



PROGRAMME COORDINATING BOARD

Fourteenth meeting
Geneva, 26-27 June 2003

Provisional agenda item: 3

Interim financial management information for the 2002–2003 biennium 1 January 2002 to 31 March 2003

EXECUTIVE SUMMARY

- The total amount of funds received for the Unified Budget and Workplan over the period 1 January 2002 to 31 March 2003 stood at **US\$121.4 million**, or approximately **64%** of the resources required to fully fund the **US\$190 million** Unified Budget and Workplan for 2002–2003. This is at the same level as the contribution rate of **62%** experienced over the period 1 January 2000 to 31 March 2001, for the funding of the previous **US\$140 million** 2000–2001 Unified Budget and Workplan
- During the period under review, total funds expended against the core component of the Unified Budget and Workplan for the 2002–2003 biennium amounted to **US\$127.5 million**.
- The flexibility to borrow from the **Operating Reserve Fund** continued to be essential for the smooth operation of the Programme during the period under report.

Action required at this meeting

The PCB is requested to take note of the interim financial management information for the 2002–2003 biennium and to encourage donor governments and others to release their contributions towards the Unified Budget and Workplan for 2002–2003, if they have not already done so.

UNIFIED BUDGET AND WORKPLAN: CORE RESOURCES

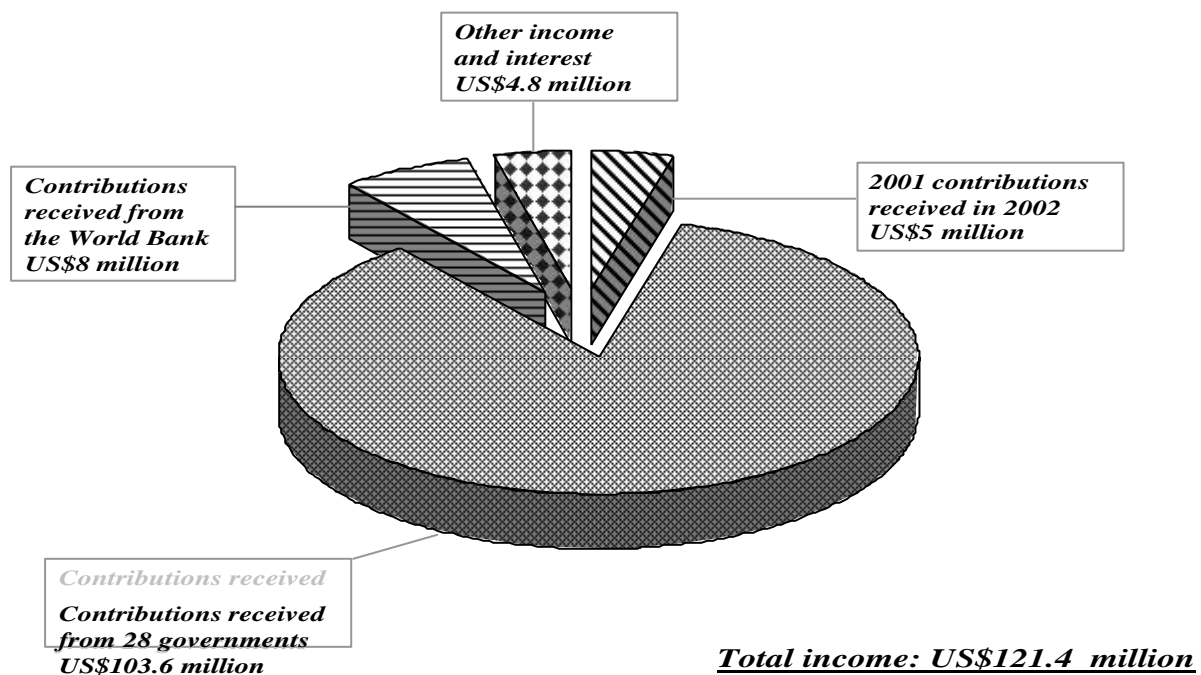
Funds made available to the core resources of the Unified Budget and Workplan for 2002–2003

7. As a result of an overall financial implementation rate of approximately 100% at the end of the 2000–2001 biennium, the Programme was left with a balance of only US\$17,981,534 under its Trust Fund sub-account for core UBW activities.

