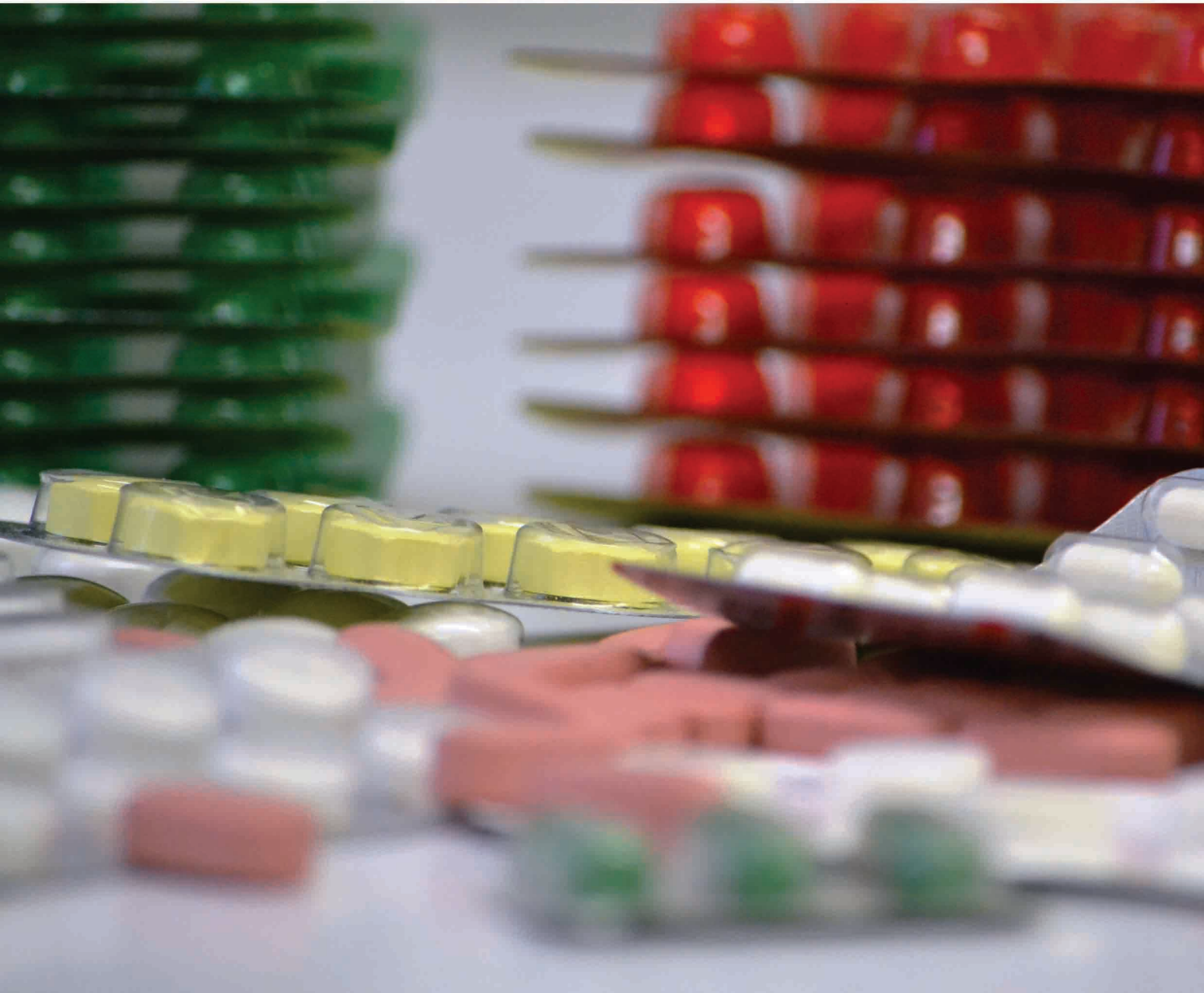


UNITAID

AUDITED FINANCIAL REPORT



FOR THE YEAR ENDED

DECEMBER 31, 2012



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Executive Director's Report

I am pleased to present the UNITAID Financial Statements for the year ended December 31, 2012.

The Financial Report is an important element of the accountability framework of UNITAID. The Financial Statements provide information to our stakeholders on the financial resources UNITAID has received and how they were used. Information on assets and liabilities, revenue and expenses, cash flow and net assets is provided to offer a more complete picture of the financial position of the Secretariat as at December 31, 2012. The Financial Statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS).

UNITAID was established in 2006 to use innovative, market-based approaches to improve public health by increasing access to better products at more affordable prices to diagnose, treat and prevent HIV/AIDS, malaria and tuberculosis and related co-morbidities. An Independent Evaluation of UNITAID's first five years found that the organization 'has been doing the right things to contribute to significant positive outcomes in the fight against the three diseases (...) and has validated its business model of identifying, selecting and funding market-shaping interventions.' It added 'it is hard to imagine that any bilateral agency or private entity could have achieved what UNITAID has achieved in this time frame.'

Since 2006, UNITAID has achieved cumulative price reductions of up to 60% for key second-line ARV treatments for adults, allowing over 100,000 patients per year to make the life-saving switch to more effective treatment; it has created the market for more child-friendly ARV treatments allowing 400,000 children to be put on the essential medicines with prices reduced up to 80%; it has been the largest funder of the Affordable Medicines Facility –malaria (AMFm), which has created a consumer market for artemisinin-based combination therapies (ACTs) resulting in a doubling of the market size and a reduction in prices from 8-10 USD to 0.33 – 1.31 USD; and for tuberculosis, amongst other projects for reducing prices and making new technologies available, UNITAID funded the 'Strategic Rotating Stockpile' which permits emergency MDR-TB drug orders to be serviced with expediency and eliminate stock-outs.

UNITAID's new projects focus on highly-targeted areas for impact against the three diseases including improved formulations for children, the development of new point-of-care-technologies for testing, and creating market conditions for further price reductions.

UNITAID funded activities have taken place in 94 countries, for the benefit of those most in need, in line with the UNITAID Constitutional requirements.

Donors can help UNITAID deliver even more effectively on its innovative mandate by providing multi-year, formal and timely pledges, and by making timely payments of their contributions.

Contributions from donors have totaled US\$1.88b through December 31, 2012. UNITAID has committed US\$1.8b and disbursed US\$1.3b to implementing partners over the same period. In 2012 these disbursements represented 90% of the overall expenses of UNITAID.

These Financial Statements were audited by the External Auditor of the World Health Organization (WHO). The opinion of the auditors is included in the report.

I would like to express my appreciation to the Board members of UNITAID, the governments, foundations and partners, as well as the WHO for their continued support.



Dr. Denis Broan
Executive Director

Approval of Financial Statements 31 December 2012

The Financial Statements, notes to the statements and supporting schedules are approved.

A handwritten signature in black ink, appearing to read "D. Broun". The signature is written in a cursive style with a large, sweeping flourish at the end.

Dr. Denis Broun
Executive Director
04 March 2013



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

INDEPENDENT AUDITOR'S REPORT

**To The Executive Board
International Drug Purchase Facility (UNITAID)**

Report on the financial statements

We have audited the accompanying financial statements of the UNITAID, which comprise the Statement of Financial Position as at 31 December 2012, and the Statement of Financial Performance, Statement of Changes in Net Assets/Equity, Statement of Cash Flow, Comparison of Budget and Actual Amounts for the year then ended and the Notes to the Financial Statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (IPSAS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Independent Auditor's Report (Page 2 of 3)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the UNITAID as at 31 December 2012, and its financial performance, changes in net assets/equity, cash flow, and the comparison of budget and actual amounts, in accordance with IPSAS.

