
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



REVENUE



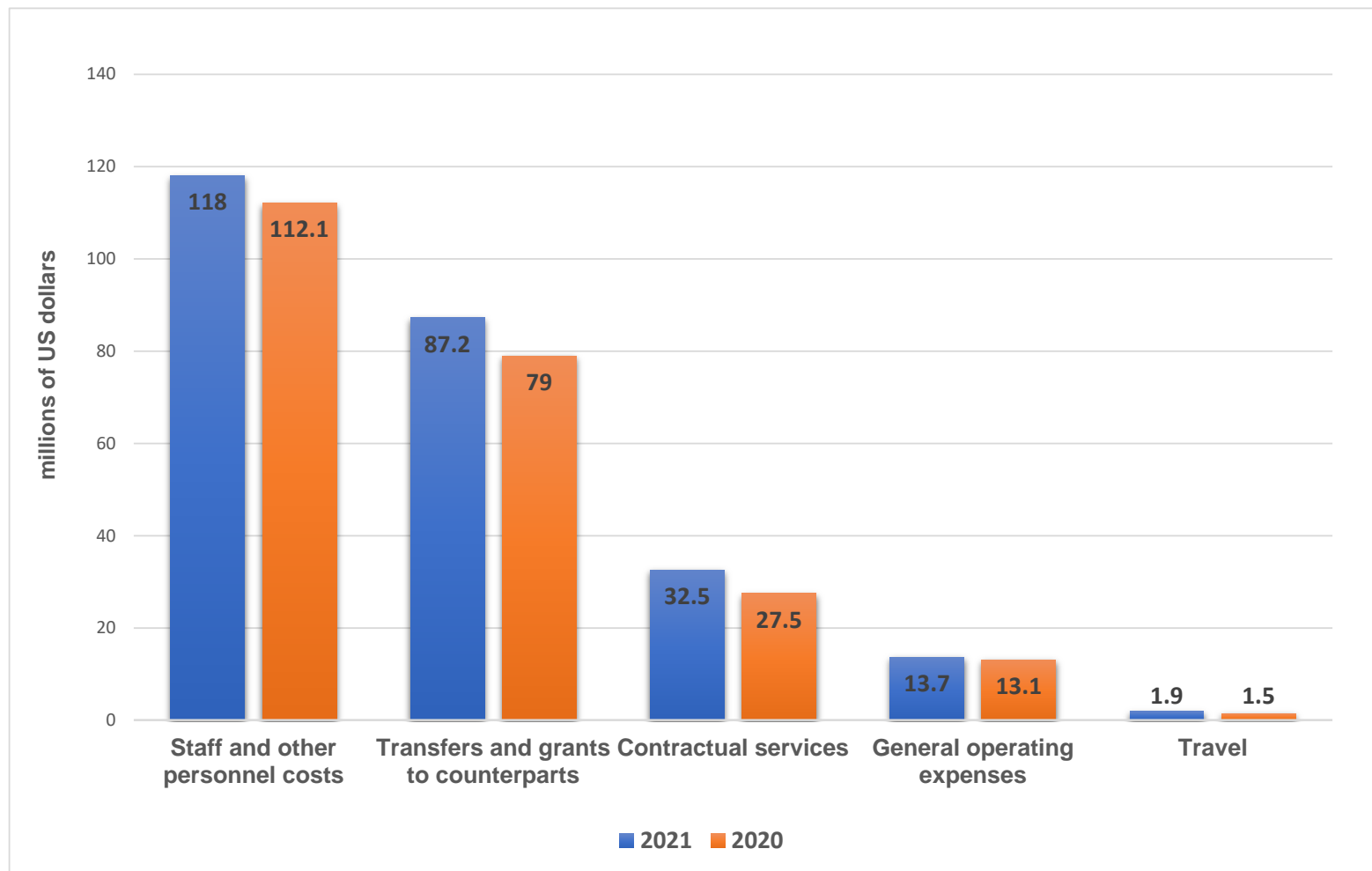
EXPENDITURE

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**

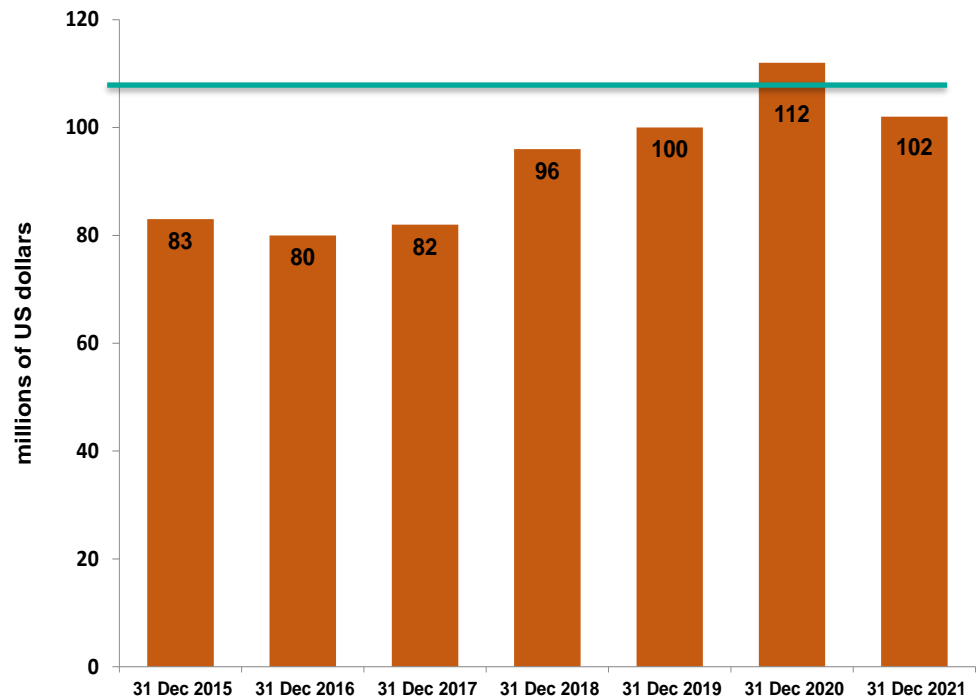


Expenditure by cost category – All sources of funds



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

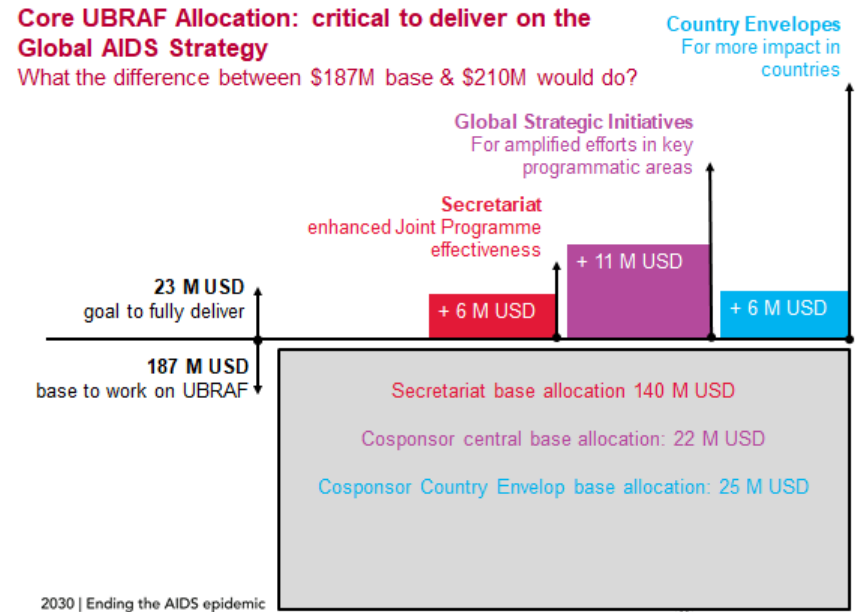


Management of the Operating Reserve Fund (ORF)

- 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 the 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)



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*



REVENUE

2022 Exchange rate - Impact on major donor contributions

Donors	Estimated Contributions in local currencies		May 2022 UN exchange rates	June 2021 UN exchange rates	Exchange rate loss
	Currency	Amount in local currencies	Amount in US dollars	Amount in US dollars	Amount in US dollars
Canada	CAD	5 000 000	3 888 025	4 055 150	(167 125)
Denmark	DKK	40 000 000	5 646 527	6 416 426	(769 899)
Germany	EUR	6 000 000	6 302 521	7 159 905	(857 384)
Luxembourg	EUR	3 500 000	3 676 471	4 176 611	(500 140)
Netherlands	EUR	20 000 000	21 008 403	23 866 348	(2 857 945)
Norway	NOK	45 000 000	4 784 689	5 283 551	(498 862)
Sweden	SEK	300 000 000	30 835 646	35 423 309	(4 587 663)
Switzerland	CHF	10 000 000	10 277 492	10 881 393	(603 901)
United Kingdom of Great Britain and Northern Ireland	GBP	8 000 000	9 937 888	11 126 565	(1 188 676)
Total			96 357 663	108 389 257	(12 031 594)

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