

INTERIM FINANCIAL MANAGEMENT UPDATE

Additional documents for this item: Financial report and audited financial statements for the year ended 31 December 2021 (Document: UNAIDS/PCB(50)/22.12).

Action required at this meeting - the Programme Coordinating Board is invited to:

- i. *take note* of the interim financial management update for the 2022-2023 biennium for the period 1 January 2022 to 31 March 2022, including the replenishment of the Building Renovation Fund;
- ii. *encourage* donor governments to release their contributions towards the 2022–2026 Unified Budget, Results and Accountability Framework as soon as possible and to make multi-year contributions.

Cost implications for implementation of decisions: none

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I. INTRODUCTION

1. This document presents interim financial management information on the 2022–2023 biennium for the period from 1 January 2022 to 31 March 2022. The presentation at the 50th meeting of the Programme Coordinating Board will include financial information up to 31 May 2022. The accounts and operations of UNAIDS are subject to continuous examination and review by both internal and external auditors of WHO.

II. THE UNIFIED BUDGET, RESULTS AND ACCOUNTABILITY FRAMEWORK FOR THE 2022–2023 BIENNIUM

Approved Budget and Workplan

2. The 2022–2026 Unified Budget, Results and Accountability Framework (UBRAF), provides the operational framework for the contribution of the Joint United Nations Programme on HIV/AIDS (UNAIDS) to the implementation of the Global AIDS Strategy, endorsed by the Board at its 48th meeting.
3. The central focus of the 2022–2026 UBRAF is the urgent need to further leverage the strengths, capacities and comparative advantages of the Joint Programme to support countries and communities to reduce the inequalities that undermine service access and utilization, leave people living with HIV, at risk or and affected by HIV behind and drive the AIDS epidemic.
4. This first biennial Workplan and Budget under the 2022–2026 UBRAF covers the years 2022 and 2023. Carrying forward the strategic directions set out in the UBRAF, the 2022–2023 Workplan and Budget provides further detail about the priority actions and deliverables the Joint Programme will undertake and the related budget towards each of the 10 result areas at output level, as outlined in the UBRAF.
5. At its Special Session held on 6 October 2021, the Programme Coordinating Board approved the 2022–2023 core budget and the budget allocation of the Cosponsors and the Secretariat at a base of US\$187 million per annum up to a threshold of US\$210 million per annum. Furthermore, at its 49th meeting, the Programme Coordinating Board approved the revised 2022- 2023 Workplan (UNAIDS/PCB (49)/21.27) against the core budget base of US\$187 million up to the threshold of US\$210 million annually.
6. The approved annual core budget of US\$ 187 million comprise: an annual allocation of US\$ 140 million to resource the UNAIDS Secretariat to deliver on its functions and enable continued support in about 100 countries; and an annual allocation of US\$ 47 million for Cosponsors for core functions, global strategic initiatives and country envelopes:
 - a total of US\$ 22 million to all Cosponsors (US\$ 2 million to each) to offer a degree of predictability for fulfilling their respective role in relation to the Joint Programme including funds for Global Strategic Initiatives.
 - US\$ 25 million to Cosponsors at country level in the form of country envelopes to support populations in greatest need.

Funds made available for the 2022-2023 biennium

7. During the period under review income totaling US\$ 43.1 million from ten governments was made available towards year 2022 of the Unified Budget, Results and Accountability Framework. Table 1 (below) provides the details of core income attributed towards year 2022 of the 2022–2023 Unified Budget, Results and Accountability Framework during the period 1 January 2022 to 31 March 2022.

