

# AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
31 DECEMBER 2022



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## Structure

Unitaid was created in 2006 in the context of the fight against HIV/AIDS, tuberculosis and malaria in resource-limited settings, with a focus on health products. Its founding members are Brazil, Chile, France, Norway and the United Kingdom.

Unitaid's vision is to expand the reach of the best health products for those who need them most. It does this by designing and investing in innovative approaches to make the best health products available and affordable in low- and middle-income countries. By nurturing and inspiring collective efforts with partners, countries, and communities, it unlocks access to the tools, services and care that can deliver the best results and improve health.

Unitaid's 2023-2027 Strategy establishes a series of Programmatic Priorities for Unitaid that focuses and concentrates its work within the broader areas of HIV and co-infections, tuberculosis, malaria, women and children's health, and the response to global health emergencies. These Programmatic Priorities are based on potential for impact and Unitaid's ability to make a difference. They emphasize prevention, with a focus on access to high-impact preventive tools, particularly for high-risk groups; testing, to close the detection gap, thereby reducing the number of missed cases and facilitating linkage to care; and treatment, prioritizing access to simpler, optimal treatment regimens for adults and children. Critically, equity considerations have informed the design of Unitaid's Programmatic Priorities. In each of them, specific attention was given to the needs of populations or sub-populations disproportionately affected by diseases or lacking access to optimal care relative to other groups, and those of low- and middle-income countries who lack control over their supply and access to optimal products.

Over the past 16 years Unitaid has invested over US\$ 4 billion through grants with key partners across the globe, identifying promising health innovations, showing they can work in low-resource settings, and laying the foundations for partners to make them available at scale. Innovations sponsored by Unitaid support the United Nations Sustainable Development Goals, including the push toward universal health coverage. In so doing, Unitaid maximizes broader investments in the global response, speeding up equitable national responses and touching millions of lives.

Unitaid is a hosted partnership of the World Health Organization (WHO). As Unitaid's host Organization, it provides the Secretariat with administrative services and facilities, as well as management of the balance of the Unitaid Trust Fund and staff benefits. It also provides strategic and technical advice to the Unitaid Executive Board and partners' benefiting from Unitaid support and is an observing member of Unitaid's Executive Board. Unitaid is a self-financing partnership of WHO and its budget is independent from WHO's. Unitaid produces a full set of financial statements which are audited separately and not consolidated in the financial statements of WHO. Unitaid also has a donor relationship with WHO. In this capacity, Unitaid continues to be one of the principal funders of the WHO Prequalification Programme (medicines, vaccines and diagnostics) implemented by the WHO Department of Regulation and Prequalification (HQ/MHP/RPQ). Unitaid also provides funding to WHO for enabling grants (enabling and accelerating the adoption and uptake of new diagnostics, drugs and regimens) in the area of HIV/AIDS, hepatitis C, malaria and tuberculosis, to the Malaria Vaccine Implementation Programme – MVIP, and to the WHO Emergencies Programme.

## Governance

The Executive Board, Unitaid's decision-making body, determines the organization's objectives, monitors progress and approves budgets. The Board is chaired by Marisol Touraine, former French Minister of Social Affairs, Health and Women's Rights, 2012-2017. The Board seeks to take decisions by consensus as far as possible, and is composed of 13 members:

- one representative nominated from each of the five founding countries (Brazil, Chile, France, Norway and the United Kingdom), Spain and the Republic of Korea;
- one representative of African countries designated by the African Union;
- two representatives of relevant civil society networks (nongovernmental organizations and communities living with HIV/AIDS, malaria or tuberculosis);
- one representative of foundations (represented by the Bill & Melinda Gates Foundation);
- one representative of the World Health Organization (non-voting); and
- one representative of non-voting shared Temporary Board Seat (currently represented by Japan).

In 2008, Unitaid's Executive Board formed two committees to guide them in their work, the Finance & Accountability Committee (FAC), and the Policy & Strategy Committee (PSC). The role of the FAC is to assist the Board in fulfilling its responsibilities with regard to Unitaid's financial planning, management, performance and accountability, as well as risk management and internal control. The FAC is composed of seven members including Chair and Vice-Chair. The PSC advises the Board on strategic planning, core policies and reviews the performance of the Unitaid portfolio and responds to policy recommendations from expert advisory groups. The PSC is composed of eight members including Chair and Vice-Chair. The members of both of the standing committees of the Executive Board are appointed for a two-year renewable mandate.

The Proposal Review Committee (PRC) is an independent, impartial team of experts who provide scientific, public health, health systems, programmatic, country implementation, market dynamics and health economics expertise to Unitaid on proposals submitted for funding and draft grant agreement development (GAD) documents. The PRC comprises up to eight Core Members and up to six Disease/issue specific Members, in addition to the Chair. PRC members are appointed by the Executive Board based on the recommendation of the PSC to serve for a three-year renewable mandate.

## Vision, Mission, Strategic Principles, and Strategic Objectives

**Our Vision** is equitable access to health innovations to ensure healthy lives and promote well-being for all.

**Our Mission** is to expand the reach of the best health products for those who need them most. We do this by designing and investing in innovative approaches to make the best health products available and affordable in low- and middle-income countries. We nurture and inspire collective efforts with partners, countries, and communities, unlocking access to the tools, services and care that can deliver the best results and improve health.

We have four **Strategic Principles**:

1. Improve health outcomes with prevention, diagnosis, and treatment — in particular at primary care level and for HIV and co-infections, TB and malaria.
2. Support people and communities to engage with their own health.
3. Make health systems more efficient and resilient to future threats.
4. Make health care greener and more sustainable.

We have three **Strategic Objectives**:

1. Accelerate the introduction and adoption of key health products.
2. Create systemic conditions for sustainable, equitable access.
3. Foster inclusive and demand-driven partnerships for innovation.

## **2022 STATEMENT OF INTERNAL CONTROL**

Unitaid is committed to ensuring the objectivity and independence of all Unitaid staff in the performance of their work, as well as the perception by others of the objectivity and independence of Unitaid staff.

### **Scope of Responsibility**

Unitaid is a hosted partnership of the World Health Organization (WHO), and in accordance with WHO's Financial Regulations, as Executive Director of Unitaid, I am accountable under my delegated authority for the efficient and effective management and use of resources, and to ensure that adequate internal controls are in place and that organization-wide policies and procedures are applied consistently.

### **Purpose of Internal Control**

The system of internal control is designed to reduce and manage rather than eliminate the risk of failure to achieve the Unitaid Secretariat's objectives and related policies. Therefore, it can only provide reasonable and not absolute assurance of effectiveness. It is an ongoing process designed to identify the principal risks, evaluate the nature and extent of those risks, and to manage them efficiently, effectively, and economically.

Internal control is a process, effected by the Executive Board, the Executive Director, Senior Management, and other personnel, and designed to provide reasonable assurance on the achievement of the following objectives:

- effectiveness and efficiency of operations and safeguarding of assets;
- reliability of financial reporting; and
- compliance with applicable rules and regulations.

From an operational perspective, Unitaid's internal control system operates continually at all levels of the Secretariat through internal control processes to ensure the above objectives.

My current statement on Unitaid's internal control processes, as described above, applies for the year ended 31 December 2022, and up to the date of the approval of the Organization's 2022 financial statements.

### **Unitaid's Operating Environment**

Unitaid finances partners through grants, targeted to achieve maximum impact. Unitaid's business displays a wide range of risks at both organizational and project level. Therefore, risk management is an integral part of its framework for strategic planning, resource prioritization, governance, and performance management. The most significant organizational risks are captured in a formal Organizational Risk Register that is subject to regular review by Senior Managers. The key risks associated with each Unitaid-funded grants are identified through separate project-specific risk frameworks.

## **The Internal Control Framework and Risk Management**

Unitaid's Risk Management Policy operates in tandem with the WHO Internal Control Framework. These frameworks support the accomplishment of Unitaid's objectives and goals with enhanced accountability and greater transparency. Unitaid's Risk Management Policy aims to embed a systematic and effective approach to identifying, assessing, and managing risks and opportunities.

In addition to a set of rules, procedures and processes, WHO's Internal Control Framework comprises mechanisms for assessing its overall effectiveness. On an annual basis, managers with delegated financial and administrative authorities, complete a Self-Assessment checklist to assess and monitor the overall internal controls, as well as the key functional control areas, across their respective Units. Results of the self-assessment checklists are analyzed in light of recurrent audit findings and top risks identified, to feed into an overall review of effectiveness and continuous improvement action plans.

## **Review of the Effectiveness of Internal Controls**

My review of the effectiveness of the system of internal control is mainly informed by:

- My Senior Managers, who play important roles and are accountable for results, performance, controlling activities under their purview and the resources entrusted to them.
- The internal control self-assessment checklist completed by managers. The 2022 self-assessment exercise deemed internal controls to be adequate overall. The results of the self-assessment exercise is reviewed carefully, and action plans are developed to address areas for improvement, if applicable.
- The Organizational Risk Register, as completed and owned by Senior Management. The 2022 exercise deemed that the top risks in terms of occurrence relate to programmatic, funding, and human resources risks.
- Reports issued by BDO LLP, the contractor currently providing assurance and consultancy services to Unitaid under the supervision of the Office of Internal Oversight of WHO, which include independent and objective information on the adequacy and effectiveness of Unitaid's system of internal controls together with recommendations for improvement.
- Reports issued by the External Auditor that provide an independent oversight and reporting on Unitaid's compliance with financial rules and regulations. The External Auditor presents an update of its work and key findings to the Finance and Accountability Committee of the Executive Board.
- The Executive Board's observations.

## **Review of Unitaid Risks**

As described above, Unitaid's Senior Management regularly reviews all Unitaid's risks and, based on this review, prepares a formal Organizational Risk Register, assessing the likelihood and impact of each risk, and describing the mitigation plans for each. Following the preparation of the Organizational Risk Register at the end of 2022, I reviewed and endorsed the consolidated findings, together with my Senior Management. The Register was then presented to and discussed with Unitaid's Executive Board.