8. The above fund balance was increased through the incorporation of the regional components of the International Partnership against AIDS in Africa (IPAA) within the UBW for 2002–2003 by an amount of US\$348,928. This amount was shifted from the 2001 fund balance available under the former sub-account for IPAA to the core component of the UBW for 2002–2003 which resulted in a total amount of US\$18,330,462 being brought forward to core resources for 2002–2003.

9. During the period under report, income totaling US\$121,420,448 (excluding the above-mentioned carried over fund balance) was made available for the core resources of the UBW for 2002–2003. A summary of the income made available for the UBW during the period 1 January 2002–31 March 2003 is illustrated in Figure 1 below.

Figure 1: Income made available for the 2002–2003 Unified Budget and Workplan, 1 January 2002–31 March 2003



10. As shown in this figure, income received specifically for the UBW for 2002–2003 amounted to US\$116.4 million on 31 March 2003. An additional US\$5 million representing an outstanding amount on a Letter of Credit received in 2001 was called forward in June 2002. Total income received during the period 1 January 2002 to 31 March 2003 is therefore US\$121.4 million. Some 28 governments and the World Bank contributed respectively 89% and 7% of this amount. The remaining 4% is made up of interest received and apportioned during the interim reporting period, together with some miscellaneous income including funds received from public institutions and private contributors other than governments, miscellaneous donations and honoraria received by staff. Further details of these funds are provided in Table 1.

**Table 1: 2002–2003 Unified Budget and Workplan: core resources
details of income as of 31 March 2003 (in US dollars)**

Voluntary contributions	Funds received towards the 2002-2003 Unified Budget and Workplan
Governments	
Andorra	22,197
Australia	986,940
Belgium	5,457,639
Brazil	100,000
Canada	3,377,571
China	100,000
Denmark	3,156,566
Finland	2,973,413
Flemish Community	578,876
France	431,779
Germany	2,091,708
Ireland	5,364,802
Italy	1,970,443
Japan	10,416,490
Liechtenstein	16,311
Luxembourg	582,160
Monaco	20,000
Netherlands	15,478,411
Norway	13,076,682
Poland	20,000
Portugal	514,315
Russian Federation	500,000
Spain	297,622
Sweden	10,636,981
Switzerland	2,666,667
Thailand	96,440
United Kingdom of Great Britain and Northern Ireland	4,719,300
United States of America	23,000,000 *
	108,653,313
Cosponsoring Organizations	
World Bank	8,000,000
	8,000,000
Other	
Refunds from UN	466,000
United Nations Federal Credit Union	66,265
ChampionsWorld	112,488 **
Miscellaneous	123,141
	767,894
Other income	
Interest	3,999,240
	3,999,240
Total	121,420,448

* Includes US\$5 million, representing the amount outstanding on a Letter of Credit for 2001.

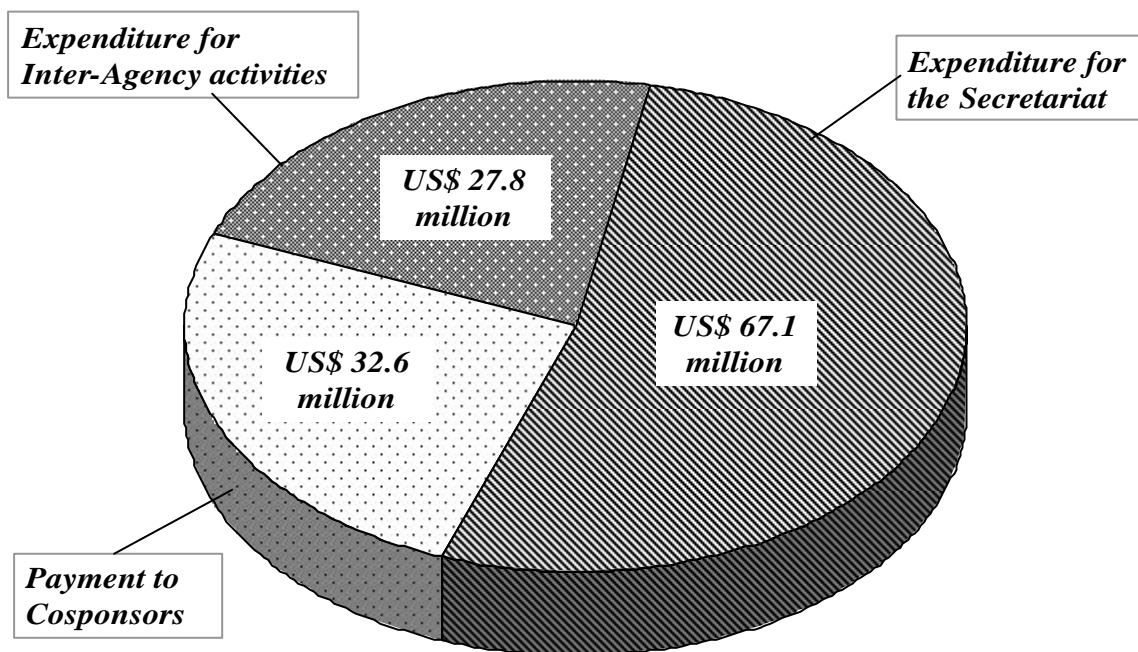
** Proceeds from a football match between Roma and Real Madrid donated to UNAIDS

