
Unified Budget, Results and Accountability Framework

Financial reporting

19 June 2024

Agenda item 4.2

UNAIDS



2023 Financial Highlights

Financial reporting – Highlights 2023

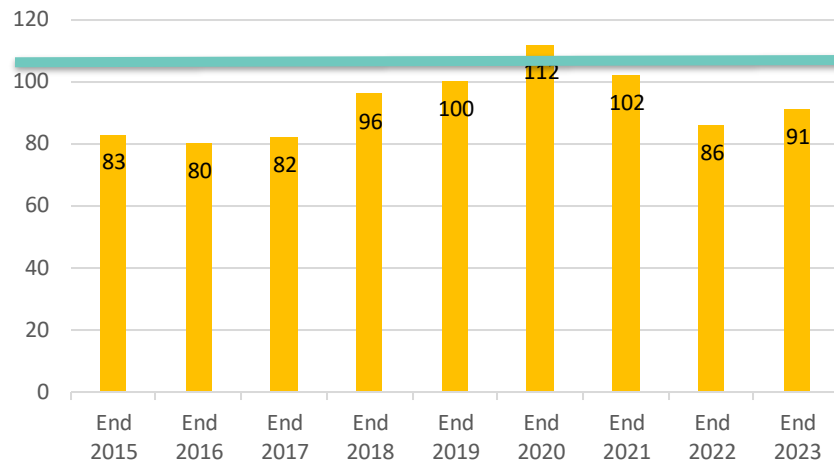
Financial statement

- **Unmodified audit opinion** provided by the external auditors
- Prepared according to **IPSAS** accounting standards
- **Statement of Internal Control** included in the 2023 Financial Statements



Net Fund Balance

- The **net fund balance** stood at **US\$ 91 million** (US\$ 86 million at end 2022)
- **US\$ 16 million below** the PCB approved minimum level of US\$ 107 million (based on a biennial core budget of US\$ 484 million)

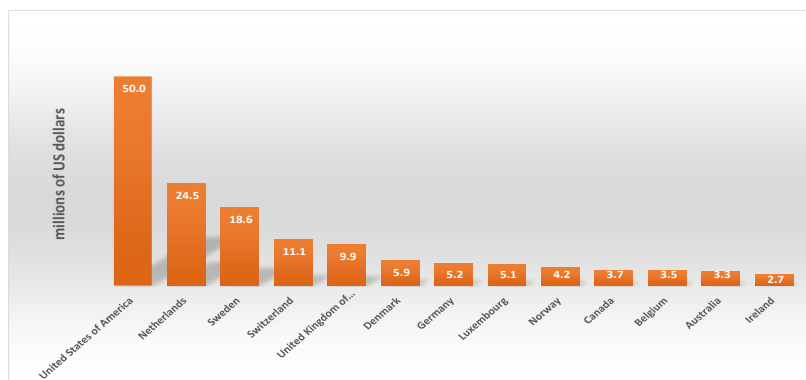


After Service Health Insurance (ASHI)

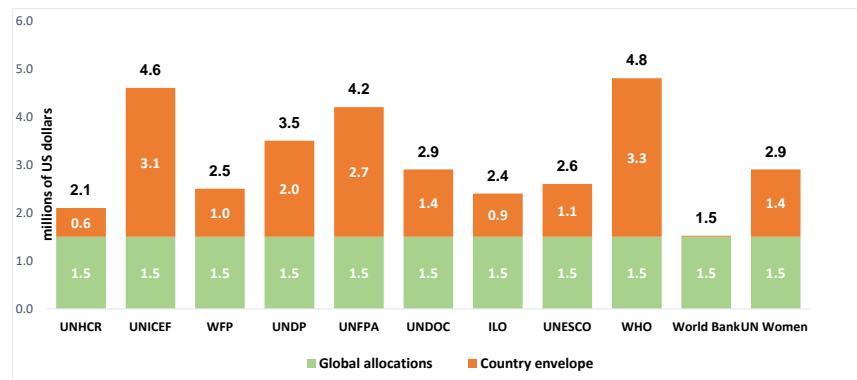
- Defined benefit **obligations est. at US\$ 104.7 million** (US\$ 96.2 million as at end 2022)
- **Current funding of ASHI stands at US\$ 154.6 million** (148% compared to obligations)

