

REPORT OF THE 18TH MEETING OF THE UNAIDS INDEPENDENT EXTERNAL ADVISORY OVERSIGHT COMMITTEE (IEOAC)

Date: 28-30 May 2025

Venue: UNAIDS Global Centre, Geneva

PARTICIPANTS

Committee Members: Ms Agnieszka Golebiowska, Ms Anuradha Gupta, Mr David Kanja, Mr Benoit de Schoutheete (Chair), Mr Suresh Raj Sharma

Secretariat: Mr Tim Martineau, Director of Management; Mr Morten Ussing, Director of Governance and Multilateral Affairs; Mr Kodo Ngabane, Governance Officer

DAY ONE

28 May 2025

After the Chair called the meeting to order, a quorum was established and the meeting agenda approved. The IEOAC members reported that they had no real or perceived conflicts of interest.

Prior to the first session, the IEOAC discussed its membership, including the provision under the terms of reference previously approved by the UNAIDS Programme Coordinating Board (PCB) that limiting IEOAC members to two-year terms, renewable one time. There was agreement that two-year terms had proven to be too short for the Committee's effectiveness. Furthermore, Management highlighted that hiring a professional firm to undertake a search for new members at a time of acute resource constraints within the Joint Programme would be unwise.

The IEOAC made the following observations with respect to Committee membership moving forward:

- **The Committee has found that the two-year term for IEOAC members to be too short. Consistent with common practice for oversight committees in the UN system, the Committee advised that the terms of reference for IEOAC members be revised to three-year terms, renewable for one time.**

SESSION 1:

Opening session with the UNAIDS Executive Director

The Committee met with the UNAIDS Executive Director, who described the unprecedented funding disruptions to global health in 2025. Unless sufficient funding for the global AIDS response is restored, UNAIDS projects an additional 6 million new HIV infections and an additional 4 million deaths by 2029. With the current funding trend, it is projected that the Joint Programme will receive approximately US\$ 68 million in income in 2025. The Executive Director briefed the Committee on several strategic exercises that are occurring in parallel, including the development of a new Global AIDS Strategy for 2026-2031, the recommendations from the High Level Panel regarding the UNAIDS operating model, the restructuring of the Secretariat, and the ongoing United Nations (UN) reform (under the UN80 initiative).

Following the Executive Director's presentation, the Committee engaged in dialogue with the Executive Director and expressed appreciation for the opportunity to meet with her. The

Executive Director described plans for a restructured UNAIDS, including consolidation of staffing, more strategic use of Resident Coordinators' offices and multi-country offices at country level, and looking to Cosponsors for certain functions. The Secretariat will continue to fundraise to support four core functions: global leadership and advocacy; data and accountability; coordination across sectors; and communities and rights.

The IEOAC made the following observations after its meeting with the Executive Director:

- **The Committee was briefed on the challenging disruptions in the financing of UNAIDS in 2025. These disruptions are having profound effects on the Organization and on the broader global AIDS response.**
- **The Committee noted that UNAIDS continues to monitor disruptions, take mitigation actions and remain alert and adaptive as the environment continues to evolve.**
- **The parallel unfolding of multiple exercises – including the development of the new Global AIDS Strategy, the recommendations of the High Level Panel, the restructuring of the UNAIDS Secretariat and ongoing UN reform (UN80) – has the potential to create strategic and operational risks for UNAIDS. The Committee emphasized the importance of aligning these multiple exercises and managing related risks.**

SESSION 2:

Financial Reports and Statement of Internal Controls

The Director of Finance and Accountability presented the 2024 financial report and provided an update on the UNAIDS interim financial management report for 2025. In previous meetings, the IEOAC had asked Management to present additional information on cost containment strategies and resource mobilization strategies, including for worst-case scenarios for 2025 and 2026. The Committee in its prior meetings had encouraged Management to adopt a sense of urgency in responding to the financial challenges facing the Joint Programme in 2025 and beyond.