Table 1

Unified Budget, Results and Accountability Framework—details of core income for the period 1 January 2022 to 31 March 2022 (in US dollars)

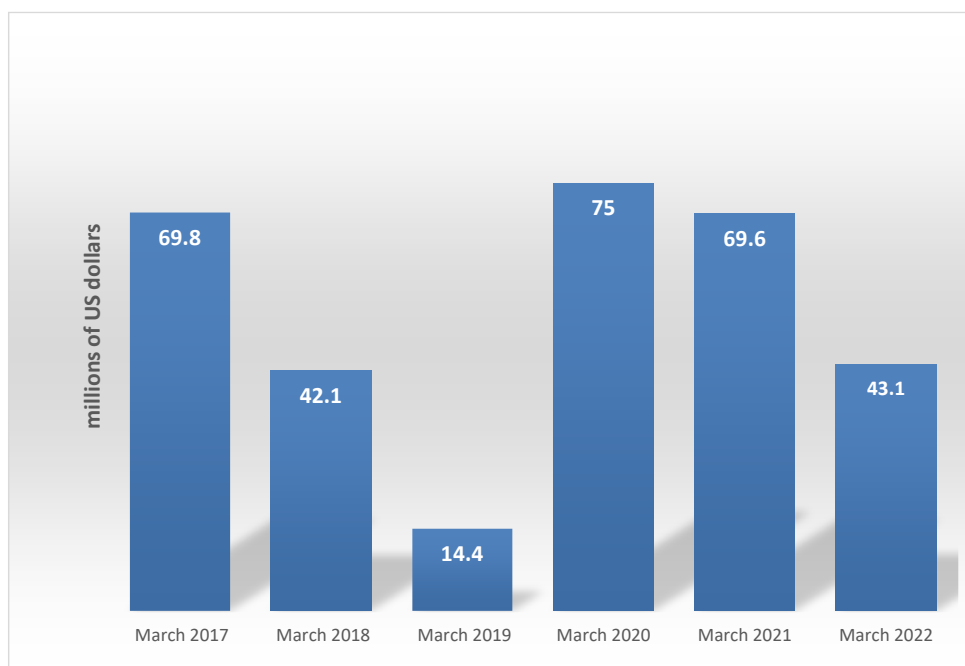
Voluntary contributions	Core funds made available towards the 2022-2023 UBRAF
Governments	
Australia	3 109 883
Belgium	3 537 736
Belgium - Flanders	884 434
Ireland	2 847 380
Japan	600 000
Monaco	34 169
New Zealand	686 342
Russian Federation	500 000
Sweden	30 835 646
Thailand	100 000
Total	43 135 590

8. *Figure 1* (below) compares the funds made available by 31 March of each year towards the Unified Budget, Results and Accountability Framework in 2018, 2019, 2020, 2021 and 2022. The funds listed below were made available by 31 March of each year of the biennium. A total amount of US\$ 43.1 million has been made available for year 2022 of the 2022-2023 Unified Budget, Results and Accountability Framework representing 23% of the annual core budget of US\$ 187 million, which is less than the amount made available for the same period in 2020 and 2021 of US\$ 75 million and US\$ 69.6 million respectively.
9. The financial outlook for 2022, is not as promising as was originally forecasted. This is driven by developments in the exchange rate market (i.e depreciation of the main currencies against the US dollar) as well as several donors' indicating they will use ODA for the domestic costs related to hosting refugees from Ukraine
10. Given the above and based on the current UN exchange rate, the revised 2022 projected core contribution would amount to only US\$ 157 million, which correlates to US\$ 18 million lower than the original estimated and US\$ 30 million shortfall against the core UBRAF lower level of US\$ 187 million.

11. This highlights the need for donors to maintain and where possible increase their contributions to enable UNAIDS implements its programme activities as outlined in the 2022-2023 UBRAF and in order to reduce the impact of drawing down on the core fund balance which is already below its approved minimum level of US\$ 107 million as approved by the PCB.
12. Furthermore, donors who have already made commitments should pay the outstanding amounts, and for those donors who have not yet done so to pledge and pay their contributions to UNAIDS for 2022 in full.

