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# **TDR Financial management report 2018 and outlook 2019-2021**

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## TDR/STRA/19.2

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## 2018-2019

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### Implementation of US\$ 40 million budget scenario in 2018

Two budget scenarios for 2018–2019 were approved by the JCB in 2017 (figure 1)

- In June 2017, TDR's Joint Coordinating Board (JCB) approved two budget scenarios for the biennium 2018–2019.
  - A lower scenario at US\$ 40 million (US\$ 30 million undesignated funds; US\$ 10 million designated funds).
  - A higher scenario at US\$ 50 million (US\$ 37 million undesignated funds; US\$ 13 million designated funds).
- The two-scenario model was developed to help manage the uncertainty of income and allow a confident start to implementation. The scenarios were to be implemented in a stepped approach as funds became available.
- In January 2018, TDR began implementation of the lower (US\$ 40 million) scenario based on the conservative revenue forecast.

Effective implementation in 2018: 41% funds utilized (figures 1 and 2)

- Financial implementation is monitored monthly.
- At 31 December 2018, US\$ 16.7 million had been spent or committed through legal agreements (commitments of US\$ 1.7 million). This represents 41% of the US\$ 40 million budget scenario.

### Moving towards the US\$ 50 million scenario in 2019

Funds available for the biennium 2018-2019 are currently forecast at US\$ 46.5 million as a result of confirmation of contributions (figures 3 to 6)

- Funds available include revenue recorded in the current biennium, together with funds carried over from the previous biennium, less amounts designated to specific projects for the next biennium.
- Revenue recognised in 2018 amounted to US\$ 27.6 million, including US\$ 20.6 million undesignated funds and US\$ 7.0 million designated funds. Revenue is stable compared to the previous biennium.
- Eighty-five percent (85%) of undesignated and 91% of designated forecast funds available are now confirmed.
- Forecast revenue is reviewed continuously and estimated in a conservative way. It is based on historical contribution levels as well as ongoing discussions with donors. Potential movement in foreign exchange rates is taken into consideration when calculating forecast revenue streams.
- Funds available are currently estimated at US\$ 46.5 million, including US\$ 35 million undesignated funds and US\$ 11.5 million designated funds.

Planned costs for 2018-2019 were revised to US\$ 46 million following an internal annual review in January 2019

- Planned costs for 2018–2019 were revised to US\$ 46 million, including US\$ 35 million undesignated funds and US\$ 11 million designated funds, based on the approved higher budget scenario and related workplans

## 2020-2021

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### 2020–2021 budget and workplan scenarios have been developed

Funds available for the biennium 2020-2021 are currently forecast at US\$ 40 million (figure 7)

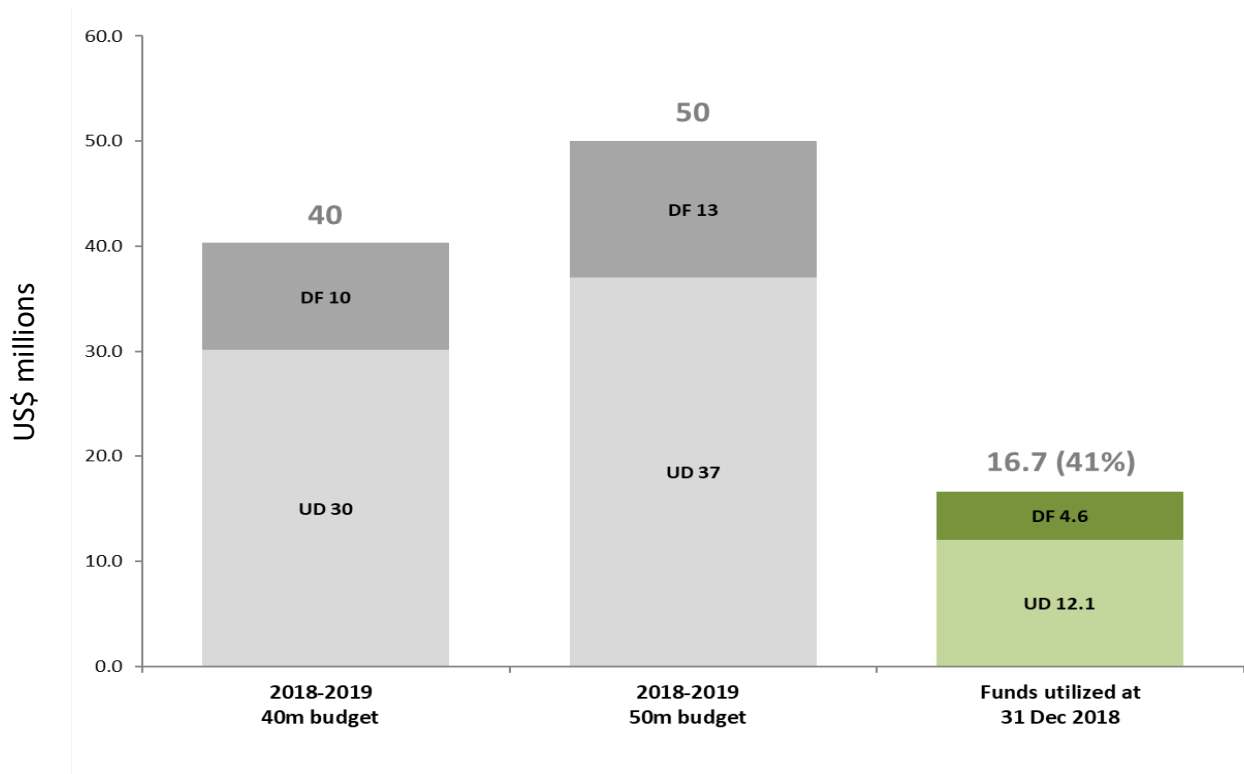
- Forecast revenue is estimated in a conservative way, reflecting uncertainty of contributions and foreign exchange rates. It is based on historical contribution levels, current exchange rates and ongoing discussions with donors.
- Having reached a stable position in 2018-19, revenue is expected to increase slightly in 2020-21 due to new designated funds that have been secured.
- Revenue is currently estimated at US\$ 40 million, including US\$ 28 million undesignated funds and US\$ 12 million designated funds.