The Director of Finance and Accountability reported on the unqualified audit opinion provided by external auditors and noted that the fund balance at the end of 2024 was US\$107 million (an increase over 2023), with US\$149 million in core funding and US\$81.9 million in non-core funding mobilized in 2024. Looking forward, he reported that the funding outlook in 2025 and 2026 is challenging, with an estimated core funding gap of US\$82 million in 2025. The Director of Finance and Accountability also outlined options for covering the 2025 funding gap, including using the core funding balance as an advance (to implement the restructuring of the Secretariat), limiting transfers to Cosponsors to US\$20 million in 2025 (rather than US\$30 million as budgeted), and applying unspent balances carried forward by Cosponsors (US\$10.1 million from prior years).

The Committee was briefed on the step-wise process for preparing the Statement of Internal Controls for 2024. The Statement identifies priority areas for improvement, including business continuity planning, non-commercial agreements, procurement and contract management, risk management and asset management, with specific risks and priority actions specified in each area.

During the discussion that followed the presentation, the Committee requested and received (later in the meeting) greater detail about the plan for using a portion of the operating reserve fund to partially cover implementation of the Secretariat restructuring in 2026 and 2027. It was noted that the planned reduction in the organization's operating budget reduces any risk

associated with use of a portion of the operating reserve fund. The Committee agreed that in future meetings it would address strategic and performance issues before receiving financial updates.

The IEOAC made the following observations regarding Financial Reports and the Statement of Internal Controls:

- The Committee took note with appreciation of the report of the external auditor and the unqualified audit opinion on the financial statements for 2024 as well as the related Statement of Internal Controls.¹
- The Committee also received a briefing of the current financial situation of the organization and acknowledged the efforts being made by Management to address the funding gap.
- Management briefed the Committee on its proposal to use a portion of the operating reserve fund to address the funding gap in 2026. The Committee took note of this proposal and believed that the risk is limited in view of the expected reduced operating budget of the organization.

SESSION 3:

Update on resource mobilization and cost control measures

The IEOAC has made the financial situation and resource mobilization a standing agenda item. In prior meetings, the Committee had expressed concern that few of the long-term recommendations of the Multistakeholder Task Team on the financial situation appear to have been implemented. The Committee had also recommended that UNAIDS strengthen its communication of a compelling, concrete value proposition regarding the Joint Programme's contribution to the work of the Global Fund.

The Director of Resource Mobilization reported that fundraising priorities for UNAIDS in 2025 included reimbursement of U.S. funding for 2024 activities, securing new funding in 2025, transitioning to a greater focus on non-core resource mobilization and negotiations for memoranda of understanding with key donors for new core donations. The Director of Management described cost containment measures implemented across the Secretariat, including caps on travel and freezes on other purchases and expenses. During the discussion, the Committee discussed the importance of assessing risks potentially associated with new funding opportunities.

SESSION 4:

Annual Report of the World Health Organization Office of Internal Oversight Services (WHO/IOS) - Update on internal audit and investigations work plans and related resources, and on 2025 WHO/IOS activities

The WHO/IOS Acting Head of Internal Audit, accompanied by the WHO/IOS Head of Investigation *ad interim*, made a presentation regarding UNAIDS-related WHO/IOS activities. (The Committee was informed that the Director of WHO/IOS had retired and that efforts to recruit a replacement were ongoing.)

Internal audit function

¹ See also Session 5.

Noting the markedly changed landscape in which the Joint Programme is now operating, the Committee had previously advised WHO/IOS to revise its internal audit risk assessment and annual workplan to take account of these changed circumstances. The Committee had expressed continuing concerns regarding long-outstanding audit recommendations, recommending action to reduce the aging of outstanding audit recommendations.

An annual report was provided to the Committee on the internal audit function in 2024. Among four audits undertaken in 2024, overall effectiveness of controls was 73% (an increase over 71% in 2023 and 55% in 2022). Four audits are planned for 2025, although it was noted that WHO/IOS is engaged on discussions with UNAIDS on possible efficiency adjustments to the audit plan. The recommendations for two audits from 2023 were closed in 2024, and the number of outstanding internal audit recommendations declined from 72 as of 29 April 2024 to 49 as of 20 May 2025. The annual report indicated that significant risks to UNAIDS were related to the organizational restructuring, funding situation and the new enterprise resource planning (ERP) system being developed by WHO.