Figure 1

Comparison of core income made available as at 31 March of each year towards the Unified Budget, Results and Accountability Framework from 2018 to 2022



III. FUNDS EXPENDED AND ENCUMBERED UNDER THE 2022–2023 UNIFIED BUDGET, RESULTS AND ACCOUNTABILITY FRAMEWORK

13. During the period 1 January to 31 March 2022, expense and encumbrance (including transfers to Cosponsors) totaling US\$ 86.6 million were incurred against the core budget of US\$ 187 million for year 2022 of the 2022–2023 UBRAF which corresponded to a financial implementation rate of 46%.
14. 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\$ 47 million was transferred and encumbered to the Cosponsors and
 - US\$ 34.4 million was expended and US\$ 5.2 million encumbered for Secretariat activities and staff costs.

15. Table 2 provides details of the 2022–2023 Unified Budget, Results and Accountability Framework approved core budget, expense and encumbrance, broken down by result areas and the Secretariat core functions for the period 1 January 2022 to 31 March 2022.

Table 2

2022–2023 Unified Budget, Results and Accountability Framework approved core budget, expense and encumbrances for the period 1 January 2022 to 31 March 2022 (in US dollars)

	2022 Approved core budget	2022 Expense	2022 Encumbrance a/	Total	Balance	Percentage Implementation
	(a)	(b)	(c)	(d) = (b+c)	(e) = (a - d)	(f) = (d / a)
Result Areas						
HIV prevention	11341000	9 981000	1360 000	11341000	0	100%
HIV testing and treatment	4 876 600	4 538 600	338 000	4 876 600	0	100%
Paediatric AIDS and vertical transmission	4 974 600	4 820 600	154 000	4 974 600	0	100%
Community-led response	2 684 300	2 560 300	124 000	2 684 300	0	100%
Human rights	4 049 700	3 625 700	424 000	4 049 700	0	100%
Gender Equality	4 037 800	3 489 800	548 000	4 037 800	0	100%
Young people	4 465 800	3 935 800	530 000	4 465 800	0	100%
Fully-funded HIV Response	1985 500	1347 500	638 000	1985 500	0	100%
Integration and social protection	4 333 700	3 317 700	1016 000	4 333 700	0	100%
Humanitarian setting and pandemic	4 251000	1783 000	2 468 000	4 251000	0	100%
Total Cosponsors	47 000 000	39 400 000	7 600 000	47 000 000	0	100%
Core Functions						
Leadership, advocacy and communication	31030 000	15 083 525	2 040 255	17 123 780	13 906 220	55%
Partnerships, mobilization and innovation	29 054 000	4 861623	914 976	5 776 599	23 277 401	20%
Strategic Information	20 083 000	3 916 336	664 883	4 581219	15 501782	23%
Coordination, convening and country implementation support	32 925 000	6 532 002	1308 618	7 840 620	25 084 380	24%
Governance and mutual accountability	26 908 000	3 982 522	257 278	4 239 800	22 668 200	16%
Total Secretariat	140 000 000	34 376 009	5 186 009	39 562 018	100 437 982	28%
Grand Total	187 000 000	73 776 009	12 786 009	86 562 018	100 437 982	46%

a/ Encumbrances represent firm commitment for goods and/or services which have not yet been delivered

