

## **Informal Multistakeholder Task Team to provide recommendations To the PCB Bureau on UNAIDS funding situation (immediate and sustainable)**

### **First meeting Summary Report**

The first meeting of the Informal Multistakeholder Task Team to provide recommendations to the PCB Bureau on the UNAIDS funding situation was held on 15 July 2022. The meeting was hybrid with virtual participation of Task Team members, and face-to-face participation in the Kofi Annan Boardroom at UNAIDS Global Center in Geneva.

#### **Welcome and election of Task Team co-chairs**

Chair of the PCB, Thailand Ambassador Rongvudhi Virabutr, on behalf of the PCB Bureau, welcomed members of the Task Team, reminding members that their task, as determined by the PCB at its 50<sup>th</sup> meeting under decision 6.7 and 6.8, is to provide recommendations on addressing both the immediate funding crisis for the biennium 2022-2023 and report back to the PCB by 30 July 2022, and the long-term funding needs of UNAIDS prior to the UNAIDS structured funding dialogue in October 2022, for presentation and discussion to the PCB at its December 2022 meeting.

The Chair emphasised that while the terms of reference of the Task Team determined that the task team should be composed of no more than 15 members, Bureau members agreed that the additional 3 members would strengthen the work of the Task Team to deliver its work in a very tight timeline. The Chair recalled that the Bureau stressed the importance that members on the task team would serve in an individual capacity as experts with a track record in fundraising. Finally, the Chair reiterated that the Bureau, to which the Task Team reports to, is available should the Task Team require guidance and support and thanked Efraim Gomez for coordinating the Secretariat's support to the Task Team and Michael Isbell as the independent report writer for the Task Team and the Bureau.

Morten Ussing, UNAIDS Director of Governance and Multilateral Affairs, reviewed the Task Team's terms of reference and process for the establishment of the Task Team which can be found in the summary of the Bureau meeting [UNAIDS PCB Bureau 8 July 2022 | UNAIDS](#).

The Task Team elected Dr Mohamed Chakroun from Tunisia and Ms Julia Martin from the United States of America (USA) to serve as co-chairs. As Mohamed Chakroun of Tunisia had unstable internet connection, it was agreed that Julia Martin (USA) would chair the first meeting.

#### **A review of the funding situation**

Efraim Gomez, UNAIDS Chief of Staff and coordinator of the Secretariat's support to the Task Team, reviewed UNAIDS' acute funding situation, as the Joint Programme

faces a 22.3% budget shortfall. Projected resources are US\$25 million below the base resource mobilization target of US\$187 for the UNAIDS Budget, Results and Accountability Framework (UBRAF) and US\$47 million below the total approved threshold UBRAF budget of US\$210 million.

This budget shortfall imperils UNAIDS' work with key global partners, including the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) and the USA President's Emergency Plan for AIDS Relief (PEPFAR). This includes a projected 20% reduction in budgeted amounts to support the development of new National Strategic Plans and Programme Reviews, as well as cuts in the Joint Programme's capacity to support the meaningful engagement of community partners. Mr Gomez emphasized that co-investment in the Joint Programme is essential to optimize the impact of the Global Fund.

Countries depend on a robust and fully funded UNAIDS to support national AIDS responses. However, unless the acute budget gap is closed, the Joint Programme will lack the means to catalyse achievement of HIV prevention targets, support efforts to empower women and girls and ensure their access to sexual and reproductive health and rights, collect, and effectively use strategic information to drive results, advance human rights of people living with HIV and communities most heavily affected by the epidemic and undertake essential global advocacy.

Mr Gomez noted that options exist to address the immediate funding gap. These include: (1) addressing the adverse effects of currency fluctuations (by compensating for associated funding shortfalls or executing Memoranda of Understanding with preferential currency rates for contributions to UNAIDS); (2) promoting co-investment in the Global Fund and UNAIDS (through pledges of co-investment and proportionate contributions); (3) enhancing solidarity and engagement by the PCB (including commitments to a minimum contribution of US\$1 million for the Western European and Other States (WEOG) members and US\$ 500 000 for non-WEOG members of the PCB); (4) obtaining commitments by programme countries to match UNAIDS investments in the country or country envelope; and (5) implementing/replicating current donor best practices (e.g. multi-year agreements).

### **Options for closing the immediate UNAIDS funding gap**

The Task Team agreed with Ms Martin's suggestion that the first Task Team meeting focus on options for closing the immediate funding gap. Tim Martineau, UNAIDS Deputy Executive Director, Management, noted that staff costs account for roughly 75% of UBRAF funding, as the Joint Programme does not have large implementation programmes. Mr Martineau also noted that other United Nations agencies are experiencing similar funding difficulties, especially from the combination of the war in Ukraine and its effects on European exchange rates.

It was noted that the funding shortfall had resulted in the lack of second tranche of core UBRAF funding to the Cosponsors. Task Team members from UN Cosponsors reported

that their capacity to undertake their work within the Joint Programme is undermined by funding reductions. Task Team members asked about the potential capacity of Cosponsors to secure funding from sources other than the UBRAF. Several Task Team members from the Cosponsors said the work to mobilize new funding should be accompanied by guidelines or principles concerning the allocation of any newly received funds to ensure donors appreciate how any contributions are used. This could be of particular interest to donors keen to support of the effective continuation of the Joint Programme to continue to include both Secretariat and Cosponsors. The Co-chair noted that the Task Team's scope of work is the mobilization of new resources for a fully funded UBRAF, rather than allocation of [those] funds.

