Unified Budget, Results and Accountability Framework

Agenda 4.2

FINANCIAL REPORTING

UNAIDS

50th PCB Meeting
Financial Highlights

- Tenth set of financial statements prepared according to IPSAS accounting standards
- Unmodified **audit** opinion provided by the external auditors
- UNAIDS **Statement of Internal Control (SIC)** included in the 2021 Audited Financial Statements.
- Financial situation has been relatively stable during 2021 – but remains tight
2021 Financial Highlights (Core Income and Expenditure)

- Core income totaling **US$ 171.4 million** mobilized in 2021 compared to **US$ 194.1 million** mobilized in 2020 and **US$ 184 million** in 2019.
- Total core expenditures (expenses and encumbrances) amounted to **US$ 185 million** compared to **US$ 183.4 million** in 2020.
- Core Secretariat expenditure and encumbrances amounted to **US$ 140 million** against an approved core budget of **US$ 140 million**.
- The net fund balance on 31 December 2021 stood at **US$ 102 million** (US$ 112 million end of 2020) a decrease of **US$ 10 million**.
2021 Financial Highlights - continued (Non-core Income and Expenditure)

- Non-core income totaling **US$ 73.5 million** mobilized in 2021 compared to US$ 75.4 million mobilized in 2020.
- 71% or US$ 53.8 million is from USAID and CDC;
- Total non-core expenditures (expenses and encumbrances) amounted to **US$ 71.2 million** compared to US$ 54.6 million in 2020
- Available non-core balances carried forward into 2022 amounted to **US$ 56.2 million**
Expenditure by cost category – All sources of funds

- Staff and other personnel costs: 118 (2021), 112.1 (2020)
- Transfers and grants to counterparts: 87.2 (2021), 79 (2020)
- Contractual services: 32.5 (2021), 27.5 (2020)
- General operating expenses: 13.7 (2021), 13.1 (2020)
- Travel: 1.9 (2021), 1.5 (2020)
Management of the core fund balance

- At the end of December 2021, the net fund balance stood at **US$ 102 million** compared to US$ 112 million end 2020 and US$ 100 million end of 2019.
- **US$ 5 million below** the PCB approved minimum level of US$ 107 million approved in 2015.
- **US$ 10 million less** than at end 2020.
- Ability to operate smoothly.
Management of the Operating Reserve Fund (ORF)

- At its sixth meeting in May 1998 the PCB approved the level of the ORF at US$ 33 million and endorsed the rules and procedures guiding the use of the ORF by the Executive Director.

- The primary purpose of the ORF is to ensure that cash will be available for the financing the UNAIDS approved biennial budget, pending the receipt of contributions.

- Furthermore, at its sixteenth meeting in June 2005 the Programme Coordinating Board endorsed the proposed revised level of the ORF of US$ 35 million.

- During the financial year 2021, no advances were made from the ORF.
**2022 -2023 Core UBRAF Allocation**

- First biennial workplan and budget of 2022-2026 UBRAF
- Annual approved core budget of US$ 210 million, with a base set at US$ 187 million
- **Allocation of US$ 187 million:** Cosponsors US$ 47 million and US$ 140 million for the Secretariat
- **Allocation of US$ 210 million:** Cosponsors US$ 64 million and US$ 146 million for the Secretariat

![Diagram showing allocation and budget details](image-url)
Developments in 2022 – Core Expenditure

• The net fund balance 2021 enabled the smooth start up and implementation of the UBRAF

• As of today, total core expenditure and encumbrances amounted to US$ 123 million broken down as follows:

  ➢ Transfers to Cosponsors US$ 41 million (remaining US$ 6 million)
  ➢ Secretariat core expenditure and encumbrances amounted to US$ 76 million
Developments in 2022 – Core Income

- So far in 2022, **US$ 60.2 million** has been recorded as core income (compared to **US$ 86.4 million** received by June 2021)
- It was originally estimated that **US$175 million** core will be raised in 2022
- The current financial outlook is not as promising as was originally forecasted
  - Significant depreciation of major currencies against the US dollar
  - Several donor countries shifting ODA to respond to war in Ukraine
- Revised estimate is **US$ 162 million**
- **US$ 25 million below the base resource mobilization target of US$ 187 million.** And US$ 47 million below approved budget of US$ 210 million
## 2022 Exchange rate - Impact on major donor contributions

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<tr>
<th>Donors</th>
<th>Estimated Contributions in local currencies</th>
<th>May 2022 UN exchange rates</th>
<th>June 2021 UN exchange rates</th>
<th>Exchange rate loss</th>
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<td>Currency</td>
<td>Amount in local currencies</td>
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<td>Amount in US dollars</td>
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<td>United Kingdom of Great Britain</td>
<td>GBP</td>
<td>8 000 000</td>
<td>9 937 888</td>
<td>11 126 565</td>
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<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>96 357 663</strong></td>
<td><strong>108 389 257</strong></td>
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Current mitigations measures to cover the funding Gap for 2022

• The 2022 funding gap would be partially covered from fund balance and the following measures
  ➢ *Freezing of vacancies ranging from three to six months*
  ➢ *Limiting international travel, and setting travel ceiling*
  ➢ *Targeted actions to enhance operational cost efficiency*
  ➢ *Put on hold the remaining transfers to Cosponsors Global allocation*
Thank you