Funds expended against the core resources of the 2002–2003 Unified Budget and Workplan

11. Figure 2 below provides an overview of the funds expended during the period 1 January 2002 to 31 March 2003 against the core component of the 2002–2003 UBW. Total expenditure amounts to US\$127.5 million, including:

- (a) US\$32.6 million paid to Cosponsors in December 2002 for the execution of their global and regional/intercountry HIV/AIDS activities¹.
- (b) US\$27.8 million incurred under the interagency resources section of the UBW for country-level Programme Acceleration Funds projects, UNAIDS' Country Coordinators and support to Theme Groups, and Inter-Agency Task Teams.
- (c) US\$67.1 million expended for the Secretariat's activities and staff.

Figure 2: Total funds expended for the 2002–2003 Unified Budget and Workplan as of 31 March 2003 (in US dollars)



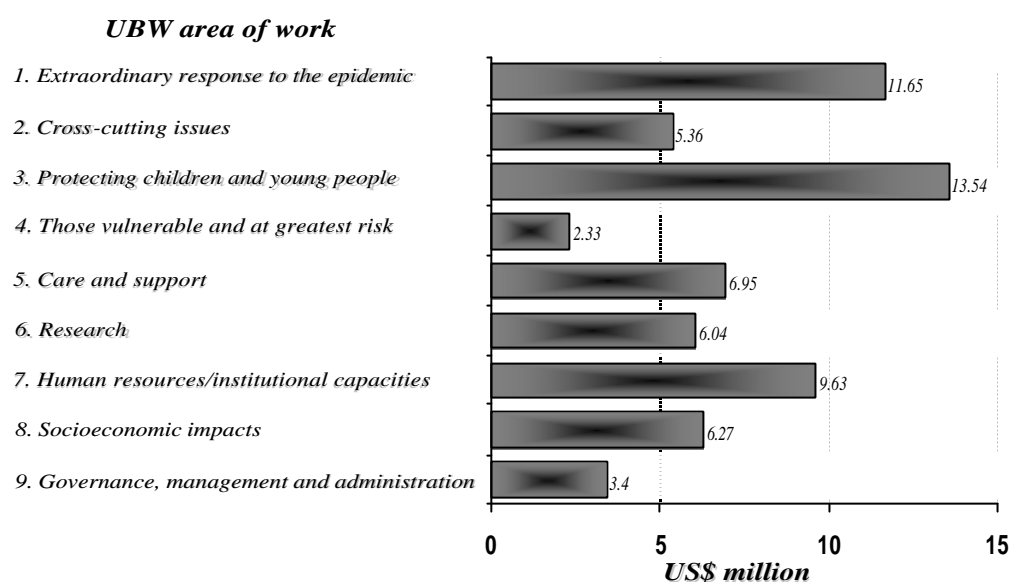
Total funds expended during the period 1 January 02 to 31 March 03: US\$ 127,5 million

¹ This payment, together with the first advance of US\$32.6 million made towards Cosponsor activities in the 2002-2003 Unified Budget and Workplan (as per PCB decision UNAIDS/PCB (11)01.7.), made up the US\$ 65.2 million budget approved for Cosponsors for the 2002-2003 biennium.

1. Funds expended to Cosponsors

12. Information on the total funds expended to Cosponsors under the 2002–2003 UBW is presented by area of work in Figure 3.