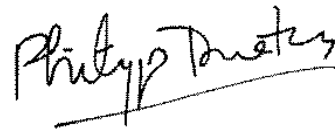
Unitaid's highest risks currently are related to resource mobilization, impact, transition and scale-up of investments, and human resources.

## Statement

Internal control, while operating effectively, has inherent limitations, including the possibility of circumvention, no matter how well designed, and therefore can provide only reasonable assurance. Furthermore, because of changes of conditions, the effectiveness of internal control may vary over time.

I am committed to addressing any weaknesses in internal controls that may be noted during the year and brought to my attention.

Based on the above, I conclude that, to the best of my knowledge and information, there are no material weaknesses that would prevent the external auditor from providing an unqualified opinion on Unitaid's financial statements, nor are there other significant matters arising that would need to be raised in the present document for the year ended 31 December 2022 and up to the date of approval of the financial statements.



**Dr. Philippe Duneton**  
Executive Director  
Unitaid  
Geneva, 17 February 2023



## Certification of the financial statements for the year ended 31 December 2022

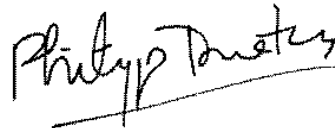
In accordance with Article 34 of the Constitution and Financial Regulation XIII of the World Health Organization (WHO), attached are Financial Statements for the year ended 31 December 2022. The financial statements, accounting policies and notes have been prepared in accordance with the International Public-Sector Accounting Standards (IPSAS). The Financial Statements are also prepared according to the Financial Regulations of the World Health Organization and its Financial Rules. The Financial Statements and the notes have been audited by the Organization's External Auditor, Comptroller and Auditor General of India, whose opinion is included in this report.

The financial statements for the year ended 31 December 2022, together with the notes to the financial statements and supporting schedules, have been reviewed and approved.



Mr. David Curry

Director of Finance and Administration



Dr. Philippe Duneton

Executive Director

24 February 2023

## **Report of the External Auditor on the Financial Statements.**

### **To the Executive Board**

#### **Opinion**

We have audited the financial statements of the UNITAID which comprise the statement of financial position (statement I) as at 31 December 2022, the statement of financial performance (statement II), the statement of changes in net assets/equity (statement III), the statement of cash flow (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UNITAID as at 31 December 2022, and its financial performance, changes in net assets/equity, cash flow, and comparison of budget and actual amounts for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

#### **Basis for opinion**

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section below entitled “Auditor’s responsibilities for the audit of the financial statements”. We are independent of UNITAID in accordance with the ethical requirements relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Information other than the financial statements and the auditor’s report thereon**

Management is responsible for the other information, which comprises the information included in the Annual Report for the year ended 31 December 2022, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of UNITAID to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless the management intends either to liquidate UNITAID or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of UNITAID.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of UNITAID;
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- (d) Draw conclusions as to the appropriateness of the management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of UNITAID to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report;

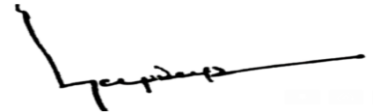
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on other legal and regulatory requirements**

Furthermore, in our opinion, the transactions of UNITAID that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the WHO Financial Regulations.

In accordance with Regulation XIV of the WHO Financial Regulations, we will also issue a long-form report on our audit of the UNITAID.



**Girish Chandra Murmu**  
**Comptroller and Auditor General of India**

**02 May 2023**

## Statement I. Statement of Financial Position

As at 31 December 2022

(in thousands of US dollars)

	Notes	31-Dec-22	31-Dec-21 (reclassified)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents held by WHO	5.1	44 865	32 340
Short-term investments held by WHO	5.1	512 868	436 631
Financial asset for hedging	5.2	-	3 513
Contributions receivable	5.3	3 101	127 057
Staff receivables	5.4	637	619
Other receivables	5.5	-	33
Prepayments	5.6	11	16
Promissory notes receivable	5.8	79 195	95 687
<b>Total current assets</b>		<b>640 677</b>	<b>695 896</b>
<b>Non-current assets</b>			
Guarantee deposits receivable	5.7	588	593
Promissory notes receivable	5.8	56 785	133 424
<b>Total non-current assets</b>		<b>57 373</b>	<b>134 017</b>
<b>TOTAL ASSETS</b>		<b>698 050</b>	<b>829 913</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Financial liabilities held by WHO	5.1	7 192	3 406
Accounts payable	5.9	11 588	19 953
Staff payables	5.10	26	12
Accrued staff benefits	5.11	1 627	1 459
Accrued liabilities	5.12	1 190	6 467
Deferred revenue	5.13	-	116 980
<b>Total current liabilities</b>		<b>21 623</b>	<b>148 277</b>
<b>Non-current liabilities</b>			
Accrued staff benefits	5.11	8 412	21 848
<b>Total non-current liabilities</b>		<b>8 412</b>	<b>21 848</b>
<b>TOTAL LIABILITIES</b>		<b>30 035</b>	<b>170 125</b>
<b>NET ASSETS/EQUITY</b>			
Fund balance	7	668 015	659 788
<b>TOTAL NET ASSETS/EQUITY</b>		<b>668 015</b>	<b>659 788</b>
<b>TOTAL LIABILITIES AND NET ASSETS/EQUITY</b>		<b>698 050</b>	<b>829 913</b>



## Statement II. Statement of Financial Performance

For the year ended 31 December 2022

(in thousands of US dollars)

	Notes	31-Dec-22	31-Dec-21
<b>REVENUE</b>			
Voluntary contributions	6.1	180 350	193 591
In-kind contributions	6.2	162	52
<b>Total revenue</b>		<b>180 512</b>	<b>193 643</b>
<b>EXPENSES</b>			
Disbursements to grantees	6.3	155 458	330 784
Constituency funding	6.4	368	215
Staff and other personnel costs	6.5	24 904	23 653
Contractual services	6.6	8 159	6 692
Travel	6.7	576	46
Equipment and furniture	6.8	79	82
General operating expenses	6.9	1 315	1 456
<b>Total expenses</b>		<b>190 859</b>	<b>362 928</b>
Finance revenue/(loss)	6.10	3 442	(23 768)
<b>TOTAL (DEFICIT)/SURPLUS FOR THE YEAR</b>		<b>(6 905)</b>	<b>(193 053)</b>



### Statement III. Statement of Changes in Net Assets/Equity

For the year ended 31 December 2022

(in thousands of US dollars)

	Notes	31-Dec-22	Surplus/ (deficit)	Other adjustments (note 5.11)	31-Dec-21
Core Fund		588 541	(47 147)	15 133	620 555
ACT-A Fund		79 474	40,242		39 232
<b>TOTAL NET ASSETS/EQUITY</b>	<b>7</b>	<b>668 015</b>	<b>(6 905)</b>	<b>15 133</b>	<b>659 787</b>

## Statement IV. Statement of Cash Flow

For the year ended 31 December 2022

(in thousands of US dollars)

	31-Dec-22	31-Dec-21
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
TOTAL SUPLUS (DEFICIT) FOR THE YEAR	(6 905)	(193 053)
Investment revenue presented as investing activities	(3 738)	(2 497)
(Increase) decrease in contributions receivable - current	123 956	(11 994)
(Increase) decrease in staff receivables	(18)	(111)
(Increase) decrease in other receivables	33	107
(Increase) decrease in prepayments	5	(8)
(Increase) decrease in promissory notes receivable - current	16 492	-
(Increase) decrease in guarantee deposit receivable	5	21
(Increase) decrease in contributions receivable – non-current	-	104 294
(Increase) decrease in promissory notes receivable - non-current	76 639	119 538
Increase (decrease) in accounts payable	(8 365)	12 439
Increase (decrease) in staff payables	14	4
Increase (decrease) in accrued staff benefits - current	168	149
Increase (decrease) in accrued liabilities	(5 277)	6 042
Increase (decrease) in deferred revenue – current	(116 980)	23 471
Increase (decrease) in accrued staff benefits - non-current	1 696	2 237
Increase (decrease) in deferred revenue - non-current	-	(93 509)
<b>Net cash flows from operating activities</b>	<b>77 725</b>	<b>(32 870)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment revenue presented as investing activities	3 738	2 497
(Increase) decrease in short-term investments held by WHO	(76 237)	(16 469)
(Increase) decrease in financial asset for hedging by WHO	3 513	(3 513)
Increase (decrease) in financial liability held by WHO	3 786	(16 507)
<b>Net cash flows from investing activities</b>	<b>(65 200)</b>	<b>(33 992)</b>
Cash and cash equivalents held by WHO at the beginning of the year	32 340	99 202
<b>CASH and CASH EQUIVALENTS HELD BY WHO AT END OF THE PERIOD</b>	<b>44 865</b>	<b>32 340</b>



## Statement V. Statement of Comparison of Budget and Actual Amounts (1 of 2)

For the year ended 31 December 2022

(in thousands of US dollars)

### Revenue

	Forecast	Actual	Variance to forecast	Implementation to forecast
Contributions (core)	112 100	125 069	12 969	112%
Contributions (ACT-A) <sup>1</sup>	-	55 281	55 281	-
In-kind contributions	162	162	-	100%
<b>Total revenue</b>	<b>112 262</b>	<b>180 512</b>	<b>68 250</b>	<b>161%</b>

### Expenses

	Approved Budget	Actual	Variance to budget	Implementation to budget
<b>Governing Bodies</b>	<b>965</b>	<b>899</b>	<b>(66)</b>	<b>90%</b>
Staff Costs <sup>2</sup>	22 100	21 432	(668)	97%
Activities	4 861	4 700	(161)	97%
Carbon off-sets initiative	80	23	(57)	29%
<b>Secretariat</b>	<b>27 041</b>	<b>26 155</b>	<b>(886)</b>	<b>97%</b>
Grants (non-disb <sup>3</sup> )	491	210	(281)	43%
BDMI <sup>4</sup>	500	254	(246)	51%
SDIS <sup>5</sup>	1 920	2 030	110	106%
<b>Grants, BDMI and SDIS</b>	<b>2 911</b>	<b>2 494</b>	<b>(417)</b>	<b>86%</b>
<b>Subtotal operations</b>	<b>30 917</b>	<b>29 548</b>	<b>(1 369)</b>	<b>96%</b>
Actuarial charge	-	1 983	-	-
ACT-A funded				
-staff	-	1 346	-	-
-contractual services	-	1 167	-	-
Services in kind	-	162	-	-
<b>Total operations &amp; other</b>	<b>-</b>	<b>34 206</b>	<b>-</b>	<b>-</b>

<sup>1</sup> Due to the nature of the voluntary contributions to support ACT-A work, there was no 2022 forecast in November 2021.