During the discussion, WHO/IOS agreed to provide the Committee with copies of cross-cutting audit reports that affect UNAIDS, including a planned audit of the new ERP system. It was noted that UNAIDS is finalizing a new memorandum of understanding with WHO/IOS on internal audits and investigations. UNAIDS currently funds the equivalent of one senior auditor to focus on the Joint Programme, and WHO/IOS hired a contractor in 2024-2025 to support implementation of the audit work plan.

The IEOAC made the following observations and recommendations regarding the internal audit function:

- **The Committee advised that WHO/IOS closely monitor the evolution of the risk environment for UNAIDS and, if and when necessary, consult the Committee and UNAIDS Management regarding modifications to annual audit plans.**
- **The Committee acknowledged the progress made in reducing the backlog of pending audit recommendations, and reiterated its recommendation that Management develop an action plan to address long-outstanding audit recommendations.**

Investigation function

A report was also provided to the Committee on the status of investigations of UNAIDS. WHO/IOS provides investigation services to UNAIDS based on a full-cost recovery basis, with the equivalent of one full-time investigator allocated to address UNAIDS matters in 2024 as needed, WHO/IOS augments its staff investigators with investigative consultants. The memorandum of understanding between UNAIDS and WHO/IOS provides that UNAIDS-related investigations should be concluded within six months.

The number of allegations in 2024 (10) reflected a 65% decrease compared to 2023, including a downward trend in allegations of sexual misconduct. Fifteen allegations remained open, including four cases pending from 2021-2023 (two allegations of retaliation, one allegation of sexual harassment and one allegation of harassment).

The IEOAC made the following observations and recommendations regarding the investigation function:

- The Committee advised WHO/IOS to conclude long-outstanding investigations as soon as possible, especially those related to retaliation and sexual harassment.
- With respect to new allegations and cases, especially relating to sexual exploitation, abuse and harassment and retaliation, the Committee advised that steps be taken by WHO/IOS to conclude them within the agreed 6-month timelines set out in the UNAIDS/IOS Memorandum of Understanding.

The Committee held a closed session with the Acting head of WHO/IOS.

SESSION 5:

Annual Report of the External Auditor

The Comptroller and Auditor General of India, the appointed external auditor of WHO, is responsible for the external audit of UNAIDS. The external auditor issued an unqualified opinion on the financial statements of 2024, recommending that UNAIDS ensure that voluntary contributions are accounted in financial statements in compliance with the accrual concept of accounting. With respect to compliance, the external auditor recommended continued efforts to ensure timely completion and closure of purchase orders, timely action to ensure necessary corrective action regarding post facto verification of commercial and non-commercial agreements, and reinforcement of adherence to compliance requirements for agreements for performance of work. Four of the six external audit recommendations that were outstanding as of 31 December 2024 have been implemented, while two remained outstanding as of the 18th IEOAC meeting.

The Committee took note of the external audit report and held a closed session with the external auditor.

DAY TWO

29 May 2025

SESSION 6:

Update on enterprise risk management

The Committee had in previous meetings expressed appreciation for efforts undertaken to strengthen enterprise risk management. Building on these advances, the Committee had recommended better understanding of the dynamics of risk management, the efficacy of mitigation measures and how Management's identification of the most important risks are used by the Evaluation and the internal audit functions. The Committee had also looked forward to reviewing an organizational risk appetite statement.

The UNAIDS Compliance Officer presented the latest information on enterprise risk management. The bottom-up risk assessment (with a 100% completion rate) identified 387 risks, with risks related to political conditions and human resources representing the most commonly mentioned risks. Overall, the number of high risks identified in the bottom-up exercise (156) represents a 27% increase over 2024.

The bottom-up risks were reviewed by Cabinet and a list of top risks was endorsed by the Executive Director. Senior Management identified potential consequences of top risks as well as strategies to mitigate each risk. Specific efforts focused on Management's assessment of risks

associated with the rapid organizational downsizing, drawing in part from experience with the previous realignment exercise in 2022.

Discussion following the presentation focused on managing and monitoring top organizational risks and agreed mitigation measures, including the role of the Risk Management Committee. The IEOAC expressed a desire for greater clarity regarding the owner of each top risk, timelines for implementation of mitigating measures and procedures for escalation of risks to upper Management as needed. The Committee reiterated its desire for a risk appetite statement.