Financial reporting – 2023 Core Income and Expenditure

- Core 2023 **income mobilized US\$ 161.5 million** (US\$ 165.5 million mobilized in 2022)
- US\$ 25.5 million below the base resource mobilization target** of US\$ 187 million. And US\$ 48.5 million below approved budget of US\$ 210 million
- Total core **expenditures and encumbrances** amounted to **US\$ 160 million** (US\$ 176.7 million in 2022)
 - Secretariat: US\$ 126 million (against core budget of US\$ 140 million)
 - Cosponsors: transfers of US\$ 34 million (against approved budget of US\$47 million)



Income mobilized US\$ 161.5 million



Funds transferred to the Cosponsors

Financial reporting – 2023 Non-core Income and Expenditure

- Non-core UBRAF **income** for 2023 (including in-service contribution) totaled **US\$ 61 million** (US\$ 58.8 million in 2022).
- 70% or US\$ 42.6 million from US Government.
- Total non-core **expenditures and encumbrances** amounted to US\$ 78.9 (US\$ 64.1 million in 2022).
- Available non-core balances **carried forward into 2024** amounted to **US\$ 55.8 million**.

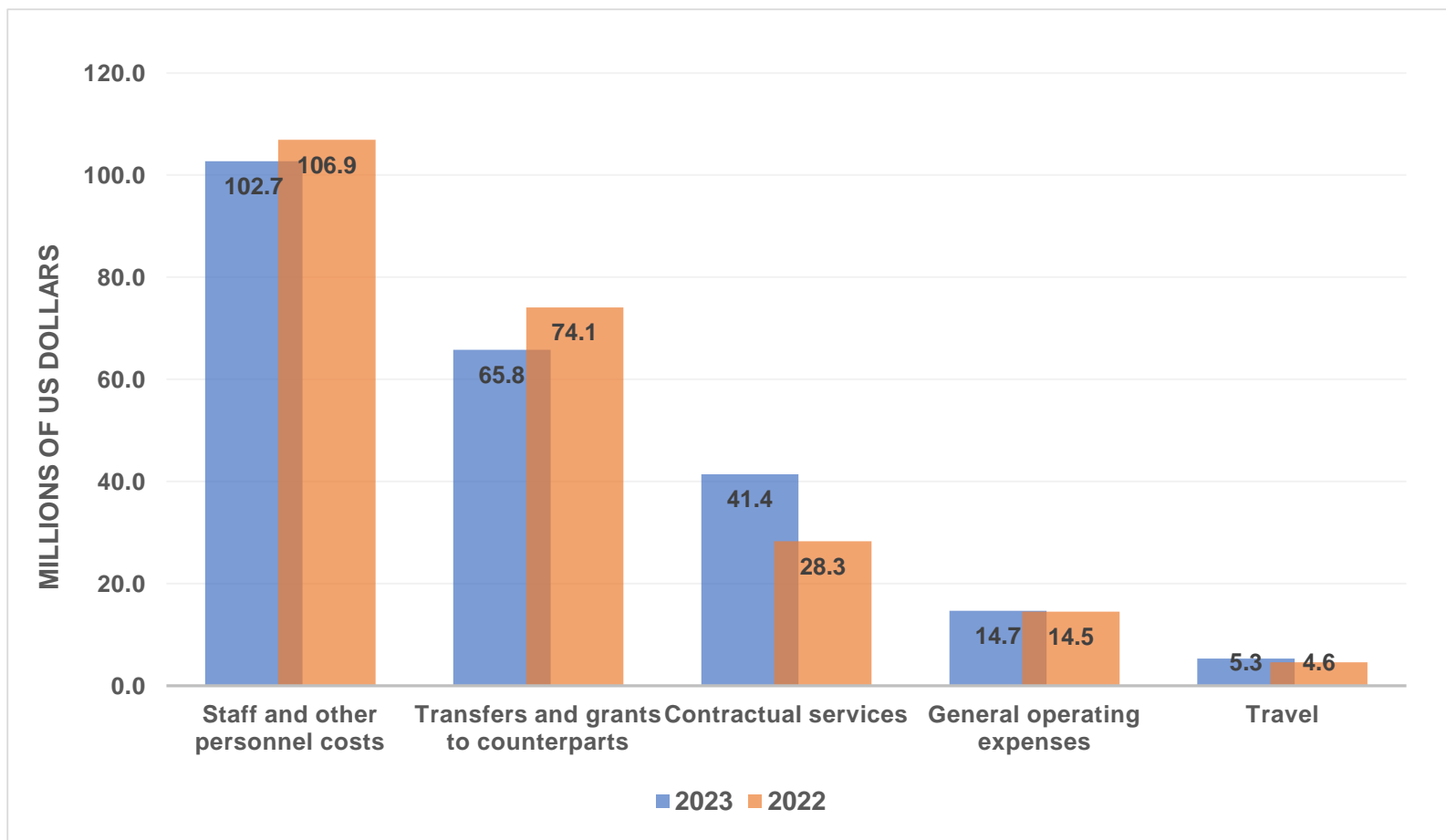
Unified Budget, Results and Accountability Framework - Non-core funds
Details of revenue for the period 01 January 2023 to 31 December 2023