Figure 3: Total funds expended to Cosponsors by area of work as of 31 March 2003 (in US dollars)



Total payments made: US\$65.2 million

13. In the context of this interim financial management information document, the phrase “funds expended to Cosponsors” refers to the funds paid to the Cosponsors under the 2002–2003 UBW. Whilst this document was under preparation, the specific expenditure incurred by the Cosponsors against these payments had not been received. This expenditure will be fully disclosed in an annex to the formal and certified financial report covering the full biennium, which will be prepared at the end of 2003.

2. Expenditure incurred against interagency resources

14. Expenditure under interagency resources was incurred in three main areas:

- direct financial support to catalytic activities that contribute to or strengthen an expanded response in priority countries through the Programme Acceleration Funds;
- operational and technical support to country-level UN Theme Group on HIV/AIDS; and
- facilitation of Inter-Agency Task Teams’ work in thematic areas.

A breakdown of interagency resource expenditure under the nine areas of work of the UBW is provided in Table 2.

Table 2: 2002–2003 Unified Budget and Workplan: interagency resource budget allocation and expenditure as of 31 March 2003 (in US dollars)

Area of work	Interagency resources		
	Allocation	Expenditure	%
1 Ensuring an extraordinary response to the epidemic	37,800,000	25,895,802	69
2 Cross-cutting issues required for an expanded response	500,000	90,000	18
3 Protecting children and young people from the epidemic and its impact	1,000,000	700,000	70
4 Addressing those most vulnerable to, and at greatest risk of, HIV infection	500,000	240,000	48
5 Care and support to individuals and communities affected by HIV/AIDS	600,000	270,000	45
6 Operations and biomedical research	300,000	-	
7 Human resources and institutional capacities in key sectors	300,000	-	
8 Policies, legislation and programmes addressing HIV/AIDS and its socioeconomic impacts	800,000	610,000	76
9 Governance, management and administration	-	-	
Total	<u>41,800,000</u>	<u>27,805,802</u>	<u>67</u>

15. The expenditure under work area 1 amounting to **US\$25,895,802** was made as follows:

- **US\$7,864,465** for direct support to country-level activities in the form of Programme Acceleration Funds through UN system organizations that contribute to the work of UN Theme Groups on HIV/AIDS. The relatively low level of expenditure for Programme Acceleration Funds can be attributed to several factors. For example, the introduction of the new joint implementation guidelines under the United Nations Resident Coordinator budgets through which funds can now also be disbursed to countries took some time to become fully operational. As a result, the majority of proposals were submitted late, thus delaying their review and the actual commencement of activities.
- **US\$18,031,337** in support of UN Theme Groups and UNAIDS Country Coordinators.

16. The remaining **US\$1,910,000** (work areas 2–8) was expended to support a number of interagency activities included in a package proposal (totaling US\$2,635,000), approved by the Cosponsors in meetings of the Committee of Cosponsoring Organizations (CCO). In this connection, it is worth noting that although the Cosponsors' share of the UBW under review does not include any allocation for the International Labour Organization (as it was not a Cosponsor at the time of approval of the budget and workplan), the ILO nevertheless has had access to interagency funds to support its programme on HIV/AIDS in the world of work.

3. *Expenditure incurred against the Secretariat budget*

17. Table 3 shows (by area of work) the status of the Secretariat expenditure amounting to **US\$67,051,501**, as of 31 March 2003, representing an implementation rate of 81%.

18. This includes **US\$36,262,060** expended on activities and **US\$30,789,441** on staff costs. It should be noted that the costs of posts are obligated for the full year at the beginning of each calendar year, as opposed to being obligated throughout the biennium, as is the case for activities.

Table 3: 2002–2003 Unified Budget and Workplan Secretariat budget allocation and expenditure as of 31 March 2003 (in US dollars)

Area of work	Secretariat		
	Allocation	Expenditure	%
1 Ensuring an extraordinary response to the epidemic			
1.1 Mobilizing political and public support	11,121,874	9,435,729	
1.2 UN system mobilization, planning, performance monitoring and evaluation	5,754,385	4,820,983	
1.3 Strengthening national strategic planning and coordination	10,117,748	8,654,127	
1.4 Epidemiological and strategic information	7,079,430	4,864,883	
1.5 Mobilizing financial resources	8,381,739	6,164,752	
1.6 Regional strategy and technical support	8,238,395	7,171,320	
	50,693,571	41,111,794	81
2 Cross-cutting issues required for an expanded response	3,521,276	2,927,072	83
3 Protecting children and young people from the epidemic and its impact	-	-	
4 Addressing those most vulnerable to, and at greatest risk of, HIV infection	500,000	69,263	14
5 Care and support to individuals and communities affected by HIV/AIDS	-	-	
6 Operations and biomedical research	-	-	
7 Human resources and institutional capacities in key sectors	1,532,709	1,255,874	82
8 Policies, legislation and programmes addressing HIV/AIDS and its socioeconomic impacts	7,432,204	5,256,147	71
9 Governance, management and administration	19,320,240	16,431,351	85
Total	<u>83,000,000</u>	<u>67,051,501</u>	<u>81</u>