Report on other legal and regulatory requirements

Further, in our opinion, the transactions of the UNITAID that have come to our notice or which 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 have also issued a Long-form Report on our audit of the UNITAID.



Maria Gracia M. Pulido Tan
Chairperson, Commission on Audit
Republic of the Philippines
External Auditor

Quezon City, Philippines
27 March 2013



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

12 April 2013


Dear Mr. Broun,

**REPORT OF THE EXTERNAL AUDITOR
TO THE EXECUTIVE BOARD ON THE FINANCIAL OPERATIONS
OF THE INTERNATIONAL DRUG PURCHASE FACILITY (UNITAID)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

I have the honour to present to you the above report which may kindly be transmitted to the Executive Board, UNITAID. All matters contained in the report have been communicated to the appropriate staff and management of the UNITAID.

I express my appreciation for the co-operation and assistance that I have received in the performance of my audit mandate.

Yours sincerely,



Maria Gracia M. Pulido Tan
Chairperson, Commission on Audit
Republic of the Philippines
External Auditor

Mr. Denis Broun
Executive Director
UNITAID
20 Avenue Appia
CH-1211 Geneva 27
SWITZERLAND



STATEMENT I: STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

(in thousands of US dollars)

	Notes	31-Dec-12	01-Jan-12 (Restated)
ASSETS			
Current assets			
Cash and cash equivalents held by WHO	6.1	553,805	489,540
Accounts receivable - current	6.2	113,250	76,989
Staff receivables - current	6.3	101	87
Total current assets		667,157	566,616
Non-current assets			
Accounts receivable - non current	6.2	488	88,148
Total non-current assets		488	88,148
TOTAL ASSETS		667,645	654,764
LIABILITIES			
Current liabilities			
Deferred revenue - current	6.4	87,659	87,659
Financial liabilities	6.5	-	782
Accrued staff benefits - current	6.6	637	548
Accounts payable and accruals	6.7	543	138
Staff payables	6.8	61	12
Other current liabilities	6.9	6,367	519
Total current liabilities		95,268	89,658
Non-current liabilities			
Accrued staff benefits - non-current	6.6	1,615	1,411
Deferred revenue - non current	6.4	488	88,148
Total non-current liabilities		2,103	89,559
TOTAL LIABILITIES		97,371	179,217
NET ASSETS			
Accumulated surpluses - fund balance	8	570,274	475,547
TOTAL NET ASSETS		570,274	475,547
TOTAL LIABILITIES AND NET ASSETS		667,645	654,764



STATEMENT II: STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 December 2012

(in thousands of US dollars)

	Notes	2012	2011
OPERATING REVENUE			
Voluntary contributions	Annex 1	276,452	270,235
TOTAL REVENUE		276,452	270,235
OPERATING EXPENSES			
Grants to implementers	Annexes 3 & 4	164,739	123,518
Staff and other personnel costs	7.3	10,605	8,122
Consulting & Contractual Services	7.4	6,783	6,142
Travel	7.5	1,411	1,256
Equipment and furniture	7.6	81	107
General operating expenses	7.7	83	63
TOTAL OPERATING EXPENSES		183,702	139,208
SURPLUS FROM OPERATIONS		92,750	131,027
Financial revenue and expenses - net	7.8	1,977	5,353
TOTAL SURPLUS FOR THE PERIOD		94,727	136,380



STATEMENT III: STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 December 2012
(in thousands of US dollars)

	31-Dec-12	01-Jan-12 (Restated)
Net Assets at the beginning of the period	<u>475,547</u>	<u>339,167</u>
Surplus for the period	<u>94,727</u>	<u>136,380</u>
Net Assets at the end of the period	<u><u>570,274</u></u>	<u><u>475,547</u></u>



STATEMENT IV: STATEMENT OF CASH FLOW

For the year ended 31 December 2012

(in thousands of US dollars)

CASH FLOWS FROM OPERATING ACTIVITIES	
<i>Surplus or deficit</i>	94,727
<i>Non-cash movements</i>	
(Increase) decrease in accounts receivable	(36,261)
(Increase) decrease in staff receivables	(15)
(Increase) decrease in non-current accounts receivable	87,659
Increase (decrease) in deferred revenue - current	-
Increase (decrease) in other current liabilities	5,848
Increase (decrease) in financial liabilities	(782)
Increase (decrease) in accrued staff benefits - current	89
Increase (decrease) in accounts payable	405
Increase (decrease) in staff payables	49
Increase (decrease) in accrued staff benefits - non-current	203
Increase (decrease) in deferred revenue - non-current	(87,659)
<i>Less: Interest income for the period</i>	<u>(7,011)</u>
Net Cash Flows from Operating Activities	<u>57,254</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
<i>Plus: Interest income for the period</i>	7,011
 Net Cash Flows from Investing Activities	<u>7,011</u>
 Cash and cash equivalents held by WHO at the beginning of the period	<u>489,540</u>
 Total of items recognized directly in net assets	<u>-</u>
 CASH and CASH EQUIVALENTS HELD BY WHO AT END OF THE PERIOD	<u>553,805</u>



STATEMENT V: COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ended 31 December 2012

(in thousands of US dollars)

	Budget	Revenue/ Expense	Balance	Percentage Implementation
REVENUE				
Operating Revenue	293,730	276,452	17,278	94%
Net Financial Revenue	2,640	1,977	663	75%
TOTAL RESOURCES	296,370	278,429	17,941	94%
EXPENSES				
Governing Bodies	2,030	1,493	537	74%
Secretariat				
Staff Costs	13,328	10,605	2,723	77%
Activities				
Executive Office	1,469	1,325	144	90%
External Relations	1,334	1,141	193	86%
Operations Management	784	324	460	41%
Market Dynamics	1,540	716	824	46%
Finance and Administration	1,192	971	221	81%
Common Costs	1,140	1,104	36	97%
Total Activities	7,459	5,580	1,879	75%
Total Secretariat	20,788	16,185	4,603	78%
Projects/Special Projects/Secretariat Initiatives				
HIV/AIDS	89,262	79,289	9,973	89%
TB	24,231	14,355	9,876	59%
Malaria	50,146	45,065	5,081	90%
Transversal	23,067	19,216	3,851	83%
Special Projects (Patent Pool)	6,756	5,976	780	88%
Secretariat Initiatives	2,730	1,809	921	66%
Total Projects/Special Projects/Secretariat Initiatives	196,192	165,709	30,482	84%
Strategy Review	478	315	163	66%
TOTAL EXPENSES	219,488	183,702	35,786	84%

Notes to the Financial Statements

1. Statement of Objectives

- 1.1. The International Drug Purchase Facility (UNITAID) was established in 2006 by the Governments of Brazil, France, Chile, Norway and the United Kingdom of Great Britain and Northern Ireland (the Initial Donors) and the World Health Organization (WHO) as an innovative funding mechanism to accelerate access to high-quality drugs and diagnostics for HIV/AIDS, malaria and tuberculosis in high-burdened countries.

UNITAID's mission is to contribute to the scale up of access to treatment for HIV/AIDS, malaria and tuberculosis by leveraging price reductions of quality drugs and diagnostics, which currently are unaffordable for people in many countries, and to accelerate the pace at which they are made available.