(US dollars)

Voluntary contributions	In- Cash	In-Service	Total
Governments			
Australia	1 885 377		1 885 377
Belgium		109 333	109 333
France		323 167	323 167
Germany		403 500	403 500
Italy		153 083	153 083
Japan	250 000		250 000
Kazakhstan	50 000		50 000
Luxembourg		117 500	117 500
Netherlands	3 709 291	96 667	3 805 958
Sweden	417 600		417 600
Switzerland	258 484	146 125	404 609
United States of America (CDC)	14 329 371		14 329 371
United States of America (USAID)	34 947 454		34 947 454
Adjustment to CDC Revenue	(2 005 462)		(2 005 462)
Adjustment to USAID Revenue	(4 672 658)		(4 672 658)
Canton de Genève, Switzerland		104 479 ⁽¹⁾	104 479
Sub-total Governments	49 169 458	1 453 854	50 623 312
Cosponsoring Organizations			
UNDP	117 499		117 499
UNFPA	1 702 356		1 702 356
UNHCR	106 812		106 812
WFP	79 850		79 850
WHO	326 132		326 132
Sub-total Cosponsors	2 332 649		2 332 649
Other			
Bill and Melinda Gates Foundation	3 031 335		3 031 335
Croix Rouge Francaise	686 404		686 404
Global Fund	3 366 889		3 366 889
Institute of Nutrition of Central America and Panama	22 312		22 312
MPTF Office	386 996		386 996
Save the Children Fund	311 687		311 687
UNOPS	44 650		44 650
Refund to donors	(100 180)		(100 180)
Sub-total	7 750 093		7 750 093
Miscellaneous	294 950		294 950
Total operating revenue	59 547 150	1 453 854	61 001 004
TOTAL	59 547 150	1 453 854	61 001 004

(1) Represents the value of interest on the building loan from FIFOP

Expense by major category – all sources of funds



Management of the Operating Reserve Fund

- At its sixth meeting in May 1998 the PCB approved the level of the operating reserve fund at US\$ 33 million and endorsed the rules and procedures guiding the use of the operating reserve fund by the Executive Director.
- The primary purpose of the operating reserve fund 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 operating reserve fund of US\$ 35 million.
- During the financial year 2023, no advances were made from the operating reserve fund.

2024–2025 Financial outlook

UBRAF Annual allocation for 2024–2025 Budget by Result Areas and Secretariat core functions (Core and Non-core)