The IEOAC made the following observations and recommendations regarding enterprise risk management:

- **The Committee acknowledged the active engagement of the Cabinet, in addition to the Risk Management Committee, in the management of risks.**
- **The Committee encouraged Management to include in the enterprise risk management system a process to assess and monitor risks at each level, and develop mitigating actions, with a provision to escalate those risks that cannot be addressed at that level. Those escalated risks, together with the strategic risks identified by senior management, should be the basis for developing a number of critical risks together with the relevant risk appetite for the organization.**
- **The Committee reviewed the top risks and related mitigation strategies, including the risks related to implementation of the new BMS. The Committee advised that Management identify the owners of these risks and the due dates for implementing mitigation action plans.**

SESSION 7:

Update on follow up of the implementation of internal and external oversight recommendations

Prior to its 18th meeting, the IEOAC received and reviewed a repository of oversight recommendations and associated follow-up actions. The Compliance Officer reported that UNAIDS had agreed to all five recommendations in the most recent external audit report, had closed four previous recommendations and is in process of implementing measures to close the two outstanding external audit recommendations from prior years.

From April 2024 to May 2025, UNAIDS reduced by 32% the backlog of internal audit recommendation and also saw a 43% decline in pending recommendations with high residual risk. Progress has been made in addressing long-outstanding audit recommendations, with the number of overdue recommendations declining by 87% from May 2020 to May 2025. The Committee took note of – and expressed appreciation for – the Secretariat’s follow-up on pending oversight recommendations.

Much of the session focused on the organization’s capacity to respond to recommendations issued by the UN Joint Inspection Unit (JIU). In issuing reports and recommendations, the JIU does not distinguish between large UN bodies and smaller organizations such as UNAIDS. It was noted that many of the recommendations issued by the JIU have limited relevance to the work of UNAIDS. Noting the planned reduction in the staffing and operating budget of UNAIDS in 2025-2026, IEOAC members expressed concerns that allocation of staff resources to responding to peripheral JIU recommendations siphons scarce resources away from matters that are core to the UNAIDS mission.

The IEOAC made the following observations regarding follow-up of the implementation of internal and external oversight recommendations:

- **The Committee reviewed the status of implementation of external and internal oversight recommendations.**
- **The Committee previously noted the substantial burdens which engagements with the United Nations Joint Inspection Unit (JIU) pose on smaller organizations such as UNAIDS. Management has proposed that the Secretariat would prioritize participating in JIU engagements that are most relevant to UNAIDS. The Committee agreed that this is a sound approach given the current situation at UNAIDS.**

SESSION 8

UBRAF performance monitoring

The Senior Advisor for Planning and Monitoring briefed the Committee on the Performance Monitoring Report for 2024. A greater number of performance indicators show slower progress than in earlier years, although the majority of indicators appear to be on track. Chronic underfunding of the UBRAF was cited as a challenge to the Joint Programme's capacity to implement all aspects of the UBRAF. Budget implementation in 2024 was 96.1% for core funding and 100% for non-core funding.

It was noted that the report focuses solely on achievements in 2024, and does not reflect the impact of funding developments since January 2025. With respect to future performance reporting, the Senior Advisor for Planning and Monitoring reported that staffing and budget reductions in 2025-2026 were likely to render unfeasible the level of detail contained in the 2024 Performance Monitoring Report.

Following the presentation, the Deputy Executive Director for Programmes described Management's vision for a fit-for-purpose Joint Programme in a rapidly evolving environment. The restructured Secretariat and a broader Joint Programme oriented around a revised operating model focusing on sustainability (including its political, programmatic and financial components), leveraging data and evidence; and supporting communities and grounding responses in human rights. While the Secretariat will take a lighter touch on HIV treatment, it will prioritize strengthening HIV prevention efforts. The Secretariat will look to Cosponsors and to global strategic initiatives (such as the Global Alliance to end AIDS in children) to handle certain matters.