To fulfill its mission, UNITAID aims to use sustainable, predictable and additional funding to help generate a steady demand for drugs and diagnostics, thereby significantly impacting market dynamics to reduce prices and increase availability and supply.

UNITAID supports national and international efforts and complements the role of existing international institutions. It relies on suitable programmatic partners to implement its programmes. At least 85% of UNITAID funds dedicated to purchase commodities should be spent on low income countries.

- 1.2 Sustainable and predictable funding is essential for UNITAID to offer long term support. Since its inception in 2006, 65% of the cumulative funding of UNITAID has come from the solidarity tax levied on air-tickets in several countries supporting UNITAID. Budgetary contributions almost entirely make up the balance of the funding. Six donors have also made multi-year funding commitments to UNITAID.
- 1.3 The UNITAID Executive Board is the decision-making body for UNITAID and consists of twelve members, including the Initial Donors and WHO, as well as representatives from three Constituencies - communities living with HIV/AIDS, malaria or tuberculosis; nongovernmental organizations and foundations. The Board endorsed the UNITAID Strategy for 2010-2012, "Improving Global Markets to address HIV/AIDS, Tuberculosis and Malaria", at its 11th session in December 2009. New processes for project selection in line with strategic priorities of UNITAID were adopted by UNITAID Executive Board at its 14th session in July 2011.

The finances of UNITAID are overseen by the Finance and Accountability Committee ("FAC") to the Board. 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.

- 1.4 WHO provides the Secretariat with administrative and fiduciary services and facilities. It also provides strategic and technical advice to the UNITAID Executive Board and partners benefiting from UNITAID support. UNITAID is a self-financing partnership of WHO and its budget is independent of WHO's. UNITAID produces a full set of financial statements separate from WHO's which are audited separately from WHO's. UNITAID's accounts are not consolidated in the financial statements of WHO. WHO manages the UNITAID Trust Fund. UNITAID must comply with the WHO Financial Rules.
- 1.5 UNITAID funds projects implemented by the WHO Departments of Essential Health Technologies (EHT) / WHO Prequalification Programme for Medicines (PQP), Essential Medicines and Pharmaceutical Policies (EMP) /Diagnostics and Laboratory Technology (DLT) and the Global Drug Facility, an initiative of Stop TB Partnership, hosted by the WHO Department of HIV/AIDS, TB and Neglected Tropical Diseases.

2. Basis of preparation and presentation

The Memorandum of Understanding signed on September 19, 2006 that established the hosting of UNITAID by the 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. Where these Regulations and Rules do not provide explicit provisions, the requirements of the International Public Sector Accounting Standards (IPSAS) apply.

The Financial Statements are prepared on the accrual basis of accounting in accordance with IPSAS using the historical cost convention except for investments and loans which are recorded at fair value or at amortized cost.

These Financial Statements were 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).

These are the first set of financial statements to be prepared in accordance with IPSAS. The adoption of IPSAS has required changes to the accounting policies previously followed by UNITAID. This includes the preparation of financial statements on an annual basis.

The adoption of the new accounting policies under IPSAS has resulted in changes to the assets and liabilities recognized in the Statement of Financial Position. Accordingly, the last audited Statement of Financial Position, dated 31 December 2011 has been restated, and the resulting changes are reported in the Statement of Changes in Net Assets/Equity and Note 5. The revised 31 December 2011 Statement of Financial Position is described in these financial statements as the Opening Balance 1 January 2012 (restated). The net effect of the changes brought by the adoption of IPSAS in the Statement of Financial Position amounted to a decrease in net assets of US\$ 1.445 million on 1 January 2012.

2.1 Functional and presentation currency

The functional and reporting currency of UNITAID is the US Dollar (USD).

Foreign currency transactions are translated into USD at the prevailing United Nations Operational Rates of Exchange (UNORE). The UNORE are set once a month, and revised mid-month if there are significant exchange rate fluctuations relating to individual currencies. Assets and liabilities in currencies other than USD are translated into USD at the prevailing UNORE month-end closing rate. Resulting gains or losses are accounted for in the Statement of Financial Performance.

2.2 Materiality and Use of Judgments

Materiality is central to UNITAID's financial statements. The accounting materiality methodology provides a systematic approach to identify, analyze, evaluate, endorse and periodically review materiality decisions crossing a number of accounting areas.

The financial statements necessarily include amounts based on judgments, estimates and assumptions by management. Changes in estimates are reflected in the period in which they become known.

2.3 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
- Statement of Cash Flow
- Comparison of Budget and Actual Amounts
- Notes, comprising a summary of significant accounting policies and other relevant information.

2.4 Use of transitional provisions and early adoption of accounting policies

As permitted on the initial adoption of IPSAS, transitional provisions have been applied in the following areas:

- Comparative information has not been provided in the Statements of Financial Performance and Cash Flow (IPSAS 1)
- Transitional provisions have been applied in the initial recognition of Property, Plant, and Equipment (IPSAS 17)

3. Significant accounting policies

3.1 Cash and Cash Equivalents

Cash and cash equivalents 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 will be included as cash and cash equivalents. This includes cash and cash equivalents held in the portfolios managed by external investment managers.

3.2 Accounts Receivable

Accounts receivable are recorded at their net estimated realizable value. Those outstanding for more than one year are reviewed and an allowance for doubtful receivables recorded when appropriate.

Accounts receivable are classified as non-current if due after one year from the reporting date.

3.3 Accounts Payable and Accrued Liabilities

Accounts Payables are financial liabilities for goods or services that have been received by UNITAID and invoiced but not yet paid to the suppliers.

Accrued liabilities are financial liabilities in respect of goods or services that have been received by UNITAID during the reporting period and which have not yet been invoiced.

3.4 Employee Benefits

UNITAID recognizes the following employee benefits:

- Short-term employee benefits which fall due wholly within twelve months after the end of the accounting period in which employees render the related service (e.g. earned annual leave);
- Post-employment benefits
- Other long-term employee benefits

Accrued staff benefits include Terminal Payments (TP), Staff Health Insurance Liabilities (ASHI), and Special Fund for Compensation (SFFC). The Terminal Payment Fund is managed separately by the WHO for these payments and is used for repatriation benefits and accrued annual leave. Staff Health Liabilities represent the after service health benefits. The Special Fund for Compensation is used to pay liabilities due to service incurred death or disability.

a) Terminal Payments (TP)

Terminal payments refer to the terminal emoluments of staff members which include repatriation grants, accrued annual leave, repatriation travel and removal on repatriation.

Terminal payments (exclusive of accrued leave) were determined by Aon Hewitt Corporation, professional actuaries, based on personnel data and past experience provided by the Organization.

UNITAID calculates the accrued leave of their staff on a case by case basis, according to the WHO staff rules.

b) After Service Health Insurance (ASHI)

UNITAID accounts for the After Service Health Insurance as a post-employment benefit. All gains and losses will be recognized according to IPSAS 25. Thereafter, gains and losses (unexpected changes in surplus or deficit) will be recognized over time via the Corridor Method. Under this method, amounts up to 10% of the Defined Benefit Obligations (DBO) are not recognized in expense, so as to allow gains and losses the reasonable possibility of offsetting over time. Gains and losses over 10% of the DBO are amortized over the average remaining service of active staff expected to receive each benefit.