i) Funds transferred and encumbered to Cosponsors

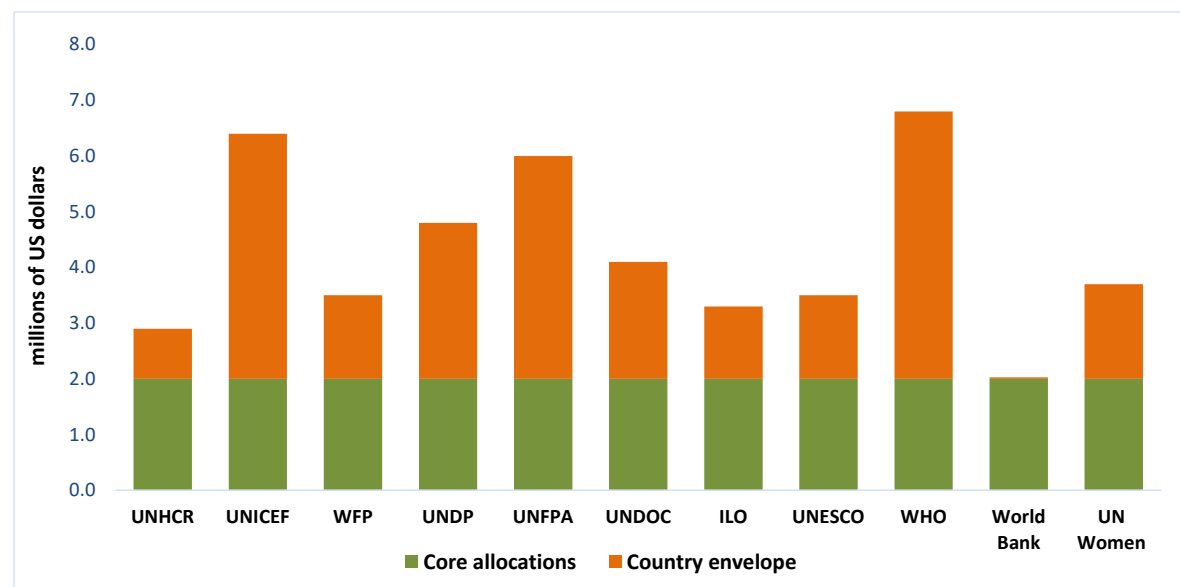
16. As at 31 March 2022, a total amount of US\$ 39.4 million has been transferred to the Cosponsors and US\$ 7.6 million encumbered together representing 100% of the Cosponsors' share for the year 2022 of the 2022-2023 biennium core budget. US\$ 1.6 million has been transferred to each of the eleven Cosponsors to cover their core activities (with the exception of two Cosponsors where the transfer is pending receipt of financial

reports) and a further US\$ 25 million has been transferred to Cosponsors at country level in the form of country envelopes.

17. The country envelopes for 2022 were established for ninety-one countries through a process which entailed extensive consultations within the Joint Programme at all levels on the formula, process, innovation, deliverables and allocations. (Annex I provides details of funds transferred to Cosponsors at country level for 2022).
18. Figure 2 illustrates the dynamic and differentiated resource allocation model and provides information on the proportion of funds transferred to each individual Cosponsor.

Figure 2

Funds transferred and encumbered for Cosponsors as at 31 March 2022



ii) Funds expended and encumbered against the Secretariat budget

19. During the period under review, a total amount of US\$ 34.4 million was expended and US\$ 5.2 million encumbered for Secretariat activities and staff costs against the Secretariat 2022 core budget of US\$ 140 million which together represent a financial implementation rate of 27% of the Secretariat part of the 2022 core budget.

IV. FUND BALANCE

20. The nature of UNAIDS as a voluntary funded programme requires a fund balance which serves as a working capital to initiate and implement activities at the beginning of each year, pending receipt of firm pledges/contributions. To ensure continuity of activities from one year to the next including allocating funding to Cosponsors, a sufficient fund balance at the end of each year is necessary to ensure the smooth start up and implementation of the Unified Budget, Results and Accountability Framework in the following year/biennium.
21. At its 26th meeting held in Geneva from 22-24 June 2010, the Programme Coordinating Board approved a maximum level for the Unified Budget, Results and Accountability Framework net fund balance equivalent to 35% (i.e. US\$ 170 million) of the UNAIDS core biennial budget. Furthermore, at its 36th meeting held in Geneva from 30 June – 2 July 2015, the Programme Coordinating Board established the minimum level for UNAIDS net

fund balance equivalent to 22% of the UNAIDS biennial budget (i.e. US\$ 107 million) of the UNAIDS biennial budget.