<sup>2</sup> Gross payroll and staff entitlement costs.

<sup>3</sup> Costs relating to grants that are not disbursed as part of a signed grant agreement.

<sup>4</sup> Business development and market intelligence.

<sup>5</sup> Strategic development and implementation support. The amount of actual expenditure includes a strategy review consultancy requested by the Executive Board which was not included in the originally approved budget.

Admissible variance for this budget line as approved by the Executive Board is 10%.

## Statement V. Statement of Comparison of Budget and Actual Amounts (2 of 2)

For the year ended 31 December 2022

(in thousands of US dollars)

### Funds

	Spending ceiling	Actual	Variance to ceiling	Implementation to ceiling
M&E and EVA <sup>6</sup>	2 000	1 195	(805)	60%
Partnerships	300	-	(300)	0%
PPF <sup>7</sup>	2 000	215	(1 785)	11%
<b>Total funds</b>	<b>4 300</b>	<b>1 410</b>	<b>(2 890)</b>	<b>33%</b>

### Projects

	Forecasted Disbursements <sup>8</sup>	Actual	Variance to forecast	Implementation to forecast
HIV/AIDS	36 518	43 383	6 865	119%
Tuberculosis	38 156	24 585	(13 571)	64%
Malaria	68 687	42 430	(26 257)	62%
Cross-cutting	46 306	34 264	(12 042)	74%
Covid/ACT-A	11 246	12 957	1 711	115%
Return of funds	(969)	(2 376)	(1 407)	245%
<b>Total projects</b>	<b>199 944</b>	<b>155 243</b>	<b>(44 701)</b>	<b>77%</b>
<b>Total operations &amp; other, funds, projects</b>	<b>-</b>	<b>190 859</b>	<b>-</b>	<b>-</b>

<sup>6</sup> Monitoring & Evaluation and External Verification Activity

<sup>7</sup> Project Preparation Facility

<sup>8</sup> Forecasted disbursements for 2022 are made against the active portfolio at the end of 2021 using information known at that time – therefore the actual disbursements are not directly comparable to the forecast at the beginning of the year. Disbursements to new grants committed in 2022 as well as adjustments made to the 2022 forecast arising from the final reports received from the grantees in the first quarter of 2022 are also included in the 2022 actuals. The forecasted amount split by the disease areas HIV/AIDS, Tuberculosis, Malaria, Cross-cutting includes the covid/ACT-A component.

## Notes to the financial statements

### 1. Reporting entity

Unitaid is an international organization that focuses its work within the broader areas of HIV and co-infections, tuberculosis, malaria, women and children's health, and the response to global health emergencies.

Unitaid is a hosted entity of the World Health Organization (WHO), an intergovernmental and specialized agency of the United Nations. The Unitaid Secretariat is based solely in Geneva, Switzerland, with no in-country operations. The operations of the Secretariat are administered in accordance with the Unitaid Constitution and WHO rules.

### 2. Basis of preparation and presentation

The Memorandum of Understanding signed on 19 September 2006 that established Unitaid as a hosted entity of WHO specifies the principles and rules that apply to funds held in trust by WHO for the benefit of Unitaid. The accounting policies and financial reporting practices applied by Unitaid are in accordance with the WHO Financial Regulations and Rules. The Financial Statements are prepared on the accrual basis of accounting in accordance with IPSAS using the historical cost convention. Where IPSAS does not address a specific matter, the appropriate International Financial Reporting Standard (IFRS) has been applied.

These Financial Statements have been prepared under the assumption that Unitaid is a going concern and will continue in operation and will meet its mandate for the foreseeable future (IPSAS 1 - Presentation of Financial Statements).

These Financial Statements are presented in United States dollars and all values are rounded to the nearest thousand, also denoted as US\$ thousands (US \$000's).

The prior period financial statements have been reclassified to reflect the proportional allocation split of cash and cash equivalents, short-term investments and financial liabilities of Unitaid held by WHO which WHO began disclosing in the notes to their financial statements in 2021.

#### Functional currency and translation of foreign currencies

Foreign currency transactions are translated into United States dollars at the prevailing United Nations Operational Rates of Exchange which approximates to the exchange rates at the date of transactions. The Operational Rates of Exchange are set once a month and revised mid-month if there are significant exchange rate fluctuations relating to individual currencies.

Assets and liabilities (except deferred revenue being non-monetary in nature) in currencies other than United States dollars are translated into United States dollars at the prevailing Operational Rates of Exchange year-end closing rate. The resulting gains or losses are accounted for in the Statement of Financial Performance (Statement II).

## Materiality<sup>9</sup> and the use of judgments and estimates

Materiality is central to Unitaid's financial statements. The process for reviewing accounting materiality provides a systematic approach to the identification, analysis, evaluation, endorsement and periodic review of decisions taken involving the materiality of information, spanning a number of accounting areas. The financial statements include amounts based on judgments, estimates and assumptions by management. Changes in estimates are reflected in the period in which they become known.

## Financial statements

In accordance with IPSAS 1, a complete set of financial statements has been prepared as follows:

- Statement of Financial Position;
- Statement of Financial Performance;
- Statement of Changes in Net Assets/Equity;
- Statement of Cash Flow
- Statement of Comparison of Budget and Actual Amounts; and
- Notes to the financial statements, comprising a description of the basis of preparation and presentation of the statements, a summary of significant accounting policies, and other relevant information.

## 3. Significant accounting policies

### 3.1. Cash and cash equivalents held by WHO

Cash and cash equivalents held by WHO are held at nominal value and comprise cash on hand, cash at banks, collateral deposits, commercial papers, money market funds and short-term bills and notes. All investments that have a maturity of three months or less from the date of acquisition are included as cash and cash equivalents. This includes cash and cash equivalents held in the portfolios managed by external investment managers.

Cash and cash equivalents comprise cash on hand, cash at banks, collateral deposits, commercial paper, money market funds and short-term bills and notes held by WHO on behalf of Unitaid. Cash and cash equivalents are held for meeting short-term cash commitments rather than for investment or other purposes. This includes cash and cash equivalents held in the portfolios managed by external investment managers.

### 3.2. Investments and financial instruments held by WHO

Financial instruments are recognized from the date when WHO becomes a party to the contractual provisions of the instrument until the rights to receive cash flows from those assets have expired or have been transferred and the Organization has transferred substantially all the risks and rewards of ownership. Investments are classified as being: (i) financial assets or financial liabilities at fair value through surplus or deficit; (ii) held to maturity; or (iii) bank deposits and other receivables.

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<sup>9</sup> Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements.

**Financial assets or financial liabilities at fair value through surplus or deficit** are financial instruments that meet either of the following conditions: (i) they are held-for-trading or (ii) they are designated by the entity upon initial recognition at fair value through surplus or deficit.

Financial instruments in this category are measured at fair value and any gains or losses arising from changes in the fair value are accounted for through surplus or deficit and included within the Statement of Financial Performance in the period in which they arise. All derivative instruments, such as swaps, currency forward contracts or options are classified as held-for-trading except for designated and effective hedging instruments as defined under IPSAS 29 (Financial Instruments: Recognition and Measurement). Financial assets in the externally managed portfolios designated upon initial recognition as at fair value through surplus or deficit are classified as current assets or non-current assets according to the time horizon of the investment objectives of each portfolio. If the time horizon is less than or equal to one year, they are classified as current assets, and if it is more than one year, they are classified as non-current assets. Due to the large number of individual securities within each portfolio, at any given time there may be a minority of securities with a maturity profile that is different from the time horizon of the objectives of that portfolio.

**Held-to-maturity investments** are non-derivative financial assets with fixed or determinable payments and fixed maturity dates which WHO has both the intention and the ability to hold to maturity. Held-to-maturity investments are stated at amortized cost using the effective interest rate method, with interest revenue being recognized on an effective yield basis in the Statement of Financial Performance. As at 31 December 2021, no held-to maturity investments were held by the Organization.

**Bank deposits and other receivables** are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Accrued revenue related to interest, dividends and pending cash to be received from investments are included herein. Bank deposits and other receivables are stated at amortized cost calculated using the effective interest rate method, less any impairments. Interest revenue is recognized on the effective interest rate basis, with the exception of short-term receivables for which the recognition of interest would be immaterial.

All categories of financial assets are assessed at each reporting date to determine whether there is objective evidence that an investment or group of investments is impaired. Evidence of impairment includes default or delinquency of the counterparty or permanent reduction in the value of the asset. Impairment losses are recognized in surplus or deficit in the statement of financial performance (directly or through the use of an allowance account) in the year they arise.

**Other financial liabilities** include payables and accruals relating to investments and are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, with the exception of short-term liabilities for which the recognition of interest would be immaterial.

Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Organization has transferred substantially all risks and rewards of the financial asset. Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

### **3.3. Receivables**

Accounts receivable and staff receivables are recorded at their net estimated realizable value and not discounted as the effect of discounting is considered immaterial. Current receivables are amounts due within 12 months of the reporting date, while non-current receivables are those that are due more than 12 months from the reporting date of the financial statements.

Contributions receivable are recognized based on payment terms specified in a binding agreement between Unitaid and the contributor. Where no payment terms are specified, the full amount receivable is recognized as currently due. These are recorded at their estimated net realizable value and not discounted as the effect of discounting is considered immaterial.

Promissory notes receivable relate to amounts held in custody by WHO at the Bank of England, which have not yet been encashed.

An allowance for doubtful accounts receivable is recognized when there is a risk that the receivable may be impaired. Changes in the allowance for doubtful accounts receivable are recognized in the Statement of Financial Performance (Statement II). The provision of doubtful accounts is calculated based on an individual assessment on a case-by-case basis.