The DBOs were determined by Aon Hewitt Corporation, professional actuaries, based on personnel data and past payment experience provided by the Organization.

c) 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 (SFFC) covers all reasonable medical, hospital, and directly related costs, as well as funeral expenses. In addition, the Fund will also provide compensation to the disabled staff member (for the duration of the disability) or the surviving family members.

WHO accounts for the Special Fund for Compensation as a post-employment benefit. All gains and losses are immediately recognized upon adoption of the standard. Thereafter, gains and losses (unexpected changes in surplus or deficit) are recognized over time via the Corridor Method. Under this method, amounts up to 10% of the DBO are not recognized in expense, so as to allow gains and losses the reasonable possibility of offsetting over time. Gains and losses over 10% of the DBO are amortized over the average remaining service of active staff expected to receive each benefit. For accounting purposes, the plan is considered unfunded (liability is not reduced by plan assets).



The SFFC amount was determined by Aon Hewitt Corporation, professional actuaries, based on personnel data and past payment experience provided by the Organization.

d) United Nations Joint Staff Pension Fund (UNJSPF)

UNITAID under the WHO participates in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The pension fund is a funded multi-employer defined benefit plan. As specified by 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 actuarial method adopted for the UNJSPF is the Open Group Aggregate method to determine whether the present and estimated future assets of the Fund will be sufficient to meet its present and estimated future liabilities, using various sets of assumptions as to future economic and demographic developments.

WHO's financial obligation to the UNJSPF consists of its mandated contribution, at the same uniform rate as specified by the Regulations of the Fund (7.9 per cent for participants and 15.8 per cent for member organizations) which is established by United Nations General Assembly, together with any share of any actuarial deficiency payments under Article 26 of the Regulation of the Pension Fund.

Such deficiency payments are payable only 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. At the time of this report, the United Nations General Assembly had not invoked this provision.

The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and other participating organizations in the plan. WHO, as well as other participating organizations, is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has accounted for this plan as if it were a defined contribution plan in line with IPSAS 25, Employee Benefits. Contributions to the plan during the financial period are recognized as expenses in the statement of financial performance.

3.5 Revenue recognition (operating revenue)

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

All contributions to UNITAID are voluntary. Voluntary contributions are recorded on an accrual basis. Formal funding agreements signed by both parties are required in order to recognize an asset before receipt of cash. When the entire funding is payable up front, revenue equal to funding set out in the agreement is recognized when the agreement is signed.

3.6 Deferred Revenue

Deferred revenue derives from legally binding agreements between UNITAID and its donors. Deferred revenue is recognized when (1) a contractual agreement is confirmed in writing by both WHO/UNITAID and the donor and (2) the funds are committed and due in a future period. Deferred Revenue is presented as non-current if revenue is due after one year from the reporting date.

3.7 Expenses recognition (operating expenses)

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

UNITAID recognizes expenses at the point where goods have been delivered or services rendered (delivery principle).

Grants to implementers represent non-exchange contracts signed with partner organizations to implement UNITAID funded projects. This represents UNITAID's largest expense category. Funds are expensed at the time funds are transferred to the contractual partner.

Funds are disbursed to the implementing partners in accordance to the "Policy on disbursement to implementing partners" approved by the Executive Board in its 14th Session in July of 2011.

3.8 Foreign currency translation

The functional and reporting currency of UNITAID is the United States Dollar (USD).

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

Monetary assets and liabilities in currencies other than USD are translated into USD at the prevailing UNORE month-end closing rate. Resulting gains or losses are accounted for in the Statement of Financial Performance.

3.9 Cash Flow Statement

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

4. Financial Risks

a) Exposure to exchange rate fluctuations:

This affects both short and long-term funding capacity as well as the reliability of the Financial Statements. UNITAID's funds are managed, and accounts maintained by the WHO. This risk is therefore mitigated by the application of WHO treasury policies and practices, including hedging foreign exchange exposures on receivables, payables as well as on future payroll costs.

b) Investment risk:

While UNITAID's objective is to disburse funds to implementing partners without delay, cash balances may become available for short term investment. This risk is also mitigated by the management of UNITAID's funds by WHO, due to the policies and practices in place. All investments by WHO are carried out within the framework of investment policies approved by the Director-General. These policies are regularly reviewed by the Advisory Investment Committee of WHO, which is comprised of external investment specialists

5. Note on the implementation of IPSAS and Opening Balance adjustments

Opening balances represent the 2011 audited Statement of Assets, Liabilities, and Reserves and Fund Balances which have been restated to incorporate adjustments made due to the implementation of IPSAS made at 1 January 2012.

These adjustments pertain to the recognition of financial liabilities on investments, education grant advances and recognition of liabilities related to employee benefits. As a result the net assets of the Organization changed as of 1 January 2012 due to changes in accounting policy with the adoption of IPSAS and de-consolidation of ASHI. The changes totalled US\$ (1,445)M, meaning that were these adjustments booked in 2011, expenses would have been higher at December 31, 2011.

Opening Balance adjustments and reclassification <i>(in thousands of US dollars)</i>	2011 ending balance	IPSAS Adjusts	Mapping changes	2012 opening balance (restated)
Assets				
Current assets				
Cash and cash equivalents held by WHO	489,540	-	-	489,540
Accounts receivable - current	76,983	-	6	76,989
Staff receivables	-	78	9	87
Other current receivables	6	-	(6)	-
Total current assets	566,529	78	9	566,616
Non-current assets				
Accounts receivable - non current	88,148	-	-	88,148
Total non-current assets	88,148	-	-	88,148
Total assets	654,677	78	9	654,764
Liabilities				
Current liabilities				
Deferred revenue - current	(87,659)	-	-	(87,659)
Financial liabilities	-	(782)	-	(782)
Accrued staff benefits - current	-	(548)	-	(548)
Other current liabilities	(9)	-	(510)	(519)
Accounts payable	(651)	-	513	(138)
Staff payables	-	-	(12)	(12)
Total current liabilities	(88,319)	(1,330)	(9)	(89,658)
Non-current liabilities				
Deferred revenue - non current	(88,148)	-	-	(88,148)
Accrued staff benefits - non-current	(1,218)	(193)	-	(1,411)
Total non-current liabilities	(89,366)	(193)	-	(89,559)
Total liabilities	(177,685)	(1,523)	(9)	(179,217)
Net assets				
Net assets	(476,992)	1,445	-	(475,547)
Total net assets	(476,992)	1,445	-	(475,547)
Total liabilities and net assets	(654,677)	(78)	(9)	(654,764)

Adjustments to net assets

(in thousands of US dollars)

The nature of adjustments to fund balances of US\$1.4 million is detailed as follows:

Description			Net effect
	Assets	Liabilities	on net assets
Record Terminal Payment Liability		198	198
Adjustment to Employee Benefits Accrual (Other than Terminal Payments and SHI)	78	-	78
Record Staff Health Insurance Liability	-	(911)	(911)
Record liability the Special Fund for Compensation	-	(28)	(28)
Adjustment to Foreign exchange, swaps and hedging	-	(782)	(782)
Total adjustments to Reserves	78	(1,523)	(1,445)

6. Supporting information to the statement of financial position

6.1 Cash and Cash Equivalents

WHO provides treasury services to UNITAID. UNITAID's cash balances are held centrally by WHO and invested on behalf of UNITAID in accordance with WHO's rules and practices.

Funds include cash in hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to cash, totaling US \$553,805,387 as of December 31, 2012, compared to US \$489,540,110 at December 31, 2011.