Results Areas/ Core Functions	Core Budget			Non-core funds *	Total
	Core central funds	Country envelopes	Total Core		
I. Results Areas					
1 HIV prevention	3 408 000	4 551 500	7 959 500	32 445 800	40 405 300
2 HIV testing and treatment	1 312 100	2 323 200	3 635 300	28 145 500	31 780 800
3 Paediatric AIDS and vertical transmission	1 154 300	2 344 100	3 498 400	30 650 300	34 148 700
4 Community-led response	1 087 100	1 405 600	2 492 700	11 172 600	13 665 300
5 Human rights	1 386 000	1 458 500	2 844 500	10 902 300	13 746 800
6 Gender Equality	1 747 200	1 446 900	3 194 100	31 015 800	34 209 900
7 Young people	1 720 500	1 632 100	3 352 600	34 234 500	37 587 100
8 Fully-funded HIV Response	612 700	496 400	1 109 100	2 708 200	3 817 300
9 Integration and social protection	1 705 100	1 239 900	2 945 000	17 538 400	20 483 400
10 Humanitarian setting and pandemic	2 367 000	601 800	2 968 800	30 943 100	33 911 900
Total Cosponsors	16 500 000	17 500 000	34 000 000	229 756 500	263 756 500
II. Core Functions					
1 Leadership, advocacy and communications	30 235 000		30 235 000	13 300 000	43 535 000
2 Partnerships, mobilization and innovation	25 544 000		25 544 000	10 350 000	35 894 000
3 Strategic information	17 725 000		17 725 000	6 850 000	24 575 000
4 Coordination, convening and country implementation support	29 017 000		29 017 000	10 300 000	39 317 000
5 Governance and mutual accountability	23 479 000		23 479 000	9 200 000	32 679 000
Total Secretariat	126 000 000		126 000 000	50 000 000	176 000 000
Grand total	142 500 000	17 500 000	160 000 000	279 756 500	439 756 500

* Excludes projections for the UNDP- Global Fund partnership amounting to US\$ 376.5 million per annum

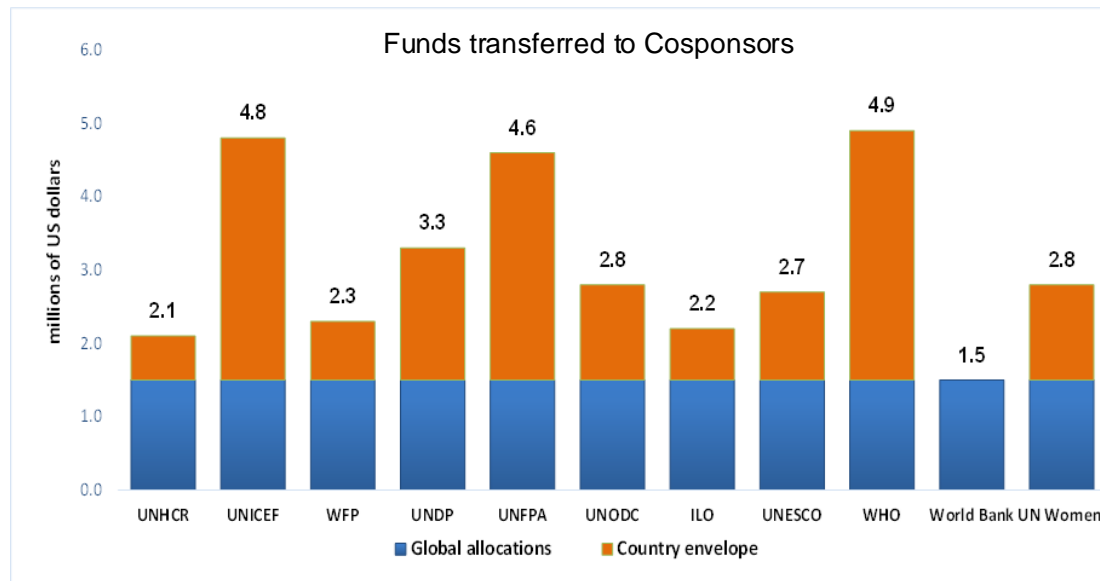
UBRAF 2024-2025 annual budget estimates of core and non-core funds by Organization

Organization	Core central funds	Country envelopes	Total Core	Non-core funds *	Grand Total (Core & Non-core)
UNHCR	1 500 000	619 200	2 119 200	34 490 000	36 609 200
UNICEF	1 500 000	3 084 200	4 584 200	38 942 000	43 526 200
WFP	1 500 000	997 300	2 497 300	11 385 500	13 882 800
UNDP	1 500 000	1 998 600	3 498 600	6 300 000	9 798 600
UNFPA	1 500 000	2 722 600	4 222 600	40 689 000	44 911 600
UNODC	1 500 000	1 433 700	2 933 700	5 300 000	8 233 700
UN WOMEN	1 500 000	1 369 500	2 869 500	15 000 000	17 869 500
ILO	1 500 000	890 200	2 390 200	4 000 000	6 390 200
UNESCO	1 500 000	1 057 000	2 557 000	15 000 000	17 557 000
WHO	1 500 000	3 306 700	4 806 700	52 000 000	56 806 700
WB	1 500 000	21 000	1 521 000	6 650 000	8 171 000
Total Cosponsors	16 500 000	17 500 000	34 000 000	229 756 500	263 756 500
Secretariat Funds	126 000 000		126 000 000	50 000 000	176 000 000
Grand Total	142 500 000	17 500 000	160 000 000	279 756 500	439 756 500