In accordance with WHO's Staff Regulations and Staff Rules, staff members are entitled to certain advances including those for salary, education, and rent. The advances have an initial maturity of less than 12 months, and the carrying amount approximates fair value.

### **3.4. Prepayments and deposits**

Prepayments relate to amounts paid to suppliers for goods or services not yet received. Guarantee deposits relate to amounts paid as security for the leasing of office space. Prepayments and deposits are recorded at cost.

### **3.5. Accounts payable and accrued liabilities**

Accounts payable are financial liabilities for goods or services that have been received by Unitaid and invoiced but not yet paid for.

Accrued liabilities are financial liabilities for goods or services that have been received by Unitaid during the reporting period and which have neither been paid for nor invoiced to Unitaid.

Accounts payable and accrued liabilities are recognized at cost as the effect of discounting is considered immaterial.

Funds committed to grants that are neither paid nor representing a binding obligation to pay (see Note 3.10) do not appear in the financial statements.

### **3.6. Employee benefits**

Unitaid recognizes the following categories of employee benefits:

- short-term employee benefits due to be settled within twelve months after the end of the accounting period in which employees render the related service;
- post-employment benefits;
- other long-term employee benefits;
- termination benefits.

Unitaid through WHO is a member organization participating in the United Nations Joint Staff Pension Fund (the UNJSPF or the Fund), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. Unitaid and the UNJSPF, in line with other participating organizations in the Fund, are not in a position to identify Unitaid's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence Unitaid has treated this plan as if it was a defined contribution plan in line with the requirements of IPSAS 39 (Employee Benefits). Unitaid's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance (Statement II).

### **3.7. Provisions and contingent liabilities**

Provisions are recognized for future liabilities and charges where Unitaid has a present legal or constructive obligation as a result of past events, and it is probable that there will be a requirement to settle the obligation.

Other commitments, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of Unitaid.

### **3.8. Deferred revenue**

Deferred revenue derives from legally binding agreements between Unitaid and its contributors. Deferred revenue is recognized when:

- a contractual agreement is confirmed in writing by both Unitaid and the contributor; and
- the funds are earmarked and due in a future period.

Deferred revenue is presented as non-current if revenue is due more than one year after the reporting date.

### **3.9. Revenue**

Revenue comprises gross inflows of economic benefits or service potential received and receivable by Unitaid during the year and represents an increase in net assets/equity. Unitaid recognizes revenue following the established criteria of IPSAS 23 (Revenue from Non-Exchange Transactions).

All contributions to Unitaid are voluntary, and therefore considered non-exchange revenue. Revenue from voluntary contributions is recorded when a binding agreement is signed by Unitaid and the contributor. Where there are “subject to” clauses in an agreement, Unitaid does not control the resource and does not record the revenue and amount receivable until the cash is received. When there are no payments terms specified by the contributor or payment terms are in the current accounting year, revenue is recognized in the current period.

Contributions in-kind and in-service are recorded at an amount equal to their fair market value as determined at the time of acquisition, based on an agreement between Unitaid and the contributor and upon confirmation of the receipt of the goods or services. An entry corresponding to the expense is recorded in the same period that the contributions in-kind and in-service are recorded as revenue.

### **3.10. Expenses**

Expenses are defined as decreases in economic benefits or service potential during the reporting period in the form of outflows, consumption of assets, or incurrences of liabilities that result in decreases in net assets. Unitaid recognizes expenses when goods or services are delivered (delivery principle) and not when cash or its equivalent is paid.

Grant disbursements represent non-exchange contracts signed with partner organizations so that they can implement Unitaid funded projects. As grant agreements signed between grantees and Unitaid stipulate conditions, funds are expensed at the time they are transferred to the grantees in accordance with IPSAS 23 (Revenue from non-exchange transactions); therefore, grant expenses are not based on the value of the overall commitments. However, when through the established internal review process Unitaid recognizes a binding obligation to pay against the cash disbursement requests, these amounts due may be recognized as payables.

### **3.11. Statement of Cash Flow**

The Statement of Cash Flow (Statement IV) is prepared using the indirect method.

### **3.12. Statement of Comparison of Budget and Actual Amounts**

Unitaid uses the accrual basis for both budget and accounting. The budget is prepared and approved on a yearly basis.

Although Unitaid’s financial statements cover all the activities of the Organization, the Statement of Comparison of Budget and Actual Amounts (Statement V) includes a comparison of Board approved budget amounts for Governing Bodies, Secretariat and other operating expenditures. Forecasts to actual comparisons for Revenue, Funds and Projects are included for completeness. Unitaid projects have been previously approved through Executive Board resolution for the duration of the underlying grant agreements.



## 4. Risk Management

WHO holds Unitaid's cash and cash equivalents and is exposed to financial risks including credit risk, interest rate risk, foreign exchange risk and investment price risk. WHO uses derivative financial instruments to hedge some of its risk exposures. In accordance with WHO's Financial Regulations, funds not required for immediate use may be invested. All investments are carried out within the framework of investment policies approved by the WHO Director General. Some portfolios are managed by external managers appointed by WHO to manage funds in accordance with a defined mandate. The Advisory Investment Committee regularly reviews the investment policies, the investment performance and investment risk for each investment portfolio. The Committee is composed of external investment specialists who can make investment recommendations to the Director General.

### Credit risk

Investments are widely diversified in order to limit credit risk exposure to any individual investment counterparty. Investments are placed with a wide range of counterparties using minimum credit quality limits and maximum exposure limits by counterparty established in investment mandates. These limits are applied both to the portfolios managed internally by WHO's Treasury Unit, and to the portfolios managed by external investment managers. The Treasury Unit monitors the total exposure to counterparties across all internally and externally managed portfolios.

Credit risk and liquidity risk associated with cash and cash equivalents are minimized by investing only in major financial institutions that have received strong investment grade ratings from primary credit rating agencies. The WHO Treasury Unit reviews the credit ratings of the approved financial counterparties and takes prompt action whenever a credit rating is downgraded.

### Interest rate risk

Unitaid is exposed to interest rate risk through its short-term and long-term fixed-income investments. The metric investment duration is a measure of sensitivity to changes in market interest rates, and the effective average duration of the Organization's investments as at 31 December 2022 was 0.7 years for short-term investments (excluding the bank deposits) and 6.7 years for long-term investments. An increase of 1% in the interest rate would cause a decrease of 0.7% in the value of the short-term investments (excluding bank deposits) and a decrease of 6.7% in the value of the long-term investments. The interest rates on short-term bank deposits are fixed at the time of investment; their values are not affected by any subsequent movement in interest rates.

Fixed-income derivative instruments may be used by external investment managers to manage interest rate risk under strict investment guidelines. Interest rate instruments of this type are used for portfolio duration management and for strategic interest rate curve positioning.

### **Foreign exchange currency risk**

Unitaid receives voluntary contributions and makes payments in currencies other than the United States dollar and is thus exposed to foreign exchange currency risk arising from fluctuations in the currency exchange rates. Exchange rate gains and losses on the purchase and sale of currencies, revaluation of cash book balances, and all other exchange differences are adjusted against the funds and accounts eligible to receive interest under the interest apportionment programme. The translation of transactions expressed in other currencies into the United States dollar is performed at the United Nations Operational Rates of Exchange (UNORE) prevailing at the date of transaction.

Assets and liabilities that are denominated in foreign currencies are translated at the UNORE year-end closing rate. Forward foreign exchange contracts are transacted to hedge foreign currency exposures and to manage short-term cash flows.

Realized and unrealized gains and losses resulting from the settlement and revaluation of foreign currency transactions are recognized in the Statement of Financial Performance (Statement II).

### **Funding risk**

Unitaid's funding is dependent on a relatively small number of donors. Some of these commitments are made on a multi-annual basis, decreasing the funding risk overall but leaving the residual risk that the eventual cash receipts may not amount to the level of the original commitment.

### **Fiduciary risk**

As a grant-making agency, one of the key risks to which Unitaid is exposed to is fiduciary risk. To mitigate this, Unitaid has developed a set of processes from the inception of approved projects to their closure to ensure that funds have been used for intended purposes, agreed results have been delivered in terms of quality and value for money, and risks of fraud, corruption and mismanagement are minimized. These include continuous assessment of grantee capacity, periodic programmatic and financial reporting, mid-term and end-of-project evaluations, as well as annual financial examinations.

## **5. Supporting information to the Statement of Financial Position**

### **5.1. Cash and cash equivalents held by WHO**

Unitaid's cash balances are held centrally by WHO and invested on behalf of Unitaid in accordance with WHO's rules and practices.

WHO centrally manages all cash and investments for WHO and non-consolidated entities such as Unitaid. All cash and investments held are reported in the WHO Financial Statements. They are held for meeting short-term cash requirements rather than for investment purposes. The balance includes cash and cash equivalents held in the portfolios managed by external investment manager.

WHO's main objectives for investments are the:

- preservation of capital;
- maintenance of sufficient liquidity to meet all payments of liabilities on time; and
- optimization of investment returns.

The Investment Policy reflects the nature of WHO's funds, which may either be held short-term, pending programme implementation, or longer-term to meet its long-term liabilities.

WHO cash and investments are co-mingled with those of the Staff Health Insurance (SHI) fund, UNAIDS, Unitaid and UNICC. WHO investments include term deposits which are managed by WHO Treasury directly, and bonds and other short-term fixed income and money market investments which are managed by high-quality approved international investment managers. For presentation purposes, the below split was reflected in Statement I. These are calculated by the WHO in applying the relative proportions of cash and cash equivalents, short-term investments and financial liabilities of the total figures to the inter-entity balances for the hosted entities.

As of 31 December 2022, funds managed by WHO were invested as follows:

<i>in thousands of US dollars</i>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
Cash and cash equivalents	44 865	32 340
Short-term investments	512 868	436 631
Financial liabilities	(7 192)	(3 406)
<b>Total current receivables</b>	<b>550 541</b>	<b>465 565</b>

Related interest is apportioned based on the average fund balance of WHO and the non-consolidated entities.

## **5.2. Financial asset for hedging**

This financial asset is related to the recording of an unrealized gain in the prior year on the currency hedging program managed by WHO.