6.2 Accounts Receivable – Net

(in thousands of US dollars)

Current receivables	31-Dec-12	31-Dec-11
United Kingdom	87,171	87,171
France	26,525	-
Cyprus	976	488
Revaluation on currency	- 1,422	- 10,677
Other receivables	-	7
Total	113,250	76,989

Non-current receivables	31-Dec-12	31-Dec-11
United Kingdom	-	87,171
Cyprus	488	976
Total	488	88,147

The receivables relate to the commitments made by the United Kingdom (£53M per year, subject to performance) and Cyprus (€400k per year) through 2014. As at February 12, 2013 the amount owing from Cyprus of €488K for 2012 has yet to be received, and therefore remains as a current receivable.

The commitment from France to contribute a minimum of €10M in 2013 is not reflected in the financial statements as the commitment was made outside of a donor agreement. However, the 2012 contribution of €10M was partially received in December (€90M) with a commitment to send the remaining €20M by April 30, 2013 and the totality recognized as revenue.

6.3 Staff Receivables

<i>(in thousands of US dollars)</i>		
	31-Dec-12	31-Dec-11
Education grant	62	78
Salary advance	20	-
Travel advance	10	9
Other receivables	8	-
Total	101	87

The total balance of staff receivables was US \$101k at 31 December 2012, an increase of US \$14k over the previous year. The education grant balance represents advances made to staff for the scholastic year 2012/13.

6.4 Deferred revenue – Net

<i>(in thousands of US dollars)</i>		
Current deferred revenue	31-Dec-12	31-Dec-11
United Kingdom	87,171	87,171
Cyprus	488	488
Total	87,659	87,659
Non-current deferred revenue	31-Dec-12	31-Dec-11
United Kingdom	-	87,171
Cyprus	488	976
Total	488	88,148

These liabilities relate to the portion of income committed by donors (United Kingdom and Cyprus) through 2013 and 2014 respectively.

6.5 Financial assets/liabilities

These amounts are calculated by the treasury department of WHO and relate to hedging gains or losses, the balance of which can be either assets or liabilities depending on their position at the reporting date. They are recorded at fair value through surplus or deficit to the Statement of Financial Performance. As at December 31, 2012 these totaled US \$0 compared to US \$782,000 at December 31, 2011.

6.6 Accrued staff benefits – net

(in thousands of US dollars)

Current accrued staff benefits	01-Jan-12	
	31-Dec-12	Restated
Accrued Leave	556	548
Terminal Payments (TP)	81	-
Total	637	548

Non-current staff benefits	01-Jan-12	
	31-Dec-12	Restated
Terminal Payments (TP)	664	472
Staff Health Insurance Liability (ASHI)	911	911
Special Fund for Compensation (SFFC)	39	28
Total	1,615	1,411

Staff Health Insurance Liability remains unchanged at \$911k as a conservative estimate of UNITAID management. The actuarial report to be produced by AON Hewitt for 2013 will be updated for the unique specificities of UNITAID.

Detailed actuarial data of staff benefits

(in thousands of US dollars)

Reconciliation of Defined Benefit Obligation (DBO)	TP (excl accrued leave)	SHI	SFFC
DBO as at 31 December 2011	503	2,385	28
Service cost	170	248	10
Interest cost	13	74	1
Actual Gross Benefit Payments for 2012	(21)	-	(0)
Actual Administrative Expenses	-	-	-
Actual contributions by participants	-	-	-
Actuarial (Gain) Loss	79	825	(4)
DBO as at 31 December 2012	745	3,532	35
Reconciliation of Assets			
Assets as at 31 December 2011	-	1,473	-
Actual Gross Benefit Payments for 2012	(21)	-	(0)
Actual Administrative Expenses	-	-	-
Organization Contributions during 2012	21	403	0
Participant Contributions during 2012	-	212	-
Increase/Decrease in 470.1 reserve	-	0	-
Expected Return on Assets	-	87	-
Asset Gain (Loss)	-	52	-
Assets as at 31 December 2012	-	2,227	-

Detailed actuarial data of staff benefits (cont.)

Reconciliation of Unfunded Status	TP (excl accrued leave)	SHI	SFFC
DBO			
Active	-	330	-
Inactive	745	3,202	35
Total	745	3,532	35
Plan Assets			
Gross Plan Assets		(2,274)	
Offset for WHO 470.1 Reserve		47	
	-	(2,227)	-
Deficit (Surplus)	745	1,305	35
Unrecognized Gain (Loss)		(774)	4
Provision pending updated assessment		380	
Net Liability (Asset) Recognized in Statement of Financial Position	745	911	39
Current	81	-	0
Non-current	664	531	39
Annual Expense for CY 2012			
Service Cost	170	248	10
Interest Cost	13	74	1
Expected Return on Assets	-	(87)	-
Recognition of (Gain)/Loss	79	-	-
Total Expense Included in Staff Costs	262	234	11
Expected Contributions during 2013			
Contributions by UNITAID	82	445	-
Contributions by Participants	-	227	-
	82	672	-

6.7 Accounts payable and accruals

These represent the total amounts outstanding to suppliers of goods and services at the end of the period for goods and services received during the period.

<i>(in thousands of US dollars)</i>		
	31-Dec-12	31-Dec-11
Supplier Payables	529	108
Accruals	11	30
Others	3	-
Total	543	138

6.8 Staff payables

Staff payables represent amounts owed to staff members consisting of such items as travel payable, salaries held and bank returns (balances due to staff for which payment is pending the receipt of updated bank account information).

<i>(in thousands of US dollars)</i>		
	31-Dec-12	31-Dec-11
Travel payable	32	12
Salaries held	26	-
Bank returns	3	-
Total	61	12

6.9 Other current liabilities

These amounts relate to various short-term liabilities as detailed below.

<i>(in thousands of US dollars)</i>		
	31-Dec-12	31-Dec-11
Approved transfers to implementers for Projects and Secretariat Initiatives	5,668	-
Other accruals (uninvoiced)	699	519
Total	6,367	519

Accruals for disbursements of grants arose due to timing of payment cut offs for the year ending 31 December 2012.

7. Supporting information to the statement of financial performance

REVENUE

7.1 Voluntary Contributions

Voluntary contributions consist of solidarity tax levied on air-tickets in several countries supporting UNITAID, budgetary contributions and grants from the Bill and Melinda Gates Foundation.

Voluntary contributions since 2006 are presented in Annex 1.

EXPENSES

7.2 Disbursements to Implementers

UNITAID makes disbursements to implementers for projects which have been approved by the UNITAID Executive Board. Funding provided to implementers for these types of projects represent mostly procurement costs and include a portion of management and administrative costs that are deemed necessary for successful implementation. Disbursements to implementers since 2006 are presented in Annexes 3 and 4.

As at December 31, 2012, the total actual cumulative value of expenses incurred by implementers on UNITAID funded grants was \$1.211B versus \$1.268B disbursed to implementers.

7.3 Staff and other personnel costs

Staff and other personnel costs represents the total cost of employing staff. This includes charges for base salary, post adjustment and any other types of entitlements (e.g. pensions and insurances) paid or payable by UNITAID. For the year ended December 31, 2012 these expenses amounted to \$10.6 million, compared to \$8.1 million in the prior year.

7.4 Consulting and Contractual services

(in thousands of US dollars)

	31-Dec-12	31-Dec-11
Consulting	1,118	3,564
Contractual Services	5,666	2,578
Total	6,783	6,142

Consulting and contractual services represents expenses paid to service providers. This comprises Agreements for Performance of Work (APWs) or consulting contracts given to individuals to perform activities on behalf of UNITAID.

