 105	140 549	25 017	165 567	802 485	44 186	846 671
	Dominican Republic	363 020	15 685	378 706	399 639	21 880	421 520	762 660	37 566	800 226
	El Salvador	160 874	642	161 516	16 860		16 860	177 734	642	178 376
	Guatemala	578 568	7 636	586 203	30 000		30 000	608 568	7 636	616 203
	Guyana	682 243	11 915	694 158				682 243	11 915	694 158
	Haiti	746 116	41 387	787 503	113 536	11 250	124 786	859 652	52 637	912 289
	Jamaica	657 245	10 621	667 867	85 709	13 048	98 757	742 954	23 669	766 623
	Peru	564 660	13 175	577 835	51 512	13 249	64 761	616 171	26 424	642 596
Venezuela	286 116	2 806	288 922	151 933	13 027	164 960	438 049	15 832	453 882	
Total Latin America and Caribbean		7 698 178	200 715	7 898 893	1 178 687	171 545	1 350 232	8 876 865	372 260	9 249 125
Middle East & North Africa	Regional Support Team, Middle East and North Africa	1 415 395	19 254	1 434 648				1 415 395	19 254	1 434 648
	Algeria	221 876	26 380	248 256	44 926	8 978	53 904	266 802	35 358	302 160
	Djibouti	206 265	20 568	226 833				206 265	20 568	226 833
	Egypt	166 338	3 745	170 083	278 128	23 237	301 365	444 466	26 982	471 448
	Iran	320 406	7 058	327 463	488 832		488 832	809 238	7 058	816 296
	Morocco	628 555	7 237	635 792	22 540		22 540	651 095	7 237	658 331
	Sudan	275 161	4 195	279 356				275 161	4 195	279 356
	Tunisia	80 120	8 377	88 497				80 120	8 377	88 497
Total Middle East and North Africa		3 314 115	96 814	3 410 929	834 426	32 215	866 641	4 148 541	129 029	4 277 570
West and Central Africa	Regional Support Team, West and Central Africa	3 024 600	43 844	3 068 444	421 000		421 000	3 445 600	43 844	3 489 444
	Benin	549 680	11 691	561 372	111		111	549 792	11 691	561 483
	Burkina Faso	674 898	5 878	680 775				674 898	5 878	680 775
	Burundi	498 661	5 873	504 534				498 661	5 873	504 534
	Cameroon	814 087	7 467	821 554	340 930	37 676	378 606	1 155 017	45 143	1 200 160
	Central African Republic	1 063 218	27 779	1 090 997	113 118	41 303	154 421	1 176 336	69 083	1 245 419
	Chad	779 519	3 128	782 646				779 519	3 128	782 646
	Congo	547 312	32 677	579 989				547 312	32 677	579 989
	Côte d'Ivoire	1 312 905	18 197	1 331 102	154 081	14 038	168 118	1 466 985	32 235	1 499 220
	Democratic Republic of Congo	2 222 905	45 846	2 268 752	292 353	9 989	302 342	2 515 258	55 835	2 571 093
	Equatorial Guinea	404 899	7 474	412 373				404 899	7 474	412 373
	Gabon	568 570	8 490	577 060	88 417	35 082	123 499	656 987	43 572	700 558
	Gambia	109 676		109 676				109 676		109 676
	Ghana	998 774	11 897	1 010 670	138 942	15 656	154 597	1 137 715	27 552	1 165 268
	Guinea	591 498	5 738	597 235				591 498	5 738	597 235
	Liberia	453 574	14 594	468 168				453 574	14 594	468 168
	Mali	1 025 407	21 741	1 047 148	27 667	27 833	55 500	1 053 074	49 574	1 102 648
	Mauritania	222 894	18 468	241 362				222 894	18 468	241 362
	Niger	515 302	13 533	528 835	2 460		2 460	517 762	13 533	531 296
Nigeria	2 754 338	57 282	2 811 619	1 048 188	66 992	1 115 181	3 802 526	124 274	3 926 800	
Senegal	206 234	6 235	212 469				206 234	6 235	212 469	
Sierra Leone	528 715	12 190	540 905	25 297	14 070	39 367	554 012	26 260	580 272	
Togo	576 389	6 452	582 841				576 389	6 452	582 841	
Total West & Central Africa		20 444 055	386 474	20 830 529	2 652 564	262 639	2 915 202	23 096 619	649 113	23 745 732
Grand Total		69 184 220	1 322 767	70 506 987	25 648 950	3 065 785	28 714 735	94 833 170	4 388 552	99 221 722

^{a/} Encumbrance equals a firm commitment for goods and/or services which have not yet been delivered.