22. As 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.
23. As highlighted under paragraph 17, 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.
24. To guarantee the continued smooth operations of the Joint Programme, it is imperative that additional resources are mobilized in order to replenish the fund balance to its minimum level of US\$ 107 million as approved by the Programme Coordinating Board.

V. STAFF-RELATED LIABILITIES

25. UNAIDS staff-related liabilities are determined by professional actuaries. As per the actuarial studies as at 31 December 2021, the total staff-related liabilities amounted to US\$ 262.8 million (US\$ 276.8 million as at 31 December 2020). Of this amount, US\$ 165.6 million or 63% is funded; the remaining balance of US\$ 97.2 million or 37% was unfunded (as detailed in *Table 3* below).
26. It should be noted that as at 31 December 2021, 63% of UNAIDS staff-related liabilities were funded, which put UNAIDS in a relatively good position compared to most UN agencies, who have 10-60% of their staff-related liabilities of their staff-related liabilities funded.

Table 3

Staff-related liabilities as at 31 December 2021 (in millions of US dollars)

	Actuarial requirement end 2021	Accrued end 2021					(Under)/ Over provision
		Funded	Appropriation from UBRAF in 2012	Appropriation from UBRAF in 2013	Appropriation from UBRAF in 2014	Total Accrued	
After Service Health Insurance (ASHI)	236.4	115.1	13.9	5.0	6.2	140.2	(96.2)
Annual leave	10.9	8.1	2.2	0.4	0.5	11.2	0.3
Terminal payments	12.7	8.8	3.9	0.8	0.3	13.8	1.1
Special account for compensation	2.8	-	0.0	0.2	0.2	0.4	(2.4)
Total	262.8	132.0	20.0	6.4	7.2	165.6	(97.2)

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).

27. At its 30th meeting (held in June 2012), the Programme Coordinating Board endorsed the Executive Director's recommendation to fully fund the organizational staff-related liabilities from the fund balance.
28. In view of the continuing financial challenges, the Executive Director has decided not to transfer additional funds from the fund balance to cover staff-related liabilities pending the recovery of the current financial situation and the replenishment of the fund balance.

VI. BUILDING RENOVATION FUND

29. At its 30th meeting in June 2012, the Programme Coordinating Board endorsed the Executive Director's recommendation to establish a Building Renovation Fund. It also approved the annual replenishment of the fund for an amount equivalent to the accumulated depreciation of the UNAIDS building (or such other amount as might be determined by the Programme Coordinating Board). In line with the decision of the Programme Coordinating, the Executive Director has decided to put aside US\$ 0.43 million in 2021 for the Building Renovation Fund, which is the same amount as in the last eight years.

VII. OPERATING RESERVE FUND (ORF)

30. At its meeting in June 1996 the Programme Coordinating Board recommended the establishment of the Operating Reserve Fund (ORF). 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
31. At its sixth meeting in May 1998 the Programme Coordinating Board 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. 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.
32. During the financial year 2021, the ORF was not utilized. The core fund balance at the beginning of 2021 was adequate to initiate and implement activities at the beginning of 2021 year, including allocating funding to the Cosponsors.

[Annex follows]