Consulting and contractual services also includes the cost of administrative services paid by UNITAID to WHO. A breakdown of the cost of hosting services paid to WHO is as follows:

(in thousands of US dollars)

	31-Dec-12	31-Dec-11
Administrative Services	1,060	854
Legal Services	327	165
Audit	47	-
Premises	491	290
Total	1,925	1,310

7.5 Travel

Travel represents travel for staff, non-staff meeting participants and consultants paid by UNITAID. These include airfare, per diem and other travel related costs. This does not cover statutory travel for home leave or education grants. For the year ended December 31, 2012 these expenses amounted to \$1.4 million (40% for staff and 60% for non-staff), compared to \$1.3 million in the prior year.

7.6 Equipment and furniture

Purchases of equipment 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 \$5,000. As of December 31, 2012, no equipment or furniture purchases have reached the threshold. For the period ended December 31, 2012 these expenses amounted to \$81,000, compared to \$107,000 in the prior year.

7.7 General operating expenses

General operating expenses represents the general expenses spent to support the operations of UNITAID. This includes utilities and telecommunications such as fixed telephones, mobile phones, internet and global network expenses. For the year ended December 31, 2012, these expenses amounted to \$83,000, compared to \$63,000 in the prior year.

7.8 Net financial revenue

Net financial revenue comprises interest earned, foreign exchange gains/losses, unrealized and realized gains/losses on hedging transactions.

(in thousands of US dollars)

Type	31-Dec-12	31-Dec-11
Interest income	7,011	5,689
Realised gain/(loss)	(3,821)	(3,509)
Unrealised gain/(loss)	(1,213)	3,173
Total	1,977	5,353

Net interest received is made available to allocation to UNITAID projects and/or Secretariat expenses.

Interest earned by implementing partners on the available cash balances provided by UNITAID is not directly reflected in the financial statements of UNITAID. The implementing partners are required to manage the interest earned on the available cash balances according to the “Policy of interest income earned by implementing partners on UNITAID funds”, approved by the UNITAID Executive Board in its 14th session in July 2011.

8. Supporting information to the statement of net assets

UNITAID maintains a single fund. The net assets have not been allocated to various reserves by the Board. They are committed to projects as detailed in note 12. The net assets are simply the cumulative results of revenue and expenses since inception.

9. Related party and other senior management disclosure

Key Management Personnel (KMP) are Executive Director, Deputy Executive Director and Unit Heads (Operations, Market Dynamics and Finance and Administration).

The table below details the number of key management personnel staff who held these positions over the course of the year.

(in thousands of US dollars)

	Number of individuals	Compensation & post adjustment	Entitlements	Pension & health plans	Total remuneration to 31-Dec-12	Outstanding advances against entitlements	Outstanding loans
in 000's							
Key Management Personnel	5	1,064	-	119	1,183	-	-

The aggregate remuneration paid to key management personnel includes: net salaries, post adjustment, entitlements such as representation allowance and other allowances, assignment and other grants, rental subsidy, personal effect shipment costs, and employer pension and current health insurance contributions.

Key management personnel are also qualified for post-employment benefits at the same level as other employees. These benefits cannot be reliably quantified. Key management personnel are ordinary members of UNJSPF.

10. Millennium Foundation

The concept of the Millennium Foundation for Innovative Finance for Health (MFFH) was developed with the support of UNITAID. As an independent non-profit Swiss foundation, MFFH was established to mobilize additional resources to promote health for people in developing countries through the development and use of innovative finance mechanisms.

The Executive Boards of UNITAID and the Millennium Foundation share the same chairmanship.

On October 24, 2012, the Board of the MFFH met to discuss the future of the Foundation. Established primarily to implement the Voluntary Solidarity Contribution (VSC) project, it was found that at the end of 2011 the VSC was not financially viable and therefore was formally closed. On December 21, 2012, the Board of the MFFH passed a resolution to appoint KBT Fiduciaries of Nyon as Liquidator from January 1, 2013. A corresponding budget was also approved, and it is anticipated that wind up will be complete by the end of 2013, with an estimated recovery of \$1.5M by UNITAID.

11. Medicines Patent Pool

UNITAID has been exploring the feasibility of the establishment of a patent pool of HIV/AIDS medicines since 2007. Recognizing the significant potential public health benefits of a patent pool, UNITAID has concluded that there is a sufficient basis for the establishment of a patent pool and that its viability cannot be properly tested until a legal entity is established.

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 the MPPF on September 17, 2012, whereby UNITAID would contribute an amount not to exceed US\$4,427,951 to facilitate the work of the Foundation during its first year ending 30 June 2010. Additional funding of US\$425,000 was approved by the UNITAID Board in its 14th session in July 2011 for the cost-extension of the original agreement until the end of December 2011. In its 15th session in December 2011 the Executive Board of UNITAID approved a further funding support to MPPF of US\$26,298,170 for the period 2012 -2015. Overall the funding support for 2010 – 2015 approved by the Board totals US\$31,151,121. As at December 31, 2012 the amounts disbursed to MPPF from UNITAID comes to US\$10,774,873 (Annex 3).

UNITAID does not have representation on the Board of MPPF.

12. Future Commitments

The Board has approved \$1.8B worth of funding proposals since UNITAID was created in 2006. This includes the commitments made to Projects (\$1.78B) and Special Projects (Patent Pool – cumulative approval \$31M). \$1.5B is already committed under existing grant agreements, with a number of grant agreements being finalized following the funding approvals at the 17th Executive Board Meeting in early December 2012 (\$120M).

The breakdown of approvals for Project funding by area is currently as follows:

(in thousands of US dollars)

Area	Funding	%
HIV/AIDS	908,325	50%
Malaria	459,285	25%
Tuberculosis	291,421	16%
Transversal	129,762	7%
Special Projects	31,151	2%
Total	1,819,944	100%

Actual disbursements total \$1.243B or 68% of the project funding approved by the Board.

13. Considerations on revenue

Brazil has informed the Secretariat of its intention to provide the equivalent of \$13.2M to UNITAID for 2010 and its intention to continue funding UNITAID. The commitments for 2010, 2011 and 2012 have not been formally confirmed or received and therefore have not been recorded.

14. 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 of the financial statements. UNITAID has no pending legal case and has no such liability to disclose at the date of the preparation of the financial statements.

15. Events after reporting date

UNITAID's reporting date is 31 Dec 2012. On the date of signing of these accounts by the External Auditor, there have been no other material events, favorable or unfavorable, incurred between the balance sheet date and the date when the financial statements have been authorized for issue that would have impacted these statements.