### 5.3. Contributions receivable – current and non-current

Contributions receivable relate to voluntary donor contributions for which firm commitment agreements have been received. Current receivables are expected to be received within one year from 31 December 2022.

<i>in thousands of US dollars</i>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
France	-	96 482
France ACT-A	-	22 701
Japan	434	-
Italy ACT-A	-	1 135
Spain	-	1 703
Spain ACT-A	-	2 270
UNDP <sup>10</sup>	166	265
Wellcome Trust	2 501	2 501
<b>Total current receivables</b>	<b>3 101</b>	<b>127 057</b>

### 5.4. Staff receivables

In accordance with WHO's Staff Rules and Regulations, staff members are entitled to certain advances including those for salary, education, and travel.

The total balance of staff receivables amounts to US\$ 637 thousand as at 31 December 2022 (US\$ 619 thousand as at 31 December 2021) of which 83.5% relates to education grant advances made to staff for the 2023 portion of the 2022-2023 school year.

<i>in thousands of US dollars</i>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
Education grant advance	532	617
Other <sup>11</sup>	105	2
<b>Total staff receivables</b>	<b>637</b>	<b>619</b>

### 5.5. Other receivables

Other receivables are amounts not yet returned by the suppliers due to the absence of services.

### 5.6. Prepayments

Prepayments relate to amounts paid to suppliers for goods or services not yet received.

<sup>10</sup> Receivable for a staff member on loan

<sup>11</sup> Includes SLIC (sick leave under insurance cover) refund, salary, travel, other advances.

## 5.7. Guarantee deposit receivable

WHO, on behalf of Unitaid, entered into a sub-lease agreement with The Global Fund, upon the move to the Global Health Campus on 17 August 2018. A security deposit equivalent to six months' rent was also deposited at Credit Suisse as per the agreement with the Global Fund. The rental guarantee can be released only upon the agreement of both the tenant and the lessor. In the absence of a court action brought by the lessor against the tenant within one year from the date on which the tenant has released the premises covered by the guarantee, the deposit will be liberated in full.

## 5.8. Promissory notes receivable

In accordance with Amendments No.3, 2015, No.4, 2018, No.5, 2019 and No.6, 2022 to the Donor Administrative Agreement with the United Kingdom (covering the 2015-2017, 2018-2020 and 2022 periods respectively), contributions are to be deposited as promissory notes into DFID's 'securities account' at the Bank of England (held in custody by the WHO) following payment requests by Unitaid according to commitment need. These notes are due on demand; US\$ 79.2 million is a current receivable and US\$ 56.8 million is a non-current receivable. Encashment of these notes is in accordance with Unitaid's liquidity policy. In the year ended 31 December 2022 Unitaid encashed a Promissory Notes Two and Three with the amount of GBP 71 million (US\$ 90 million).

As per Unitaid's Foreign Exchange Risk Mitigation Policy, all of the promissory notes on deposit at the Bank of England in Pound Sterling are being hedged by WHO treasury.

## 5.9. Accounts payable

<i>in thousands of US dollars</i>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
Financial liability for hedging	10 954	348
Grantee payable	-	19 438
Supplier payable	622	166
Other payable	12	1
<b>Total accounts payable</b>	<b>11 588</b>	<b>19 953</b>

The financial liability for hedging is related to the recording of the unrealized loss on the currency hedging program managed by WHO.

Supplier payable represents the total amounts outstanding to suppliers of goods and services at the end of the period for goods and services received and invoiced during the period, as well as disbursements owing to grantees.

## 5.10. Staff payables

Staff payables consist of amounts owed to staff for reasons such as clearance activities upon repatriation as well as retroactive pay owing.

## 5.11. Accrued staff benefits

Accrued staff benefits include terminal payments, staff health insurance, liabilities due to service-incurred death or disability (Special Fund for Compensation) and pension liability.

<i>in thousands of US dollars</i>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
Accrued staff benefits - current		
Accrued annual leave	1 397	1 286
Terminal Payments	215	157
Special Fund for Compensation	1	3
After Service Health Insurance	-	-
Pension Liability	14	13
<b>Total accrued staff benefits - current</b>	<b>1 627</b>	<b>1 459</b>
Accrued staff benefits - non-current		
Terminal Payments	1 303	1 659
Special Fund for Compensation	74	442
After Service Health Insurance	7 035	19 747
<b>Total accrued staff benefits - non-current</b>	<b>8 412</b>	<b>21 848</b>
<i>in thousands of US dollars</i>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
Accrued staff benefits		
Accrued annual leave	1 397	1 286
Terminal Payments	1 518	1 816
Special Fund for Compensation	75	445
After Service Health Insurance	7 035	19 747
Pension Liability	14	13
<b>Total accrued staff benefits</b>	<b>10 038</b>	<b>23 307</b>

### Terminal payments

The Terminal Payments Fund was established to finance the terminal emoluments of staff members, including repatriation grants, accrued annual leave, repatriation travel and removal on repatriation. The Terminal Payments Fund is funded by a charge made to salary.

Liabilities arising from repatriation benefits and annual leave are determined by independent consulting actuaries. However, the accrued leave is calculated on a walk-away basis – that is, as if all staff separated immediately – and, therefore, is not discounted. These liabilities (both current and non-current) would be satisfied through the use of cash and cash equivalents held at WHO should the need arise.

The latest actuarial study (as at 31 December 2022) estimated the full terminal payment liability to be US\$ 2.862 million compared to US\$ 3.102 million as at 31 December 2021. This calculation did not include costs for the end-of-service grant and for separation by mutual agreement on abolishment of posts. The defined

benefit obligation amounted to US\$ 1.464 million (short-term liability, US\$ 0.201 million; long-term liability, US\$ 1.263 million) compared to US\$ 1.79 million as at 31 December 2021 for terminal entitlements, and US\$ 1.4 million (US\$ 1.3 million as at 31 December 2021) for annual leave which is included in the terminal payments current balance.

### **Staff Health Insurance (SHI)**

The WHO manages its own health insurance scheme as a separate entity. The Staff Health Insurance has its own governance structure and provides for the reimbursement of a major portion of expenses for medically recognized health care incurred by staff members, retired staff members and their eligible family members. The Staff Health Insurance is financed from the contributions made by the participants (1/3) and the Organization (2/3) and from investment income.

The Organization accounts for after-service staff health insurance as a post-employment benefit. Actuarial gains and losses are recognized in the net assets / equity in accordance with IPSAS 39 (Employee Benefits).

Professional actuaries determined the 2021 defined benefit obligation for the Staff Health Insurance based on personnel data and payment experience provided by Unitaid/WHO. As at 31 December 2022, the defined benefit obligation amounted to US\$ 16.5 million (US\$ 30.1 million in 2021).

Further details on the Staff Health Insurance liability can be found in the annual report of the Staff Health Insurance scheme.

### **Special Fund for Compensation (SFFC)**

In the event of a death or disablement attributable to the performance of official duties of an eligible staff member, the Special Fund for Compensation covers all reasonable medical, hospital, and other directly related costs, as well as funeral expenses. In addition, the Fund will provide compensation to the disabled staff member (for the duration of the disability) or to the surviving family members.

Unitaid accounts for the Special Fund for Compensation as a post-employment benefit. Actuarial gains and losses are recognized in the net assets / equity in accordance with IPSAS 39 (Employee Benefits).

As per the actuarial study, the total liability was US\$ 75 thousand at 31 December 2022 (US\$ 445 thousand as at 31 December 2021).

**Actuarial summary of terminal payments, Staff Health Insurance and the Special Fund for Compensation (US\$ thousands)**

Description	Terminal Payments (other than accrued leave)	Staff Health Insurance	Special Fund for Compensation
<b>Reconciliation of Defined Benefit Obligation (DBO)</b>			
Defined Benefit Obligation as at 31 December 2021	1 790	29 741	445
Service cost	194	2 015	60
Interest cost	43	119	7
Actual gross benefit payments for 2022	(157)	(33)	-
Actual administrative expenses	-	(2)	-
Actual contributions by participants	-	11	-
Plan amendments	54	-	-
(Gain)/Loss on DBO due to financial assumption changes	(345)	(10 729)	(45)
(Gain)/Loss on DBO due to other assumption changes	(61)	(5 300)	(291)
Other (Gain)/Loss on Defined Benefit Obligation	-	-	(101)
<b>Defined Benefit Obligation as at 31 December 2022</b>	<b>1 518</b>	<b>15 822</b>	<b>75</b>
<b>Reconciliation of Assets</b>			
Assets as at 31 December 2021 (gross of IBNP reserve)	-	10 347	-
Actual gross benefit payments for 2022	(157)	(1 866)	-
Actual administrative expenses	-	(113)	-
Participant Contributions during 2022	157	686	-
Organization Contributions during 2022	-	1 381	-
Net transfer to cover WHO-PAHO/PAHO deficit for 2022	-	-	-
Interest on Net SHI Assets for 2022	-	40	-
Asset Gain (Loss)	-	(1 028)	-
<b>Assets as at 31 December 2022</b>	<b>-</b>	<b>9 447</b>	<b>-</b>
<b>Reconciliation of Incurred-But-Not-Paid Reserve</b>			
Incurred-But-Not-Paid Reserve at 31-12-2021	-	353	-
Interest On Incurred-but-Not-Paid Reserve for 2022	-	2	-
(Gain)/Loss on Incurred-But-Not-Paid Reserve	-	305	-
<b>Incurred-But-Not-Paid Reserve at 31 December 2022</b>	<b>-</b>	<b>660</b>	<b>-</b>
<b>Net Assets on WHO-Geneva's Books (Gross Assets Minus IBNP Reserve at 31 December 2022)</b>	<b>-</b>	<b>8 787</b>	<b>-</b>
<b>Reconciliation of Funded Status</b>			
Defined benefit obligation			
Active	1 518	14 419	75
Inactive	-	1 403	-
Incurred-But-Not-Paid Reserve	-	660	-
<b>Total defined benefit obligation</b>	<b>1 518</b>	<b>16 482</b>	<b>75</b>
Plan Assets			
Gross plan assets	-	(9 447)	-
Offset for 470.1 Reserve	-	660	-
<b>Total plan assets</b>	<b>-</b>	<b>(8 787)</b>	<b>-</b>
<b>Deficit (Surplus)</b>	<b>1 518</b>	<b>7 035</b>	<b>75</b>
<b>Net Liability (Asset) Recognized in Statement of Financial Position</b>	<b>1 518</b>	<b>7 035</b>	<b>75</b>
Current	215	-	1
Non-current	1 303	7 035	74
<b>Net Liability (Asset) Recognized in Statement of Financial Position</b>	<b>1 518</b>	<b>7 035</b>	<b>75</b>
Annual expense for 2022			
Service cost	194	2 015	60
Interest cost	43	80	7
Remeasurements	(406)	-	-