Table 8
2021 Country Envelopes: Details of funds transferred to Cosponsors at country level
(in US dollars)

Region	Country	UNHCR	UNICEF	WFP	UNDP	UNFPA	UNODC	ILO	UNESCO	WHO	World Bank	UN Women	Total
Asia and Pacific	Bangladesh		50 000			100 000	50 000						200 000
	Cambodia				18 400	34 600	33 300	18 700		28 800		16 200	150 000
	China				50 200			58 800	57 000	62 000		57 000	285 000
	India		170 000	34 000	190 000	100 000	100 000	100 000	100 000	160 000			954 000
	Indonesia	32 600	42 200		67 600	77 600	100 200	74 500				81 300	476 000
	Laos									30 000			30 000
	Malaysia	49 900			23 000		38 000			39 100			150 000
	Myanmar		57 200	44 800		67 100	37 800		50 100	30 000			287 000
	Pakistan		180 000		50 000			107 000			50 000		387 000
	Papua New Guinea		50 000				50 000			60 000		40 000	200 000
	Philippines		170 300		153 500	130 000	100 200			140 000			694 000
	Thailand				50 000	27 000	116 500		26 500				220 000
	Viet Nam			27 100			50 000	90 000			169 900		30 000
Total Asia and Pacific		82 500	746 800	78 800	602 700	636 300	773 000	252 000	233 600	769 800	0	224 500	4 400 000
Europe	Belarus		30 000		30 000	30 000	30 000			30 000			150 000
	Kazakhstan		47 100		50 000	43 200	12 800		46 900	50 000			250 000
	Kyrgyzstan		23 500		11 500	120 000	20 000		25 000			50 000	250 000
	Moldova, Republic of		35 000		30 000	35 000	30 000			120 000			250 000
	Tajikistan		30 300		28 000	12 200	25 700			31 800		22 000	150 000
	Ukraine	40 000	60 400		60 400	48 700	60 500	30 000		100 000			400 000
	Uzbekistan		62 400			57 700	62 500			67 400			250 000
Total Europe		40 000	288 700	0	209 900	346 800	241 500	30 000	71 900	399 200	0	72 000	1 700 000
East and South Africa	Angola	31 500	73 400		86 300	47 800				61 000			300 000
	Botswana		90 000			90 000			59 800			60 200	300 000
	Eritrea				10 000	100 000	30 000						140 000
	Eswatini		67 900	95 000	32 400	59 900			15 100	52 000	17 700		340 000
	Ethiopia	59 800		21 500		35 000	27 500		14 800	200 100		41 300	400 000
	Kenya	64 200	70 000	67 400		64 500	64 200	73 900	70 200	60 800	64 800		600 000
	Lesotho		76 300	38 500	31 500	45 300			40 800	67 600		60 000	360 000
	Madagascar		44 300	16 200	44 000	38 600		19 300	18 600	39 000			220 000
	Malawi	55 000	55 100	50 000	50 000	55 000	23 000	37 000	19 900	50 000		55 000	450 000
	Mozambique		160 000	125 000	200 000	104 800	10 000	104 800	65 100	170 100		60 200	1 100 000
	Namibia		83 600	20 000	10 000	89 400	11 000		38 200	25 000		22 800	300 000
	Rwanda	30 600	69 500	37 500		72 900				69 500			280 000
	South Africa		186 400		99 600	149 600	101 900	55 200	58 300	296 600	49 200	103 200	1 100 000
	South Sudan	46 200	25 000	39 800	30 300	35 400			40 000	58 500		84 800	360 000
	Uganda	40 000	85 000	55 000	10 000	85 000	50 000	30 000	40 000	85 000		70 000	650 000
	United Republic of Tanzania	37 000	180 300	56 000	50 000	65 000	45 000	92 000	82 000	142 700		50 000	800 000
Zambia		69 900		95 000	79 900	127 000		69 500	118 000	40 700		600 000	
Zimbabwe		55 100	57 000	43 900	57 000			42 800	42 900	50 000	42 800	58 500	450 000
Total East and South Africa		364 300	1 391 800	678 900	893 000	1 275 100	589 600	455 000	675 200	1 545 900	215 200	666 000	8 750 000