Schedule I Annual Financial Position

Cumulative as at December 31, 2012 (in thousands of dollars)

	Notes	2012	2011 (Restated)	2010	2009	2008	2006-2007 (Restated)
ASSETS							
Current assets							
Cash and cash equivalents held by WHO	6.1	553,805	489,540	328,289	224,750	312,292	196,187
Accounts receivable - current	6.2	113,250	76,989	-	42,782	54,135	34,174
Staff receivables - current	6.3	101	87	-	-	7	-
Other current receivables		-	-	13,347	-	51	-
Total current assets		667,157	566,616	341,636	267,532	366,485	230,361
Non-current assets							
Accounts receivable - non current	6.2	488	88,148	-	-	-	-
Total non-current assets		488	88,148	-	-	-	-
TOTAL ASSETS		667,645	654,764	341,636	267,532	366,485	230,361
LIABILITIES							
Current liabilities							
Deferred revenue - current	6.4	87,659	87,659	-	-	-	-
Financial liabilities	6.5	-	782	-	-	-	-
Accrued staff benefits - current	6.6	637	548	-	-	-	-
Accounts payable	6.7	543	138	33	10	22,110	8,232
Staff payables	6.8	61	12	-	-	-	-
Other current liabilities	6.9	6,367	519	104	45	77	-
Total current liabilities		95,268	89,658	137	55	22,187	8,232
Non-current liabilities							
Accrued staff benefits - non-current	6.6	1,615	1,411	886	241	191	33
Deferred revenue - non current	6.4	488	88,148	-	-	-	-
Total non-current liabilities		2,103	89,559	886	241	191	33
TOTAL LIABILITIES		97,371	179,217	1,023	296	22,378	8,265
NET ASSETS							
Accumulated surpluses - fund balance	8	570,274	475,547	340,613	267,236	344,107	222,096
TOTAL NET ASSETS		570,274	475,547	340,613	267,236	344,107	222,096
TOTAL LIABILITIES AND NET ASSETS		667,645	654,764	341,636	267,532	366,485	230,361

Schedule II Annual Financial Performance

Cumulative as at December 31, 2012 (in thousands of dollars)

	Notes	2012	2011	2010	2009	2008	2006-2007 (Restated)
OPERATING REVENUE							
Voluntary contributions for the period	Annex 1	276,452	270,235	337,437	274,087	349,059	-
TOTAL OPERATING REVENUE		276,452	270,235	337,437	274,087	349,059	-
OPERATING EXPENSES							
Grants to implementers	Annex 3 & 4	164,739	123,518	257,300	350,907	226,696	145,036
Staff and other personnel costs	7.3	10,605	8,122	6,893	4,758	3,419	1,732
Consulting and Contractual Services	7.4	6,783	6,142	3,736	4,340	1,021	1,141
Travel	7.5	1,411	1,256	929	1,083	824	224
Equipment and furniture	7.6	81	107	59	0	47	43
General operating expenses	7.7	83	63	89	100	40	26
TOTAL OPERATING EXPENSES		183,702	139,208	269,007	361,188	232,047	148,202
SURPLUS FROM OPERATIONS		92,750	131,027	68,430	(87,101)	117,012	(148,202)
Financial revenue and expense - net	7.8	1,977	5,353	4,946	10,230	4,999	1,409
TOTAL SURPLUS FOR THE PERIOD		94,727	136,380	73,376	(76,871)	122,011	(146,793)

Schedule III Annual Changes in Net Assets/Equity

Cumulative as at December 31, 2012 (in thousands of dollars)

	2012	2011 (Restated)	2010	2009	2008	2006-2007 (Restated)
Net Assets at the beginning of the period	475,547	339,167	267,236	344,107	222,096	-
Surplus/(deficit) for the period	94,727	136,380	73,376	(76,871)	122,011	222,096
Net Assets at the end of the period	570,274	475,547	340,613	267,236	344,107	222,096

Annex 1 Operating Revenue – Voluntary Contributions

Cumulative as at December 31, 2012

(in thousands of dollars)

	2006 -2012	2012	2011	2010	2009	2008	2006-2007
Bill & Melinda Gates Foundation	60,000	10,000	10,000	10,000	10,000	10,000	10,000
Brazil (Note 12)	37,202				9,982	11,075	16,145
Cameroon	1,430	412	1,018				
Chile	24,043	3,643	2,282	7,439	1,346	4,000	5,333
Congo	1,090		1,090				
Cyprus	2,066	488	488	488	(27)	629	
France	1,140,307	143,408	144,251	197,654	160,009	226,481	268,504
Guinea	49					49	
Luxembourg	1,961		611	611	93	647	
Madagascar	30	3	12	4	11		
Mali	928		526	402			
Mauritius	8,741	1,709	1,937	1,104	2,270	1,397	324
Millenium Foundation	1,072	1,072					
Niger	281				249		32
Norway	131,096	21,546	18,761	22,831	20,118	26,215	21,625
Republic of Korea	35,000	7,000	7,000	7,000	7,000	7,000	
Spain	81,603		(2,813)	21,097	20,920	21,962	20,436
United Kingdom of Great Britain and Northern Ireland	349,259	87,171	85,072	68,807	42,115	39,604	26,490
Total	1,876,158	276,452	270,235	337,437	274,087	349,059	368,889

Annex 2 Status of Project Commitments – page 1 of 2

Cumulative as at December 31, 2012

(in thousands of dollars)

Project	Duration	Implementing Partner	Board Approved	Grant Agreement	Notes
HIV/AIDS Projects					
Paediatric Adapted Antiretrovirals (ARV)	2006-2014	Clinton Foundation HIV/AIDS Initiative (CHAI)	388,058	378,683	
Second Line ARV	2007-2012	CHAI	305,799	299,651	Project ending in 2012
Prevention of Mother to Child Transmission (PMTCT)	2007-2011	UNICEF	104,466	98,793	Project ended
ESTHERAID- Easing and Safeguarding the Availability of ARV Treatments	2009-2013	ESTHER	15,950	14,681	
Accelerating Access to Innovative Point of Care HIV Diagnostics	2012-2013	Clinton Foundation HIV/AIDS Initiative (CHAI) / UNICEF	20,000	19,642	
Implementation of CD4 and VL testing in decentralized, remote and resource-limited settings in MSF HIV Programmes	2012-2016	Medecins Sans Frontiers (Belgium) (MSF)	28,696	n/a	Grant Agreement to be negotiated
Open polyvalent platforms for sustainable and quality access to Viral Load in resource limited settings	2013-2014	France Expertise Internationale (FEI)	2,400	2,400	Grant Agreement finalized early 2013
Market entry of an improved solid protease inhibitor-based first antiretroviral combination therapy for infants and young children with HIV/AIDS	n/a	DNDi	17,336	n/a	Grant Agreement under negotiation
Manufacture and validation of rapid point of care CD4 testing in India	n/a	The Burnett Institute	1,627	n/a	Grant Agreement to be negotiated
Operational studies to validate and accelerate uptake of POC CD4 counters	n/a	Daktari Diagnostics	2,687	n/a	Grant Agreement to be negotiated
Uptake of a novel, disposable POC CD4 test in developing countries	n/a	Zyomix	7,534	n/a	Grant Agreement to be negotiated
Providing access to Early Infant Diagnosis and Viral Load monitoring by SAMBA	n/a	Diagnostics for the real world	8,844	n/a	Grant Agreement to be negotiated
A global network to improve access and quality of HIV Monitoring	n/a	LSHTM	4,928	n/a	Grant Agreement to be negotiated
Total HIV/AIDS Projects			908,325	813,849	
TB Projects					
Paediatric Tuberculosis	2006-2016	Global Drug Facility (GDF)	37,691	11,627	
Multi Drug-Resistant Tuberculosis (MDR-TB) Scale Up	2007-2012	GDF/Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM)/ GLC	55,667	55,667	
MDR-TB Acceleration & Access Initiative - Strategic Rotating Stockpile	2008-2012	GDF	11,802	11,802	
MDR-TB Strategic Revolving Fund -SRF ²	2008-2011	GDF	22,232	-	Proposal withdrawn
MDR TB Diagnostics	2009-2013	GDF/Foundation for Innovative New Diagnostics (FINN)/GLI	89,663	89,612	
First Line Anti TB Drug Initiative	2007-2011	GDF	27,646	27,646	Project ended
Scaling up access to contemporary TB diagnostics	2012 onward	Cepheid	4,100	4,100	
Scaling up access to contemporary TB diagnostics	2013-2015	Stop TB Department	25,900	24,893	Grant Agreement finalized early 2013
Paediatric TB Centre of Excellence	n/a	TB Alliance	16,720	-	Grant Agreement to be negotiated
Total TB Projects			291,421	225,347	