Annex I

2022 Country envelope funds: 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	Afghanistan						90 000		10 000				100 000
	Bangladesh		50 000			50 000	50 000						150 000
	Cambodia				25 000	30 000	32 000	18 000		32 000		13 000	150 000
	China				50 000	65 000		55 000	30 000	50 000		35 000	285 000
	Fiji									50 000			50 000
	India		155 000	40 000	160 000	140 000	90 000	80 000	50 000	149 000		90 000	954 000
	Indonesia	24 500	50 000		35 000	103 200	110 000	78 000				75 300	476 000
	Lao People's Democratic Republic					80 000	20 000			50 000			150 000
	Malaysia	50 000					50 000			50 000			150 000
	Myanmar		62 800	27 000		60 000	57 200		50 000	30 000			287 000
	Nepal		40 000		25 000		22 500			40 000		22 500	150 000
	Pakistan		102 000		80 000				55 000	50 000			287 000
	Papua New Guinea		50 000			50 000				60 000		40 000	200 000
	Philippines		100 000		104 800	104 000	107 600			107 600			524 000
	Thailand		40 000		50 000		60 000						150 000
	Timor-Leste					33 500				16 500			50 000
	Viet Nam					50 000	87 000			120 000		30 000	287 000
Total Asia and Pacific		74 500	649 800	67 000	529 800	765 700	776 300	231 000	195 000	805 100	0	305 800	4 400 000
Europe	Belarus		53 500		33 500	40 000	40 500			52 500			220 000
	Kazakhstan		53 500		56 800	66 000	43 700						220 000
	Kyrgyzstan		30 000		51 200	53 800	30 000		30 000			35 000	230 000
	Republic of Moldova				40 000	45 000	55 000			80 000			220 000
	Tajikistan		37 500		25 000	40 000	37 500			30 000		50 000	220 000
	Ukraine	33 000	59 000		49 500	57 000	60 000	60 000		51 500			370 000
	Uzbekistan		44 000		44 000	44 000	44 000			44 000			220 000
Total Europe		33 000	277 500	0	300 000	345 800	310 700	60 000	30 000	258 000	0	85 000	1 700 000
East and South Africa	Angola	30 000	71 500		59 000	94 300				70 200			325 000
	Botswana		120 000			70 000			60 000	40 000		100 000	390 000
	Eritrea		15 000							20 000			35 000
	Eswatini		100 000	95 000	30 000	55 000			15 000	45 000		10 000	350 000
	Ethiopia	60 000		37 500		37 500	30 000		40 000	165 000		30 000	400 000
	Kenya	60 000	60 000	60 000	60 000	60 000	60 000	60 000	60 000	60 000		60 000	600 000
	Lesotho		100 000	20 000		80 000			45 000	55 000		50 000	350 000
	Madagascar		45 500	15 000	41 500	35 000		20 000	15 500	46 500			220 000
	Malawi	55 000	55 100	50 000	50 000	55 000	23 000	37 000	19 900	50 000		80 000	475 000
	Mozambique		190 000	80 000	170 000	110 000	70 000	140 000	60 000	190 000		90 000	1 100 000
	Namibia		75 000	30 000		65 000			40 000	90 000			300 000
	Rwanda	37 500	35 000	40 000		80 000				35 000		52 500	280 000
	South Africa		250 000		125 000	150 000	100 000	125 000	100 000	200 000		150 000	1 200 000
	South Sudan	40 000	30 000	40 000	25 000	20 000	35 000		40 000	40 000		30 000	300 000
	Uganda	15 000	105 000	50 000	32 000	105 000	40 000	30 000	81 000	60 000		107 000	625 000
	United Republic of Tanzania	25 000	145 000	25 000	100 000	60 000	50 000	80 000	85 000	150 000		80 000	800 000
	Zambia	45 000	75 000		88 000	70 000	59 000	53 000	55 000	75 000	30 000		550 000
	Zimbabwe	15 000	60 000	50 000	39 000	42 000		45 000	50 000	50 000		99 000	450 000
Total East and South Africa		382 500	1 532 100	593 500	819 500	1 188 800	467 000	590 000	766 400	1 441 700	30 000	938 500	8 750 000