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2024 Core Expenditure

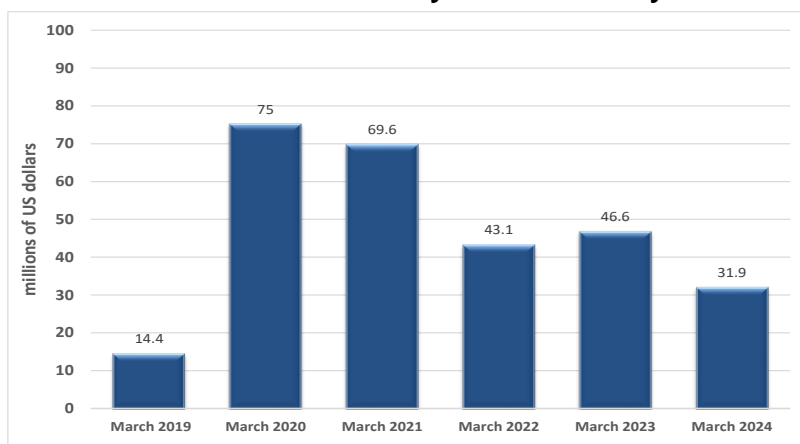
- The net fund balance 2023 enabled the smooth start up and implementation of the UBRAF
- As of 31 May 2024, total core expenditure and encumbrances amounted to US\$ 90.4 million broken down as follows:
 - Transfers to Cosponsors US\$ 34 million (US\$ 13 million less than original budget)
 - Secretariat core expenditure and encumbrances amounted to US\$ 56.4 million



Core income – tight financial outlook in 2024

- Significant depreciation of major currencies against the US\$
- Several donor countries shifting ODA
- US\$ 31.9 million Core income as at 31 March 2024 (US\$ 46.6 million in 2023)
- US\$ 39.4 million Core income as at 31 May 2024 (additional US\$ 7.5 million compared to 31 March 2024)
- Projected income: US\$140 million in 2024 and US\$ 135 million in 2025.

Core income recorded by March of each year

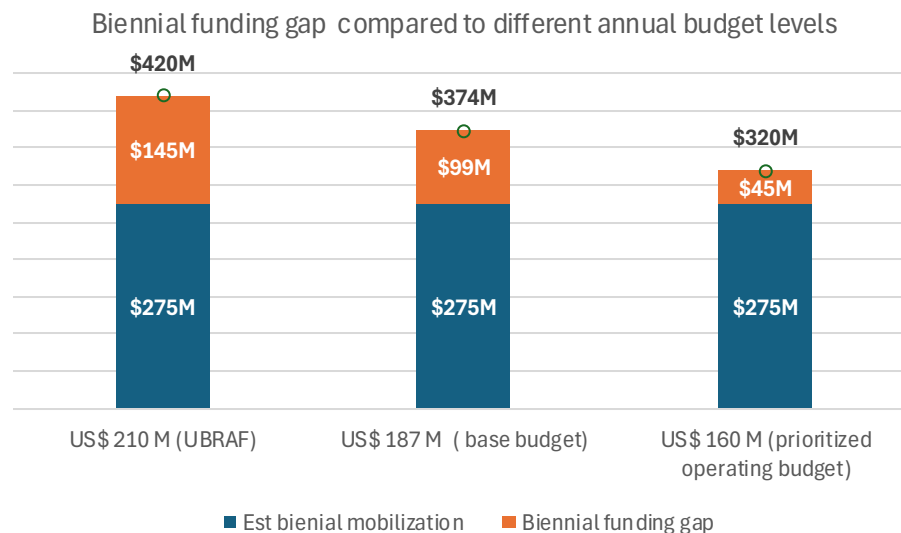


Core income as of 31 May 2024

Voluntary contributions	Funds made available towards 2024 UBRAF Core funds
Governments	
Australia	3 337 784
Belgium	3 537 736
Belgium Flanders	822 368
Canada	3 692 762
Germany	7 295 559
Ireland	2 708 559
Japan	600 000
Liechtenstein	54 885
Luxembourg	4 954 344
Monaco	131 435
New Zealand	606 796
Norway	1 854 256
Portugal	106 952
Sweden	9 662 769
Thailand	5 080
TOTAL	39 371 285