UNIFIED BUDGET AND WORKPLAN: SUPPLEMENTAL RESOURCES

Funds made available and expenditure

19. At the end of the 2000–2001 financial period, non-core fund balances under the UNAIDS Trust Fund were reviewed and redistributed against the supplemental component of the 2002–2003 UBW. This exercise concerned the following fund balances:

- US\$7,097,697 carried over from 2001 on funds received for a number of global and regional activities;
- US\$1,145,262 brought forward in 2002 to continue to support specific country-level activities; and
- US\$3,103,446 remaining under the sub-account for the IPAA, after the transfer of US\$348,928 was made to the core component of the UBW, as reported in paragraph 8.

20. Donor agreement for redistribution was obtained, where required. Fund balances by donor and redistribution by area of work are illustrated in Table 4 (columns a, b, c).

21. The supplemental resources made available to the UNAIDS Secretariat are mostly used to support interagency-managed activities. To a lesser extent, in accordance with donor specification and with the agreement of the Chair of the CCO, supplemental resources were granted to the Secretariat to support activities falling within its core mandate.

22. Table 4 presents: (i) an overview of the supplemental resources of the 2002–2003 UBW received from 1 January 2002 to 31 March 2003 (column d); and (ii) the amount of funds expended as of 31 March 2003, totaling US\$15,264,795 (column f).

**Table 4: 2002–2003 Unified Budget and Workplan: supplemental resources
Breakdown of funds and expenditure as of 31 March 2003 (in US dollars)**

Area of work*/ Source of funds	2000-2001 carry-over			Funds received 2002-2003	Total funds	Expenditure	%
	International Partnership against AIDS in Africa	Global and Regional support	Specified Country support				
	(a)	(b)	(c)				
Prevention and care of HIV/AIDS							
Australia		22,493			22,493	21,220	
Germany		45,529			45,529	45,529	
Japan				1,000,000	1,000,000	800,000	
Sweden		70,801			70,801	4,008	
United States fo America		204,532			204,532	11,578	
	-	343,355	-	1,000,000	1,343,355	882,335	66
Monitoring of the epidemic and the response							
European Commission		6,711		813,677	820,388	1,083,402 **	
World Bank		54			54		
	-	6,765	-	813,677	820,442	1,083,402	132
Strengthening UN system response at country level							
Ireland				208,768	208,768	208,768	
Netherlands		64,970			64,970	64,970	
Sweden				55,772	55,772	55,772	
PATH (Bill & Melinda Gates)				2,650,000	2,650,000	68,680	
	-	64,970	-	2,914,540	2,979,510	398,190	13
Capacity-building and support at national level, including PAF							
Belgium	2,479,289			1,014,490	3,493,779	1,058,204	
Canada				628,931	628,931	592,863	
France		53			53		
Ireland				100,808	100,808	42,720	
Germany			189,609		189,609	188,896	
Japan			60,466	200,000	260,466	189,822	
Luxembourg			503,117		503,117	488,174	
Netherlands	113,341			48,252	161,593	48,250	
Norway	198,059	4,156	392,070		594,285	594,285	
Japanese Foundation		3,595			3,595	3,594	
United Kingdom of Great Britain and N. Ireland				1,358,489	1,358,489	718,541	
United States of America		150,000		2,250,000	2,400,000	616,530	
CDC (USA)	13,787			4,400,000	4,413,787	1,925,000	
Interest received and apportioned				794,420	794,420	86,713	
	2,804,476	157,804	1,145,262	10,795,390	14,902,932	6,553,592	44
Capacity-building and support at regional/intercountry level							
Australia		57,992		598,358	656,350	419,342	
European Commission				165,809	165,809	153,064	
France				743,310	743,310	21,093	
Japan	298,970	915,299		500,000	1,714,269	1,106,954	
New Zealand				223,111	223,111	-	
United Kingdom of Great Britain and N. Ireland		306,157		743,127	1,049,284	635,336	
World Bank		109,015			109,015	8,889	
UNDCP		9,152			9,152	518	
UNFIP (UN Fund for International Partnership)		896,089		1,130,975	2,027,064	1,202,787	
CDC (USA)				75,000	75,000	50,540	
Greek Action for Africa Foundation				53,898	53,898	-	
	298,970	2,293,704	-	4,233,588	6,826,262	3,598,523	53
Capacity-building and support at global level							
Belgium		5			5		
Canada		16,107		84,713	100,820	912	
Denmark				104,632	104,632	47,214	
France		392,827			392,827	384,855	
Italy		100,938			100,938	70,381	
Norway		48,867			48,867		
Russian Federation		326,628			326,628	233,501	
Switzerland				166,000	166,000	19,097	
United Nations		522			522	30	
World Economic Forum		6,538			6,538	370	
ANRS (France)		7,280			7,280	5,659	
	-	899,712	-	355,345	1,255,057	762,019	61