Past Service (Credit)/Cost	54	-	-
<b>Total Expense Recognized in Statement of Financial Performance</b>	<b>(115)</b>	<b>2 095</b>	<b>67</b>
<b>Actuarial Gain recognised in Net Assets/Equity</b>		<b>(14 696)</b>	<b>(437)</b>

<b>Sensitivity analysis</b>	<b>US\$ thousands</b>
<b>31 December 2022 defined benefit obligation</b>	
Current medical inflation assumption minus 1%	10 430
Current medical inflation assumption	15 822
Current medical inflation assumption plus 1%	22 132
Current discount rate assumption minus 1%	20 593
Current discount rate assumption	15 822
Current discount rate assumption plus 1%	11 700

## Actuarial methods and assumptions

Each year the Organization identifies and selects assumptions and methods that will be used by the actuaries in the year-end valuation to determine the expense and contribution requirements for the Organization's employee benefits. Actuarial assumptions are required to be disclosed in the financial statements in accordance with IPSAS 39 (Employee Benefits). In addition, each actuarial assumption is required to be disclosed in absolute terms.

In 2022, the organization performed a full valuation to estimate the liabilities. Normally, a full evaluation is done every three years.

All plans:	31 December 2022
<b>Discount rate</b>	
Terminal payments (other than accrued leave):	The weighted-average discount rate used is 5.1% (increase from 2.5% in the prior valuation). Based on a yield curve approach that reflects the expected cash flows with weights of 100% on the Aon USD AA Above Median curve. The resulting discount rate is rounded to the nearest 0.1%.
Staff Health Insurance:	Europe, 2.3% (increase from 0.4% in prior valuation); the Americas, 5.6% (increase from 3.2% in prior valuation); Other Countries, 5.3% (increase from 2.9% in prior valuation).  Discount rates are based on the yields of high-grade corporate bonds. WHO uses a yield curve approach, which reflects the expected cash flows and assumed currency exposure—specific to the ASHI—for each grouping of offices. The liability is assumed to be incurred in Swiss francs, euros, and US dollars, based on the approximate liability mix for each grouping of offices and the following yield curves. These curves were recommended by the United Nations for use in its retiree medical valuations, based on consultations with Aon: Switzerland—Aon Swiss AA Corp. curve, Euro Zone—Aon AA Corp. curve, and the United States— Aon AA Above Median curve.  The discount rates for the 31 December 2022 valuation are based on the geographic locations of the offices, as described in the section below entitled Regional groupings for all purposes except claims costs. The resulting rate is rounded to the nearest 0.1%.
Special Fund for Compensation:	The weighted-average discount rate used is 3.8% (increase from 1.6% in the prior valuation). Based on a yield curve approach that reflects the expected cash flows with weights of 25% on the Aon USD AA Above Median curve, 15% on the Aon Swiss AA Corp. curve and 60% on the Aon EUR AA Corp. curve. The resulting discount rate is rounded to the nearest 0.1%.
Accident and Illness Insurance:	The weighted-average discount rate used is 2.8% (decrease from 0.3% in the prior valuation). Based on a yield curve approach that reflects the expected

cash flows with weights of 30% on the Aon USD AA Above Median curve and 70% on the Aon Swiss AA Corp. curve. The resulting discount rate is rounded to the nearest 0.1%.

#### **Annual general inflation**

Terminal payments (other than accrued leave):	The weighted-average inflation rate used is 2.5%. The regional weightings used are 100% on United States rate. Rounding of the resulting weighted-average inflation rates for each plan to the nearest 0.1%.
Staff Health Insurance:	Europe 1.5%, the Americas 2.4%, and Other Countries 2.4%. The rates are based on the United Nations common assumptions (for long-duration plans) as directed by the United Nations System Task Force on Accounting Standards. Specifically, the rate for Europe is a weighted average of the rates for Switzerland (1.2%) and the Euro Zone (2.6%), and 2.4% for the United States with the result rounded to the nearest 0.1%.  The currency weightings for each claims region are assumed to be the same currency weightings for offices located in those regions. The currency weightings used are as follows: for Europe, 80% Swiss francs and 20% euros; for the Americas, 100% US dollars; and for Other Countries, 80% US dollars and 20% euros.
Special Fund for Compensation:	The weighted-average inflation rate used is 2.35%. The regional weightings used are 15% on Swiss, 60% Euro Zone and 25% on United States rate. Rounding of the resulting weighted-average inflation rates for each plan to the nearest 0.1%.
Accident and Illness Insurance:	The weighted-average inflation rate used is 1.5%. The regional weightings used are 70% on Swiss and 30% on United States rate. Rounding of the resulting weighted-average inflation rates for each plan to the nearest 0.1%.

#### **Annual salary scale**

All plans:	General inflation, plus 0.5% for productivity growth, plus merit/promotion increases.
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#### **Regional groupings for all purposes except claims costs**

Terminal payments (other than accrued leave):	Not applicable
Staff Health Insurance:	Based on: the Regional Office for Europe and headquarters, which are grouped as Europe; the Regional Office for the Americas, which constitutes the Americas; and the African Region, the Eastern Mediterranean Region, the South-East Asia Region, and the Western Pacific Region, which are grouped as Other Countries.
Special Fund for Compensation:	Not applicable
Accident and Illness Insurance:	Not applicable

#### **Repatriation travel and removal on repatriation**

Terminal payments (other than accrued leave):	Calculated using the projected unit credit method with service prorated, and an attribution period from the entry on duty date to separation. A 2% increase is applied for incurred but not paid benefits.
Staff Health Insurance:	Not applicable
Special Fund for Compensation:	Not applicable
Accident and Illness Insurance:	Not applicable

#### **Repatriation grant, termination indemnity, and grant in case of death**

Terminal payments (other than accrued leave):	Using the projected unit credit method with accrual rate proration. A 2% increase is applied for incurred but not paid benefits.
Staff Health Insurance:	Not applicable
Special Fund for Compensation:	Not applicable
Accident and Illness Insurance:	Not applicable

#### **Accrued leave**

Terminal payments (other than accrued leave):	The liability is set equal to the walk-away liability – that is, as if all staff separated immediately. Plus 2% increase is applied for incurred but not paid benefits.
Staff Health Insurance:	Not applicable
Special Fund for Compensation:	Not applicable
Accident and Illness Insurance:	Not applicable
<b>Abolition of post, end-of-service grant, and separation by mutual agreement</b>	
Terminal payments (other than accrued leave):	These benefits are considered termination benefits under IPSAS 39 (Employee Benefits) and, therefore, are excluded from the valuation.
Staff Health Insurance:	Not applicable
Special Fund for Compensation:	Not applicable
Accident and Illness Insurance:	Not applicable

### United Nations Joint Staff Pension Fund

Unitaid as part of the World Health Organization is a member organization participating in the United Nations Joint Staff Pension Fund (the “Fund”), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. WHO and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify WHO’s proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, WHO has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39 (Employee Benefits). WHO’s contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.

The Fund’s Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the Open Group Aggregate Method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities.

WHO’s financial obligation to the Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as

of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

The latest actuarial valuation for the Fund was completed as of 31 December 2021, and a roll forward of the participation data as of 31 December 2021 to 31 December 2022 will be used by the Fund for its 2022 financial statements.

The actuarial valuation as of 31 December 2021 resulted in a funded ratio of actuarial assets to actuarial liabilities of 117.0% (107.1% in the 2019 valuation). The funded ratio was 158.2% (144.4 % in the 2019 valuation) when the current system of pension adjustments was not taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2021, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26. Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2019, 2020 and 2021) amounted to US\$ 8 505.27 million.

During 2022, contributions paid to the Fund amounted to US\$ 4.4 million (2021 US\$ 4.0 million). Expected contributions due in 2023 are approximately US\$ 4.7 million.

Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund publishes quarterly reports on its investments and these can be viewed by visiting the Fund at [www.unjspf.org](http://www.unjspf.org).

#### **5.12. Accrued liabilities**

Accrued liabilities consist of expenses that have been incurred during 2022 but remain to be paid. As of 21 February 2023, US\$ 685 thousand (of the US\$ 1.1 million unvoiced accrued liabilities) has been paid.

#### **5.13. Deferred revenue**

As at 31 December 2022 there was no deferred revenue.

## 6. Supporting information to the Statement of Financial Performance

### Revenue

#### 6.1. Voluntary contributions (core, non-core and ACT-A contributions)

Voluntary contributions consist of proceeds from the solidarity tax levied on air-tickets in several countries supporting Unitaid (most notably France), budgetary contributions from countries and grants from the Bill and Melinda Gates Foundation and the Wellcome Trust. In the year ended 31 December 2022 Unitaid received commitments for four contributions through the ACT-A mechanism. Refer to Schedule III for information on voluntary contributions received since 2006.

<i>in thousands of US dollars</i>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
<i>Contributions from core donors:</i>		
Bill & Melinda Gates Foundation	-	10 000
Brazil	2 221	2 408
France	93 509	93 509
Japan	435	-
Norway	2 004	1 099
Portugal	53	-
Republic of Korea	10 000	-
Spain	-	1 703
United Kingdom	16 847	-
<b>Total contributions from core donors</b>	<b>125 069</b>	<b>108 719</b>
<i>Contributions from ACT-A:</i>		
Canada	15 649	11 867
France	23 310	11 628
Germany	15 912	23 420
Italy	-	1 135
Japan	410	8 937
Norway	-	15 473
Portugal	-	142
Spain	-	2 270
Wellcome Trust	-	10 000
<b>Total ACT-A contributions</b>	<b>55 281</b>	<b>84 872</b>
<b>Total voluntary contributions</b>	<b>180 350</b>	<b>193 591</b>

## 6.2. In-kind / in-service contributions

In 2022 Unitaid received an in-service contribution from France for staff services in the amount of US\$ 162 thousand.