Annex 2 Status of Project Commitments – page 2 of 2

Cumulative as at December 31, 2012

(in thousands of dollars)

Project	Duration	Implementing Partner	Board Approved	Grant Agreement	Notes
Malaria Projects					
Artemisinin-based Combination Therapy (ACT) Liberia Burundi	2007	UNICEF/WHO-Global Malaria Department	1,335	1,335	Project ended
ACT Scale Up	2007-2012	GF/UNICEF	78,888	65,413	Project ended
Affordable Medicines Facility - Malaria (AMFM)	2009-2013	GFATM	180,000	180,000	
Long Lasting Insecticide-Treated Nets (LLINs)	2009-2010	UNICEF	109,250	109,246	Project ended
Assured Artemisinin Supply System (A2S2)	2009-2013	I+ Solutions	9,280	9,280	
Sustainable Global and National Quality Control for Malaria Rapid Diagnostics	5 years	FIND	9,442	n/a	Grant Agreement to be negotiated
Creating a Private Sector Market for Quality Assured RDTs in Malaria-Endemic Countries	3 years	Population Services International (PSI)	34,291	n/a	Grant Agreement to be negotiated
ACT watch2: Malaria market intelligence to evaluate global investments and define sustainable strategic options that ensure access to high quality	n/a	Population Services International (PSI)	2,800	n/a	Grant Agreement to be negotiated
Improving severe malaria outcome	n/a	Medicines for Malaria Venture (MMV)	34,000	n/a	Grant Agreement to be negotiated
Total Malaria Projects			459,285	365,274	
Transversal Projects					
WHO Pre-Qualification Of Medicines	multiyear from 2006	WHO/HSS/EMP/QSM/Prequalification Programme of Medicines (PQM)	66,110	53,110	Cost-extension for 2013 under negotiation
WHO Quality Assurance of Diagnostics	multiyear from 2009	WHO/HSS/EMP/ Diagnostics and Laboratory Technology (DLT)	10,475	8,475	Cost-extension for 2013 under negotiation
Global Fund Round 6	2006-2010	GFATM	52,500	38,692	
Preventing Patent Barriers	3 years	Lawyers Collective	677	-	Grant Agreement under negotiation
Total Transversal Projects			129,762	100,277	
Total for Projects			1,788,793	1,504,747	
Special Project					
	Duration	Implementing Partner	Board Approved Amount	Grant Agreement Amount	
Medicines Patent Pool Foundation	2010-2015	Medicines Patent Pool Foundation	31,151	31,151	
Total for Projects and Special Projects			1,819,944	1,535,898	

Annex 3 Disbursements to Implementers by project

Cumulative as at December 31, 2012

(in thousands of dollars)

	2006-2012	2012	2011	2010	2009	2008	2006-2007
Paediatric Adapted Antiretrovirals (ARV)	292,505	44,052	33,906	68,224	57,931	52,133	36,259
Second Line ARV	252,869	17,517	22,526	61,124	27,043	88,220	36,439
Prevention of Mother to Child Transmission (PMTCT)	94,615		23,592	30,666	26,555	7,262	6,541
ESTHERAID- Easing and Safeguarding the Availability of ARV Treatments	7,382	2,889	4,041		452		
PoC Diagnostics (CHAI/UNICEF)	14,548	14,548					
Paediatric Tuberculosis	11,627			1,714		4,078	5,835
Multi Drug-Resistant Tuberculosis (MDR-TB) Scale Up	51,049	2,112	14,420	12,305	9,796	5,114	7,303
MDR-TB Acceleration & Access Initiative - Strategic Rotating Stockpile	9,873					9,873	
MDR TB Diagnostics	47,260	9,043		18,229	15,972	4,016	
Scale-Up Access to Rapid Diagnosis of TB through uptake of Xpert MTB/RIF	3,200	3,200					
First Line Anti TB Drug Initiative	27,645						27,645
Artemisinin-based Combination Therapy (ACT) Liberia Burundi	978				(370)		1,348
ACT Scale Up	39,844		3,230		7,063	13,793	15,757
Affordable Medicines Facility - Malaria (AMFM)	180,000	50,000		65,000	65,000		
Long Lasting Insecticide-Treated Nets (LLINs)	100,794		(44)	(8,408)	109,246		
Assured Artemisinin Supply System (A2S2)	4,280	(5,000)			9,280		
WHO Pre-Qualification (Medicines & Diagnostics)	55,244	19,216	17,948		10,170		7,910
Global Fund Round 6	38,692					38,692	
Total Grants to Implementers	1,232,405	157,577	119,620	248,854	338,137	223,181	145,036
Special Projects							
Medicines Patent Pool Foundation	10,775	5,976	2,447	2,352			
Secretariat Initiatives							
Millennium Foundation	22,380			6,094	12,098	4,188	
Global data exchange for establishment of Market Intelligence Information system (MIS)	2,510	1,059	1,451				
Coordinated Procurement Planning Initiative (CPP)	127	127					
Total Transfers	1,268,197	164,739	123,518	257,300	350,235	227,369	145,036
2008 PSC booked in 2009					672	(672)	
Total (adjusted)	1,268,197	164,739	123,518	257,300	350,907	226,697	145,036

Annex 4 Disbursements to Implementers (by implementing partner)

Cumulative as at December 31, 2012

(in thousands of dollars)

Lead Implementing Partner	2006-2012	2012	2011	2010	2009	2008	2006-2007
Clinton Foundation HIV/AIDS Initiative	559,024	76,117	56,432	129,348	84,974	140,353	71,800
UNICEF	235,998		26,779	22,258	142,494	21,055	23,412
Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM)	218,692	50,000		65,000	65,000	38,692	
Global Drug Facility (WHO)	146,266	11,155	14,420	32,248	25,767	23,081	39,595
WHO/Prequalification of Medicines Programme	49,983	19,216	14,727		9,040		7,000
ESTHER	7,382	2,889	4,041		452		
I+Solutions	4,280	(5,000)			9,280		
WHO/HTP-Department of Essential Health Technologies/Diagnostics and Laboratory Technology	4,351		3,221		1,130		
Cepheid	3,200	3,200					
WHO Programme Support Costs (prior to current WHO/UTD service administrative arrangement)	3,229				672	(672)	3,229
Total Grants to Implementers	1,232,405	157,577	119,620	248,854	338,809	222,509	145,036
Special Projects							
Medicines Patent Pool Foundation	10,775	5,976	2,447	2,352			
Secretariat Initiatives							
Millennium Foundation	22,379			6,094	12,098	4,188	
Global data exchange for establishment of Market Intelligence Information system (MIS)	2,510	1,059	1,451				
Coordinated Procurement Planning Initiative (CPP)	127	127					
Total Transfers	1,268,196	164,739	123,518	257,300	350,907	226,697	145,036