Core income – tight financial outlook in 2024

- Based on the **US\$ 210 million annual budget** (US\$ 420 million biennial) approved at the 52nd PCB meeting, the estimated core funding gap is US\$ 145 million for 2024-2025
- Based on a **US\$ 187 million prioritized annual budget** (US\$ 374 million biennial), the estimated core funding gap is US\$ 99 million for 2024-2025
- Based on the **US\$ 160 million annual operating budget** (US\$ 320 million biennial), the estimated core funding gap is approximately US\$ 45 million for 2024-2025



Covering the 2024-25 funding gap: Based on US\$ 160 million core budget

Projected income: US\$ 140 million in 2024, US\$ 130–135 million in 2025

Based on an annual core budget at US\$ 160 million, the **estimated biennial funding gap of US\$ 45 to US\$ 50 million** is proposed to be covered as follows:

- **ASHI (accrued amount US\$ 154.6 million, liability US\$ 104.7 million)**
 - As per 2023 actuarial, ASHI liability is currently 148% overfunded.
 - Return previously (in 2012) transferred funds to the core fund balance (US\$ 25.1 million*), leaving ASHI-accrued balance of US\$ 129.5 million.
 - UNAIDS ASHI liability would remain funded* at 124%

- **Fund balance (current balance US\$ 91 million)**
 - In line with the June 2015 PCB decision to review the minimum fund balance (22% of biennial budget), align the fund balance requirement with the reduced US\$ 160 million budget.
 - Result is setting the minimum core fund balance at US\$ 70 million.

* US\$ 25.1 million represents the total amount attributed from core fund balance in line with June 2012 PCB decision to fully fund the staff liabilities from the UBRAF Core fund balance.

Cabinet engagement with the Independent External Oversight Advisory Committee (IEOAC)

- On 20-22 May, during the face-to-face meeting of the IEOAC, Management presented the financial reports, including the plan to maintain the operating budget at US\$ 160 million and the proposed financial coverage from the fund balance and the return of previously transferred ASHI set asides.
- The IEOAC's recommendations are detailed in paragraphs 16 and 17 of its annual report (page 7):
 - "The Committee finds to be reasonable and justified management's proposal to align the fund balance with the minimum percentage of operating budget approved by the PCB, taking into the account the reduced operating budget.
 - The Committee notes that the 2023 financial statements indicate that the current funds set aside for after-service health insurance (ASHI) liabilities stands at US\$ 154.6 million (US\$ 129.5 million with SHI and US\$ 25.1 million with the staff benefits fund) compared to defined benefit obligations estimated at US\$ 104.7 million. The Committee takes note of management's commitment to continue making annual ASHI contributions. The Committee finds justified management's proposal to move back the US\$ 25.1 million previously transferred per PCB decision in 2012 to the core fund balance, especially given that the financial commitment to ASHI will remain fully met."

Non-core revenue - 01 January to 31 May 2024

Voluntary contributions	2024 Funds made available towards Non-core UBRAF
Governments	
Australia	1 836 766
China	537 615
France	2 063 443
Japan	250 000
Sierra Leone	1 844 788
United States of America (CDC)	2 048 822
United States of America (USAID)	8 508 624
<i>Sub-total Governments</i>	<u>17 090 058</u>
Cosponsoring Organizations	
UNDP	211 000
UNFPA	982 033
UNHCR	149 989
<i>Sub-total Cosponsors</i>	<u>1 343 023</u>
Other	
Bill and Melinda Gates Foundation	337 514
Croix Rouge Francaise	326 169
MPTF Office	136 267
UNOPS	81 842
<i>Sub-total</i>	<u>881 792</u>
TOTAL	<u>19 314 873</u>

Thank you