## Expenses

### 6.3. Disbursements to grantees

Unitaid makes disbursements to grantees for projects which have been approved by the Unitaid Executive Board in accordance with grant agreements and the policy on cash disbursements to grantees.

<i>in thousands of US dollars</i>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
Disbursements to grantees	157 619	335 046
Disbursements to grantees - PPF	215	538
Return of funds	(2 376)	(4 800)
<b>Total Projects</b>	<b>155 458</b>	<b>330 784</b>

The Project Preparation Facility (PPF) allocates funds to proponents in need of funding for effective grant development. Return of funds consists of amounts returned by grantees for unspent funds remaining upon grant closure.

Disbursements to grantees for 2022 as compared to 2021 are broken down by area as follows:

<i>in thousands of US dollars</i>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
HIV/AIDS	43 383	62 503
TB	24 585	59 044
Malaria	42 430	82 148
Cross-cutting	34 264	22 343
Covid	12 957	109 008
<b>Total Projects</b>	<b>157 619</b>	<b>335 046</b>

### 6.4. Constituency funding

Constituency funding includes those amounts granted to support two civil society networks (nongovernmental organizations and communities living with HIV/AIDS, malaria and tuberculosis) and the representative of African countries designated by the African Union; all three who sit on the Executive Board and have representation on the Committees. The activities funded are for a Communication Focal Point/Liaison Officer, consultation activities, and travel relating to effective representation of issues and concerns at the Executive Board, the Committees and other Unitaid meetings. The Board approves these grants as part of the yearly Governing Bodies budget and authorizes the Executive Director to sign any necessary funding agreements with the organizations designated to receive and administer funds by each of the delegations.

## 6.5. Staff and other personnel costs

Staff and other personnel costs represent the total cost of employing staff. These include charges for base salary, post adjustment and other types of entitlements paid or payable by Unitaid. Staff costs also include the movement in the actuarial calculations for accrued staff benefits which is recognized in the Statement of Financial Performance (Statement II).

<i>in thousands of US dollars</i>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
Salary costs	23 225	21 500
Actuarial costs	1 983	2 015
Other personnel costs	(304)	138
<b>Total staff and other personnel costs</b>	<b>24 904</b>	<b>23 653</b>

## 6.6. Contractual services

Contractual services represent payments made to service providers for specified deliverables as well as the cost of hosting services paid by Unitaid to WHO.

<i>in thousands of US dollars</i>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
Contractual services	5 867	4 629
Contractual services provided by WHO	2 292	2 063
<b>Total consulting and contractual services</b>	<b>8 159</b>	<b>6 692</b>

A breakdown of the cost of hosting services paid to WHO, audit and internal control services is as follows:

<i>in US dollars</i>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
Administrative services	2 074	1 807
Legal services	169	159
Audit	49	97
<b>Total consulting services provided by WHO</b>	<b>2 292</b>	<b>2 063</b>

The amount paid to WHO for administrative services is calculated according to the Generic Hosting Terms for WHO Hosted Partnerships.

## 6.7. Travel

Travel represents the cost of travel for Unitaid staff, non-staff participants in meetings and consultants paid by Unitaid. Travel expenses include airfare, per diem and other travel related costs. This amount does not include the statutory travel for home leave and education grant that is accounted for within staff and other personnel costs. In 2022 travel began to return after the two-year disruption from Covid-19, yet still at 46% of travel reported in 2019.

<i>in thousands of US dollars</i>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
<b>Total travel</b>	<b>576</b>	<b>46</b>

## 6.8. Equipment and furniture

Total expenses for 2022 were US\$ 79 thousand (US\$ 82 thousand for 2021). Purchases of equipment and furniture are fully expensed at cost value in the financial period in which they were acquired if the value of every individual purchased item does not exceed a capitalization threshold of US\$ 5 000. As at 31 December 2022 no equipment or furniture purchases have reached the threshold.

## 6.9. General operating expenses

General operating expenses reflect the cost of general operations of Unitaid. This includes utilities, telecommunications (fixed telephones, mobile phones, internet, and teleconference expenses), hospitality and courtesy expenditures, as well as rent.

Unitaid sub-leases office space outside of the WHO campus. Obligations through the life of the sub-lease can be found at Note 10.

<i>in thousands of US dollars</i>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
General operating expenditures	259	317
Rent	1 056	1 139
<b>Total general operating expenditures</b>	<b>1 315</b>	<b>1 456</b>



## 6.10. Finance revenue

Finance revenue includes the following:

<i>in thousands of US dollars</i>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
Investment revenue	3 738	2 497
Net realized foreign exchange gains or (losses)	35 707	(2 247)
Net unrealized foreign exchange gains or (losses)	(36 359)	(23 975)
Actuarial revaluation gains or (losses) on Terminal Payments Fund	406	(6)
Actuarial interest cost related to valuation of Terminal Payments Fund and Special Fund for Compensation	(50)	(37)
<b>Total financial revenue and costs</b>	<b>3 442</b>	<b>(23 768)</b>

Investment revenue includes an interest allocation calculated on monthly average cash balances held by WHO in trust for Unitaid, which for 2022 amounted to US\$ 4.1 million. Net interest received is made available for allocation to Unitaid projects and/or Secretariat expenses.

The realized foreign exchange gain/(loss) is made up of gains upon actual receipt of multi-year contributions that have been entered into the hedging program of WHO, as well as realized foreign exchange gains/(losses) on non-US\$ currency payables throughout the financial year.

The unrealized foreign exchange gain/(loss) is the net unrealized foreign exchange gain/(loss) calculated at 31 December 2022 for hedged contributions not yet received and amounts payable in non-US\$ currency. The below table includes data for hedging contracts which are transacted by WHO on behalf of Unitaid.

<i>in thousands of US dollars</i>				
<b>Currency forward sold</b>		<b>Currency forward bought</b>	<b>Net unrealized gain/(loss) as at 31.12.2022</b>	<b>Net realized gain/(loss) as at 31.12.2022</b>
Canadian dollar	20 000	15 783	-	11
Euro	108 750	113 528	-	18 036
Pound sterling	113 000	125 333	(10 954)	26 957
<b>Total</b>			<b>(10 954)</b>	<b>45 004</b>

Interest earned by grantees on the available cash balances provided by Unitaid is not directly reflected in the financial statements of Unitaid. The grantees are required to manage the interest earned on the available cash balances according to the "Policy of interest income earned by grantees on funds provided by Unitaid", approved by the Unitaid Executive Board in its 14th session in July 2011. Grantees report back to the Secretariat on the interest earned on disbursements received from Unitaid as part of Other project income, which as per 2022 mid-term progress reports made US\$ 192 744 as of 30 June 2022.

## 7. Supporting information to the Statement of Changes in Net Assets/Equity

Unitaid maintains two funds: core and ACT-A. The net assets have not been allocated to specific reserves by the Board. The net assets are the cumulative results of revenue and expenses since inception.

Net assets as at 31 December 2022 total US\$ 668.1 million. The projected balance of funds to be paid against approved grant agreements is an estimated US\$ 385.3 million as detailed in Note 10.

## 8. Supporting information to the Statement of Comparison of Budget and Actual Amounts

In December 2021, at EB39, the Unitaid Executive Board adopted resolution n°1 approving an operating budget of US\$ 30.9 million for the 2022 calendar year. In August of each year, as part of the exercise to set the next year's budget, a review is undertaken by the Secretariat in order to forecast expected spend through the end of the year against the current year's approved budget. In 2022 the notable differences of the budget to actuals (those greater than 10%) are that we (1) spent less on carbon offsets as we were able to purchase high quality offsets at a lower price than originally forecasted; (2) grant travel, which is included as part of the Grants (non-disb) budget line, returned at a slower-than-anticipated pace due to the emergence of the Omicron variant at the end of 2021; and (3) in BDMI the amount budgeted for landscapes was 30% utilized as we had expertise in house, and the investment case was contracted for 25% less than originally budgeted.

Financial performance for the year and a detailed explanation of the budget variances are presented at the Financial Accounting Committee meeting in April-May of the following year.

## 9. Related parties and other senior management disclosures

### a) Key management personnel

Staff members considered as key management personnel (KMP) includes the Executive Director, the Senior Advisor to the Executive Director, the Deputy Executive Director and the Senior Management Team (Operations, Strategy, Results, External Relations, Finance and Administration, and Legal).

Number of individuals	Compensation & post adjustment	Entitlements	Pension & health plans	Total remuneration to 31-Dec-22
10	1 936	492	600	3 028

The aggregate remuneration paid to KMP includes net salaries, post adjustment, entitlements, assignment and other grants, rental subsidy, personal effects shipment costs, and employer pension and current health insurance contributions.

KMP also qualify for post-employment benefits at the same level as other employees. These benefits cannot be reliably quantified. KMP are enrolled as ordinary members in the WHO pension plan managed by the UNJSPF.

During the year, no loans were granted to key management personnel beyond those widely available to staff outside this grouping.

#### b) Medicines Patent Pool Foundation

The Medicines Patent Pool Foundation (MPPF) is an independent non-profit Swiss foundation established to improve health by providing patients in low- and middle-income countries with increased access to quality, safe, efficacious, more appropriate and affordable health products, through a voluntary patent pool mechanism, initially in the area of antiretroviral pharmaceutical products, pediatric antiretroviral products and new fixed dose combinations.

MPPF was founded in July 2010. Unitaid signed an agreement with MPPF on 17 September 2010 to facilitate the work of the Foundation. The total funding support for 2010-2015 approved by the Board is US\$ 31.2 million with an additional US\$ 29.2 million approved for the 2016-2020 period at the December 2016 Executive Board meeting, as well as US\$ 34.3 million for 2021-2025 period approved in November 2020. As at 31 December 2022 the amount disbursed to MPPF from Unitaid is US\$ 70.2 million.