Table 8 continued

Region	Country	UNHCR	UNICEF	WFP	UNDP	UNFPA	UNODC	ILO	UNESCO	WHO	World Bank	UN Women	Total
Latin America and Caribbean	Argentina				51 000	41 500				87 500			180 000
	Bolivia					39 900	21 700			10 900			72 500
	Brazil		80 800			90 700			100 100	28 400			400 000
	Chile	16 000		27 300	45 000					41 700			130 000
	Colombia	28 000		32 000	35 000	50 000				35 000			180 000
	Cuba		40 000			40 000				70 000			150 000
	Dominican Republic		28 300	28 400	28 300	28 300	28 300			28 400			170 000
	Ecuador		45 000	15 000		45 000				45 000			150 000
	El Salvador		10 400	10 400	20 800	10 200						20 700	72 500
	Guatemala		30 000	30 000		40 000				70 000			170 000
	Guyana		25 000		20 000	25 000				30 000			100 000
	Haiti		49 200		35 100	40 000		40 000	40 700	60 000		35 000	300 000
	Honduras		20 000				11 600			93 400			125 000
	Jamaica		56 100		48 100	195 800							300 000
Peru	40 000	35 000			40 000				35 000			150 000	
Venezuela		89 100				87 500			73 400			250 000	
Total Latin America and Caribbean		84 000	508 900	143 100	283 300	785 500	50 000	40 000	140 800	808 700	0	55 700	2 900 000
Middle East and North Africa	Algeria				42 000		60 000						102 000
North Africa	Djibouti	15 000	20 000	15 500	50 000					49 500			150 000
	Egypt		35 000		15 000		60 000			40 000			150 000
	Iran	30 000	21 400		118 200	70 000	15 000			45 400			300 000
	Morocco			20 000		20 000	35 000		20 000	35 000		18 000	148 000
	Somalia			55 000	40 000	55 000							150 000
	Sudan		30 000		30 000	40 000	25 000			75 000			200 000
	Tunisia			29 900		35 200	34 900						100 000
Total Middle East and North Africa		45 000	106 400	120 400	295 200	220 200	229 900	0	20 000	244 900	0	18 000	1 300 000
West and Central Africa	Benin		46 900	23 500	32 400	31 900				75 300			210 000
Central Africa	Burkina Faso	20 000	50 000	30 000	26 000	20 000				30 000			176 000
	Burundi		25 000	20 000		30 000			12 000	48 000		15 000	150 000
	Cameroon	30 000	70 000	30 000	30 000	30 000		30 000	30 000	70 000		30 000	350 000
	Central African Republic	35 000	62 000	40 200	20 000	44 500				40 000		22 300	264 000
	Chad	57 900	59 900	24 100	26 700	51 400			23 000	122 000			365 000
	Congo, Republic of	30 000	80 000	20 000	11 000	35 000			25 000	25 000			226 000
	Cote d'Ivoire		100 900		25 100	75 700	16 100	26 800	53 500	65 400		61 500	425 000
	Democratic Republic of Congo	35 000	60 000	30 000	40 000	35 000			35 000	40 000		25 000	300 000
	Equatorial Guinea		75 000			75 000							150 000
	Gabon		86 000			30 000			28 000	56 000			200 000
	Ghana		73 400		32 400	60 000			36 100	98 100			300 000
	Guinea (Conakry)	10 000	50 000	30 000	60 000	40 000				30 000			220 000
	Guinea-Bissau, Republic of		67 000	30 000		35 000				24 000			156 000
	Liberia		21 900			38 900		16 100	40 300			32 800	150 000
	Mali	60 000	100 000		53 000	30 000			27 000	30 000			300 000
	Niger		50 200	49 800						50 000			150 000
	Nigeria		275 000		100 000	100 300	100 000	100 000	50 000	324 700		50 000	1 100 000
	Senegal		34 900	15 000				30 000	45 000	30 100		45 000	200 000
Sierra Leone		100 000	50 000	100 000	70 000			38 000				358 000	
Togo		53 500	38 200		58 300				50 000			200 000	
Total West and Central Africa		277 900	1 541 600	430 800	556 600	891 000	146 100	172 900	442 900	1 208 600	0	281 600	5 950 000
Grand Total		893 700	4 584 200	1 452 000	2 840 700	4 154 900	2 030 100	949 900	1 584 400	4 977 100	215 200	1 317 800	25 000 000

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