HIV/AIDS and security								
Denmark		566,559		695,225	1,261,784	400,789		
Ireland				294,406	294,406	163,444		
Norway		869,291		1,091,239	1,960,530	858,251		
		<u>-</u>	<u>1,435,850</u>	<u>-</u>	<u>2,080,870</u>	<u>3,516,720</u>	<u>1,422,484</u>	<u>40</u>
Collaborative activities with UNAIDS								
Japan		1,778,893		157,435	1,936,328	500,532		
		<u>-</u>	<u>1,778,893</u>	<u>-</u>	<u>157,435</u>	<u>1,936,328</u>	<u>500,532</u>	<u>26</u>
Five-year evaluation of UNAIDS								
Canada		54,000			54,000	52,590		
United Kingdom of Great Britain and N. Ireland		62,644		75,634	138,278	127,375		
		<u>-</u>	<u>116,644</u>	<u>-</u>	<u>75,634</u>	<u>192,278</u>	<u>179,965</u>	<u>94</u>
Credit from prior year, unliquidated obligations						(116,247)		
TOTAL		<u>3,103,446</u>	<u>7,097,697</u>	<u>1,145,262</u>	<u>22,426,479</u>	<u>33,772,884</u>	<u>15,264,795</u>	<u>45</u>

* Areas of work include those selected for previous Unified Budget and Workplans since supplemental resources are systematically carried over from one financial period to another.

** Over-expenditure incurred with the agreement of the donor, while awaiting receipt of additional funds.

FUNDS FOR THE PLACEMENT OF JUNIOR PROFESSIONAL OFFICERS, 2002–2003

Funds made available and expenditure

23. Total funds made available for the placement of Junior Professional Officers are presented below in Table 5, together with respective expenditures.

**Table 5: Funds for the placement of Junior Professional Officers (JPOs), 2002–2003
total funds available and expenditure as of 31 March 2003 (in US dollars)**

Source of income	Number of JPOs	2000-2001	Funds received	Total	Expenditure	%
		carry-over	in 2002-2003	funds		
		(a)	(b)	(c) = (a+b)	(d)	(e) = (d/c)
Governments						
Belgium	3	297,706	183,344	481,050	421,185	88
Denmark	3	148,601	217,500	366,101	225,550	62
Finland	2	184,554	419,300	603,854	370,724	61
Germany	1	130,040	172,560	302,600	213,054	70
Italy	2	51,795	208,200	259,995	180,867	70
Japan		47,355		47,355	31,746	67
Netherlands	3	297,691	359,431	657,122	454,269	69
Norway	4	321,164	343,100	664,264	526,518	79
Sweden	1	237,393	104,945	342,338	195,884	57
	<u>19</u>	<u>1,716,299</u>	<u>2,008,380</u>	<u>3,724,679</u>	<u>2,619,797</u>	<u>70</u>
Other income						
Interest		231,460	79,750	311,210		
Credit from prior years' unliquidated obligations					(9,228)	
		<u>231,460</u>	<u>79,750</u>	<u>311,210</u>	<u>(9,228)</u>	
	<u>19</u>	<u>1,947,759</u>	<u>2,088,130</u>	<u>4,035,889</u>	<u>2,610,569</u>	<u>65</u>