Although Unitaid does not have representation on the Board of MPPF, it attends its meetings as an Observer.

## 10. Commitments

As at 31 December 2022, the active grant portfolio was US\$ 1.55 billion with cumulative disbursements against these commitments totaling US\$ 1.16 billion. The value of future disbursements to active grants and the funding approved for new projects by the EB at December 2022 is estimated at US\$ 385.3 million as detailed below.

<i>in thousands of US dollars</i>	
<b>2023</b>	192 640
<b>2024</b>	95 449
<b>2025</b>	37 152
<b>2026</b>	8 398
<b>2027</b>	543
<b>Committed funds on closing projects/reserve</b>	51 159
<b>Total commitments</b>	<b>385 341</b>

The total commitments of US\$ 385.3 million are split into core and covid as US\$ 344.2 million and US\$ 41.1 respectively.

In May 2018, Unitaid signed a ten-year lease agreement with the Global Fund for renting office space at the Global Health Campus. After an amendment of the rent agreement on 1 December 2021 the future annual lease rental payments total to CHF 1 025 thousand (US\$ 1 120 thousand) and are as follows:

- Rent (including parking) – CHF 594 thousand (US\$ 649 thousand),
- Shared services – CHF 431 thousand (US\$ 471 thousand).

## **11. Future revenue**

At 31 December 2022 Unitaid did not hold multi-year agreements.

## **12. Contingent liabilities and assets**

### **a) Contingent liabilities**

Unitaid recognizes a provision for all present obligations for which a probable outflow of resources will be required to settle the obligation and for which the value of the obligation can be reasonably estimated. These provisions are recorded as an expense in the period in which they occur, and a corresponding liability is established.

Contingent liabilities however relate to potential future outflows which do not meet the criteria of a provision (i.e. they are not probable or cannot be reasonably estimated). If a contingent liability is not considered remote it should be disclosed in the notes to the Financial Statements.

As at 31 December 2022, there are no material contingent liabilities to disclose.

### **b) Contingent assets**

In accordance with IPSAS 19 (Provisions, Contingent Liabilities and Contingent Assets), contingent assets will be disclosed for cases where an event will give rise to a probable inflow of economic benefits. As at 31 December 2022, there are no material contingent assets to disclose.

## **13. Events after reporting date**

Unitaid's reporting date is 31 December 2022. On 3 January 2023 Unitaid received a multi-year commitment letter from France, contributing EUR 255 million for the triennium 2023-2025. On 8 February 2023 the Foreign, Commonwealth & Development Office of the United Kingdom has confirmed the encashment of the Promissory Note Four of GBP 66 million which was received on 15 February 2023.

## Schedule I. Annual Financial Position

As at 31 December for the current and previous four years (in thousands of US dollars)

	2022	2021 (reclassified)	2020 (reclassified)	2019	2018
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents held by WHO	44 865	32 340	99 202	570 844	665 621
Short-term assets held by WHO	512 868	436 631	420 162		
Short-term investments	-	3 513			
Contributions receivable - current	3 101	127 056	115 062	98 581	2 465
Staff receivables	637	619	508	364	463
Other receivables	-	33	140	17	7
Prepayments	11	16	8	34	292
Promissory notes receivable	79 195	95 687			
<b>Total current assets</b>	<b>640 677</b>	<b>695 896</b>	<b>635 082</b>	<b>669 840</b>	<b>668 848</b>
<b>Non-current assets</b>					
Contributions receivable – non-current	-	-	104 294	187 019	-
Promissory notes receivable	56 785	133 424	348 649	298 959	167 067
Guarantee deposit receivable	588	593	614	556	724
<b>Total non-current assets</b>	<b>57 373</b>	<b>134 017</b>	<b>453 557</b>	<b>486 534</b>	<b>167 791</b>
<b>TOTAL ASSETS</b>	<b>698 050</b>	<b>829 913</b>	<b>1 088 639</b>	<b>1 156 374</b>	<b>836 639</b>

## Schedule I. Annual Financial Position (continued)

As at 31 December for the current and previous four years (in thousands of US dollars)

	2022	2021 (reclassified)	2020 (reclassified)	2019	2018
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Financial liabilities held by WHO	7 192	3 406	19 912		
Accounts payable	11 588	19 953	7 514	384	577
Staff payables	26	12	8	2	230
Accrued staff benefits - current	1 627	1 459	1 310	784	798
Accrued liabilities	1 190	6 467	425	5,619	15 109
Deferred revenue - current	-	116 980	93 509	93 509	-
<b>Total current liabilities</b>	<b>21 623</b>	<b>148 277</b>	<b>122 678</b>	<b>100 298</b>	<b>16 714</b>
<b>Non-current liabilities</b>					
Accrued staff benefits – non-current	8 412	21 848	27 873	17 236	11 648
Deferred revenue - non-current	-	-	93 509	187 019	-
<b>Total non-current liabilities</b>	<b>8 412</b>	<b>21 848</b>	<b>121 382</b>	<b>204 255</b>	<b>11 648</b>
<b>TOTAL LIABILITIES</b>	<b>30 035</b>	<b>170 125</b>	<b>244 060</b>	<b>304 553</b>	<b>28 362</b>
<b>NET ASSETS</b>					
Fund balance	668 015	659 788	844 579	851 821	808 277
<b>TOTAL NET ASSETS</b>	<b>668 015</b>	<b>659 788</b>	<b>844 579</b>	<b>851 821</b>	<b>808 277</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>698 050</b>	<b>829 913</b>	<b>1 088 639</b>	<b>1 156 374</b>	<b>836 639</b>

## Schedule II. Annual Financial Performance

For the period ended 31 December for the current and previous four years (in thousands of US dollars)

	2022	2021	2020	2019	2018
<b>OPERATING REVENUE</b>					
Voluntary contributions	180 350	193 591	224 738	249 003	190 664
In-kind contributions	162	52	640	-	-
<b>TOTAL OPERATING REVENUE</b>	<b>180 512</b>	<b>193 643</b>	<b>225 378</b>	<b>249 003</b>	<b>190 664</b>
<b>OPERATING EXPENSES</b>					
Disbursements to grantees	155 458	330 784	228 494	214 794	189 374
Constituency funding	368	215	227	366	365
Staff and other personnel costs	24 904	23 653	25 159	17 603	16 603
Contractual Services	8 159	6 692	5 314	6 406	5 840
Travel	576	46	268	1 292	1 816
Equipment and furniture	79	82	71	120	221
General operating expenses	1 315	1 456	1 207	1 445	2 110
<b>TOTAL OPERATING EXPENSES</b>	<b>190 859</b>	<b>362 928</b>	<b>260 740</b>	<b>242 026</b>	<b>216 329</b>
Finance revenue	3 442	(23 768)	33 051	42 260	4 901
<b>TOTAL SURPLUS/(DEFICIT)</b>	<b>(6 905)</b>	<b>(193 053)</b>	<b>(2 311)</b>	<b>49 237</b>	<b>(20 764)</b>

### Schedule III. Operating Revenue – Voluntary Contributions

Cumulative as at 31 December 2022 (in thousands of US dollars)

	2006 -2022	2022	2021	2020	2019	2018	2006-2017
<i>Core donors:</i>							
Bill & Melinda Gates Foundation	150 000	-	10 000	10 000	10 000	10 000	110 000
Brazil	130 703	2 221	2 408	2 031	4 013	7 602	112 428
Chile	36 543	-	-	-	-	1 500	35 043
France	2 181 301	93 509	93 509	93 509	94 550	105 477	1 700 747
Japan	2 435	435	-	1 000	1 000	-	-
Norway	198 571	2 004	1 099	2 942	2 315	2 342	187 869
Portugal	53	53	-	-	-	-	-
Republic of Korea	79 000	10 000	-	5 000	5 000	4 000	55 000
Spain	85 695	-	1 703	1 792	-	-	82 200
United Kingdom	847 245	16 847	-	44 059	113 407	57 217	615 715
Other donors <sup>12</sup>	23 488	-	-	-	-	-	23 488
<b>Total core-donor contributions</b>	<b>3 735 034</b>	<b>125 069</b>	<b>108 719</b>	<b>160 333</b>	<b>230 285</b>	<b>188 138</b>	<b>2 922 490</b>
<i>Other contributions:</i>							
The Global Fund	33 000	-	-	11 851	18 723	2 426	-
UNOSSC	95	-	-	-	(5)	100	-
<b>Total other contributions</b>	<b>33 095</b>	<b>-</b>	<b>-</b>	<b>11 851</b>	<b>18 718</b>	<b>2 526</b>	<b>-</b>
<b>Total core and non-core contributions</b>	<b>3 768 129</b>	<b>125 069</b>	<b>108 719</b>	<b>172 184</b>	<b>249 003</b>	<b>190 664</b>	<b>2 922 490</b>

<sup>12</sup> Other donors include Cameroon, Congo, Cyprus, Guinea, Luxembourg, Madagascar, Mali, Mauritius, the Millennium Foundation and Niger.



### Schedule III. Operating Revenue – Voluntary Contributions (continued)

Cumulative as at 31 December 2022 (in thousands of US dollars)

	2006 -2022	2022	2021	2020	2019	2018	2006-2017
<i>ACT-A contributions:</i>							
Canada	27 516	15 649	11 867	-	-	-	-
France	46 886	23 310	11 628	11 948	-	-	-
Germany	39 332	15 912	23 420	-	-	-	-
Italy	1 135	-	1 135	-	-	-	-
Japan	9 347	410	8 937	-	-	-	-
Norway	55 079	-	15 473	39 606	-	-	-
Portugal	142	-	142	-	-	-	-
Republic of Korea	1 000	-	-	1 000	-	-	-
Spain	2 270	-	2 270	-	-	-	-
Wellcome Trust	10 000	-	10 000	-	-	-	-
<b>Total ACT-A contributions</b>	<b>192 707</b>	<b>55 281</b>	<b>84 872</b>	<b>52 554</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total voluntary contributions</b>	<b>3 960 836</b>	<b>180 350</b>	<b>193 591</b>	<b>224 738</b>	<b>249 003</b>	<b>190 664</b>	<b>2 667 999</b>