The IEOAC made the following observations regarding UBRAF performance monitoring:

- **The Committee took note of the UBRAF Performance Monitoring Report for 2024. The Committee was informed that the nature of future performance monitoring and reporting may be affected by funding reductions, changes to the UNAIDS operating model and the restructuring of the Secretariat.**

SESSION 9

Revised operating model

At its March meeting, the IEOAC took note of and expressed appreciation for the work of the High Level Panel on a resilient and fit-for-purpose UNAIDS Joint Programme in the context of the sustainability of the HIV response. Following the March meeting, the High Level Panel issued its recommendations. At the 18th meeting of the IEOAC, the Chief of Staff briefed the

Committee on the findings and recommendations of the High Level Panel and Management's plans for responding to these recommendations.

Management is working with the Cosponsors to prepare a paper to the PCB on how to respond to the High Level Panel's recommendations. It was noted that the High Level Panel emphasized that the Joint Programme should continue through 2030, and focus on sustainability and HIV prevention moving forward. The Chief of Staff reported that funding reductions to the Joint Programme will likely mean that UNAIDS will have the capacity only to prevent a resurgence of HIV but that the 2030 goal of ending AIDS as a public health threat is uncertain.

SESSION 10

Update on strategic human resources management issues

The Director of Management briefed the IEOAC on the restructuring of the Secretariat, which aims to enable UNAIDS to lead on implementation of the new Global AIDS Strategy and to operate within the projected financial envelope. The restructured Secretariat is projected to have 280 full-time staff equivalents (a more than 50% reduction over current staffing levels) and to reduce its country presence by roughly half. The budgetary returns from staff separations will cascade over time across 2025-2026, depending on how long individual staff members have been with the organization.

The Committee noted that the restructuring provides an opportunity for a strategic re-set of the organization while also presenting considerable organizational risks. The Committee discussed the balance in proposed cuts between programmes and management functions.

The IEOAC made the following recommendation regarding strategic human resources management issues:

- **The Committee expects that restructuring would be based on a mapping of skills and competencies required for the Secretariat to fulfil its new strategic vision, in order to minimize reputational risks and the loss of critical capabilities.**

SESSION 11

Report from the Ethics Office

The Ethics Officer reported that the number of requests for advice and guidance declined modestly in 2024 (to 203, from 227 in 2023) but remained high. There were fewer requests for advice or guidance regarding policy clarifications, but there was a notable rise in requests related to harassment. Adherence to mandatory ethics trainings ranges from 88% to 100%. No new allegations of sexual harassment or requests for protection against retaliation were received in 2024.

The Ethics Officer cited the potential effects of restructuring on the ethics function, including a possible increase in demand for advice and guidance and a potential increase in conduct-related complaints due to shifting workplace dynamics. Under the restructured organigram, the ethics function remains independent. Post-restructuring, the ethics office aims to prioritize high-risk locations (such as small offices, where risks may be greater) and explore the use of digital tools to monitor staff perceptions and risks.

Following the presentation, the Committee obtained clarification regarding the potential pathways to report ethics concerns, including through the ethics hotline and through direct complaints to WHO/IOS. The discussion also focused on the importance of ensuring the ability of the Secretariat to intervene to protect complainants against retaliation after an allegation has been made.

The Committee held a closed session with the Head of Ethics.

DAY THREE

30 May 2025

SESSION 12

IEOAC self-assessment

The Committee completed its self-assessment exercise for 2025 in accordance with the relevant 13 JIU criteria for good practices of audit and oversight committees, using the same assessment questionnaire template as in 2023. Three of seven members of the IEOAC participated in the self-assessment. The 2025 self-assessment rendered high marks on key metrics, including independent, committee structure and composition and professionalism.

For 2026, the Committee intends to simplify its self-assessment tool, conduct its next annual self-assessment in November (to enable meaningful participation by newer IEOAC members) and obtain feedback of key stakeholders regarding the Committee's performance.

SESSION 13

Final session to discuss/review main issues with UNAIDS senior management on anticipated recommendations to the PCB

After discussing and agreeing on timelines for finalization of the IEOAC's annual report to the 56th PCB, the IEOAC presented to Senior Management its observations and recommendations from its 18th meeting. Following the presentation, Senior Management expressed agreement with the IEOAC's recommendation on using a mapping of critical skills as a guide for restructuring. The discussion noted the potential value of connecting the IEOAC with Members of the PCB to inform the simplification of the self-assessment tool and outreach to key stakeholders.

With no other business, the meeting was adjourned.