Annex I continued

Region	Country	UNHCR	UNICEF	WFP	UNDP	UNFPA	UNODC	ILO	UNESCO	WHO	World Bank	UN Women	Total
Latin America and Caribbean	Argentina		14 000		35 000	41 000				90 000			180 000
	Bolivia				20 000	18 000	12 000			22 500			72 500
	Brazil						45 300	78 800	77 200	109 200			310 500
	Chile	35 000								65 000			100 000
	Colombia	23 000		23 000	36 000	54 000				44 000			180 000
	Cuba		40 000			40 000				70 000			150 000
	Dominican Republic		24 300	24 300	24 300	24 300	24 200		24 300	24 300			170 000
	Ecuador		45 000	15 000		45 000				45 000			150 000
	El Salvador		12 500	12 500	12 500	12 000				10 500		12 500	72 500
	Guatemala		40 000	30 000		40 000				60 000			170 000
	Guyana		20 000		20 000	20 000				20 000			80 000
	Haiti		43 700	20 300	24 700	38 700		36 200	31 300	46 300		28 800	270 000
	Honduras		09 000			10 000				106 000			125 000
	Jamaica		65 000		60 000	45 000				55 000		25 000	250 000
	Nicaragua		32 900			42 000				45 100			120 000
	Paraguay				19 000	45 000				36 000			100 000
	Peru	42 500	40 000			45 000				22 500			150 000
	Venezuela		102 200			99 600				47 700			249 500
Total Latin America and Caribbean		100 500	488 600	125 100	251 500	619 600	81 500	115 000	132 800	919 100	0	66 300	2 900 000
Middle East and North Africa	Algeria	15 000			33 000		54 000						102 000
	Djibouti		20 000	30 000	50 000					50 000			150 000
	Egypt		45 000				65 000			40 000			150 000
	Iran	60 000	35 000		45 300	70 000	41 700			48 000			300 000
	Morocco			12 000	19 000	20 000	34 000		19 000	29 000		15 000	148 000
	Somalia			55 000	40 000	55 000							150 000
	Sudan		20 500		25 000	40 000	42 000			72 500			200 000
	Tunisia			15 000	15 000	14 000	35 000			20 000			100 000
Total Middle East and North Africa		75 000	120 500	113 000	227 300	199 000	271 700	0	19 000	259 500	0	15 000	1 300 000
West and Central Africa	Benin		51 000	26 000	32 000	30 000				51 000			190 000
	Burkina Faso	20 000	40 000	30 000	26 000	20 000			10 000	30 000			176 000
	Burundi		30 000	15 000		35 000			15 000	40 000		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	30 000	62 000	36 200	20 000	44 500				35 000		36 300	264 000
	Chad	29 700	105 000	34 400	37 900	29 800				113 200			350 000
	Congo	20 000	66 000	20 000	40 000	20 000			25 000	25 000			216 000
	Cote d'Ivoire		75 000		70 000		21 100	70 900	30 000	50 000		43 000	360 000
	Democratic Republic of Congo	40 000	50 000	40 000	40 000	30 000			40 000	50 000		10 000	300 000
	Equatorial Guinea		37 500		37 500	37 500				37 500			150 000
	Gabon		65 000			34 000			35 000	56 000			190 000
	Gambia		28 000	05 000	57 000								90 000
	Ghana		35 000	35 000	40 000	50 000		30 000	40 000	70 000			300 000
	Guinea	15 000	50 000	30 000	60 000	40 000				25 000			220 000
	Guinea-Bissau		67 000	30 000		35 000				24 000			156 000
	Liberia		30 000		25 000	33 000		17 000	18 000			27 000	150 000
	Mali	50 000	80 000	40 000	45 000	30 000			30 000	25 000			300 000
	Mauritania					80 000							80 000
	Niger		50 000	50 000						50 000			150 000
	Nigeria		275 000	50 000	50 000	125 000	120 000	100 000	75 000	230 000		75 000	1 100 000
	Senegal		26 000	19 000		30 000	26 000		39 000	30 000		20 000	190 000
	Sierra Leone		54 000	50 000	50 000	52 000		20 000		52 000		50 000	328 000
	Togo		23 000	30 000	20 000	70 000				47 000			190 000
Total West and Central Africa		234 700	1 369 500	570 600	680 400	855 800	167 100	267 900	387 000	1 110 700	0	306 300	5 950 000
Grand Total		900 200	4 438 000	1 469 200	2 808 500	3 974 700	2 074 300	1 263 900	1 530 200	4 794 100	30 000	1 716 900	25 000 000

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