The Task Team considered several potential options for addressing the immediate funding shortfall.

#### *Addressing currency fluctuations*

Mr Martineau reported that recent currency fluctuations resulted in a loss of US\$ 12 million to UNAIDS. UNAIDS translates its contributions to USA dollars at the rate of exchange on the day it is received. Smoothing currency fluctuations is easier with multi-year contributions, but not all donors currently make multi-year contributions.

The Task Team agreed that UNAIDS should ask donors to make up the difference in cases of a substantial loss due to currency fluctuations. The Task Team also agreed that UNAIDS should ask donors to make multi-year contributions, although it was also agreed that the Secretariat would need to articulate clear steps for managing and mitigating currency-related risks in such cases.

#### *Promoting co-investment with Global Fund*

Technical support by the Joint Programme plays a critical role in the success of the Global Fund. Eamon Murphy, UNAIDS Deputy Executive Director a.i, Programmes, said that UNAIDS has raised with donors the value of coupling donations to the Global Fund with a complementary, proportionate pledge to UNAIDS Rosemary Museminali, UNAIDS Director, External and Donor Relations, said that Switzerland announces its funding for UNAIDS at the same time that it announces its contribution to the Global Fund. It was noted that the upcoming replenishment of the Global Fund offers an opportunity to remind decision-makers of the continuing importance of the HIV response in order to encourage contributions towards a fully funded UBRAF.

Currently, UNAIDS does not receive core funding from the Global Fund. UNAIDS does receive catalytic funding for the provision of different forms of technical support as well as for Global Fund strategic initiatives. For example, it was noted that Australia reserves 5% of its Global Fund contribution for technical support. It was also noted that the USA provides – on top of its core contribution to UNAIDS - 5% of its AIDS allocation to the Global Fund for technical support, recently supporting the Joint Programme's aid to countries to develop 32 National Strategic Plans and programme reviews. UNAIDS

support to more than 80 country proposals to the Global Fund unlocked over US\$ 7.4 billion for AIDS, tuberculosis and malaria.

The Task Team agreed that UNAIDS should ask donors for proportionate contribution to the UBRAF, linked with each donor's contribution to the Global Fund. Further discussion is needed to clarify whether this proportionate amount would be on top of each country's contribution or come from a donor's contribution to the Global Fund. In the case of the latter option, it was agreed that discussions with the Global Fund would be needed. The Task Team discussed the degree to which donors might be receptive to a request for proportionate, complementary contributions to both the Global Fund and UNAIDS. Task Team members also noted that having proportionate, complementary contributions to both the Global Fund and UNAIDS would also raise the question of whether a similar arrangement is warranted for tuberculosis and malaria. In fleshing out the option for proportionate contributions, it was suggested that it would be important to differentiate between core and non-core UBRAF funding. Task Team members from UN Cosponsors also encouraged reconsideration of allocations within the Joint Programme. Another member asked whether there were possibilities to consider an allocation from the Cosponsors' budget to the UBRAF.

The Task Team also briefly explored the idea of the Global Fund making available a guaranteed subsidy to UNAIDS and therefore taking over the risk of a funding gap, in exchange of a commitment by UNAIDS to do its utmost to close the gap. The Task Team agreed that this would need to be further explored with the Global Fund.

#### *PCB Solidarity and contributions by programme countries*

Ms Museminali noted that a small number of programme countries have committed funding to UNAIDS. Asking programme countries to step forward voluntarily to fund UNAIDS as a sign of solidarity could, it is projected, generate an additional US\$ 3 million to help close the immediate funding gap.

The Task Team agreed that UNAIDS should ask WEOG countries to add US\$ 1 million to their current UNAIDS contributions and that programme countries should be asked to contribute US\$ 500 000 to the Joint Programme. The Task Team's discussion highlighted several aspects of this option that require further clarification. Task Team members said that transaction costs should be taken into account. It was suggested that countries that receive extensive technical support from UNAIDS might possibly use their Global Fund allocation to pay for this technical support, although it was also noted that an up-front country contribution to UNAIDS would avoid the danger of unused technical support funds or the use of such funds to implement substandard technical support. The Task Team also noted the need to expand the donor base and also prioritize advocacy and outreach to donors that are not paying their fair share. The Task Team also asked for a simulation of assessed contributions to UNAIDS as a guideline to get some kind of realistic impression of a fair share. It was suggested that efforts to increase donor funding be informed by a more detailed assessment of the specific donors that have reduced their contributions to the Joint Programme as well as the gaps

per donor between current funding and the higher level of previous funding. It was also suggested that the Task Team explore contributions from the private sector.

Ms Museminali noted that recent developments, such as the 2021 Political Declaration and the culture transformation within UNAIDS, afforded opportunities to cultivate new donors and recover ground lost with some older donors. In this regard, the recent announcement by the United Kingdom to restore some of the funding to UNAIDS that had previously been cut offers promising news.

### **Next steps**

The Task Team will have a second meeting on Thursday, 21 July. During this meeting, the Task Team will continue to work towards developing its recommendations to the PCB. At its second meeting, the Task Team will dive deeper into each immediate funding option, identifying a timeline for action, clarifying roles and responsibilities between the Secretariat and the Task Team, and identifying and addressing any risks associated with each funding option. Also, during the second meeting, Task Team members will examine which of these options are most likely to be successful to solve the immediate funding crisis. By the meeting on 21 July, the Secretariat will provide information on potential new donors.