Budget and workplan scenarios for 2020–2021 have been developed for review and endorsement (figures 8-10)

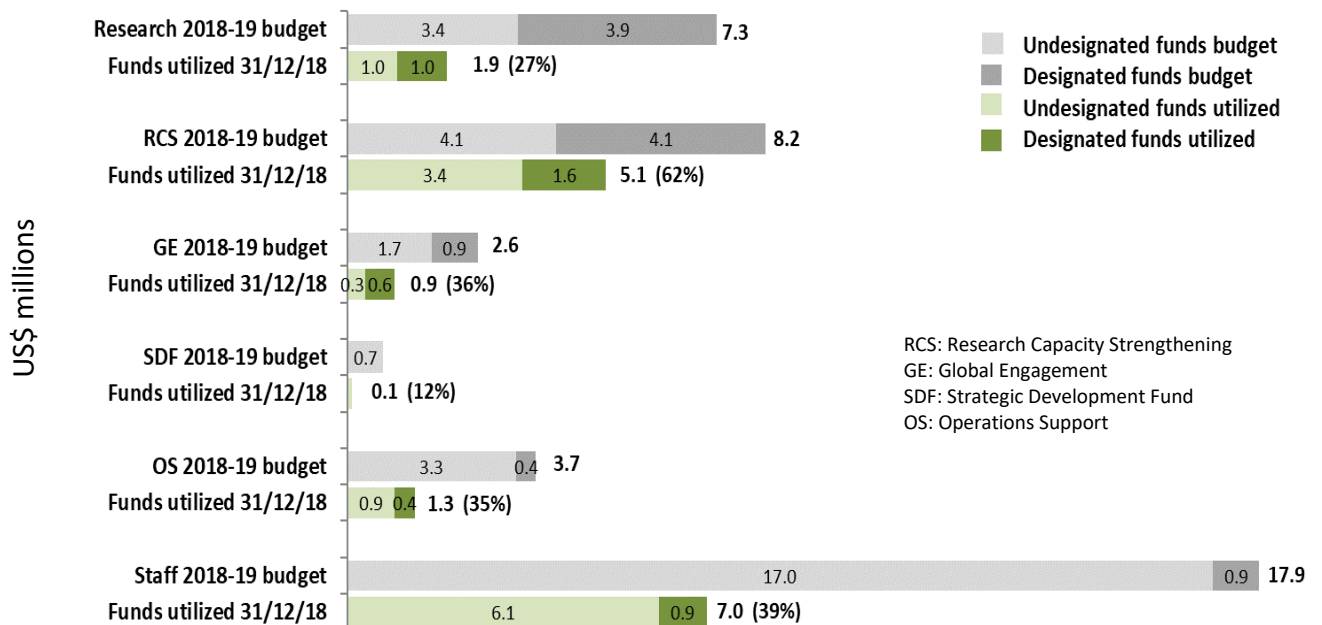
- Two budget and workplan scenarios have been prepared for 2020–2021:
  - A lower scenario at US\$ 40 million (US\$ 28 million undesignated funds; US\$ 12 million designated funds).
  - A higher scenario at US\$ 50 million (US\$ 34 million undesignated funds; US\$ 16 million designated funds).

# Figures and tables

**Figure 1:** 2018–2019 budget scenarios and funds utilized

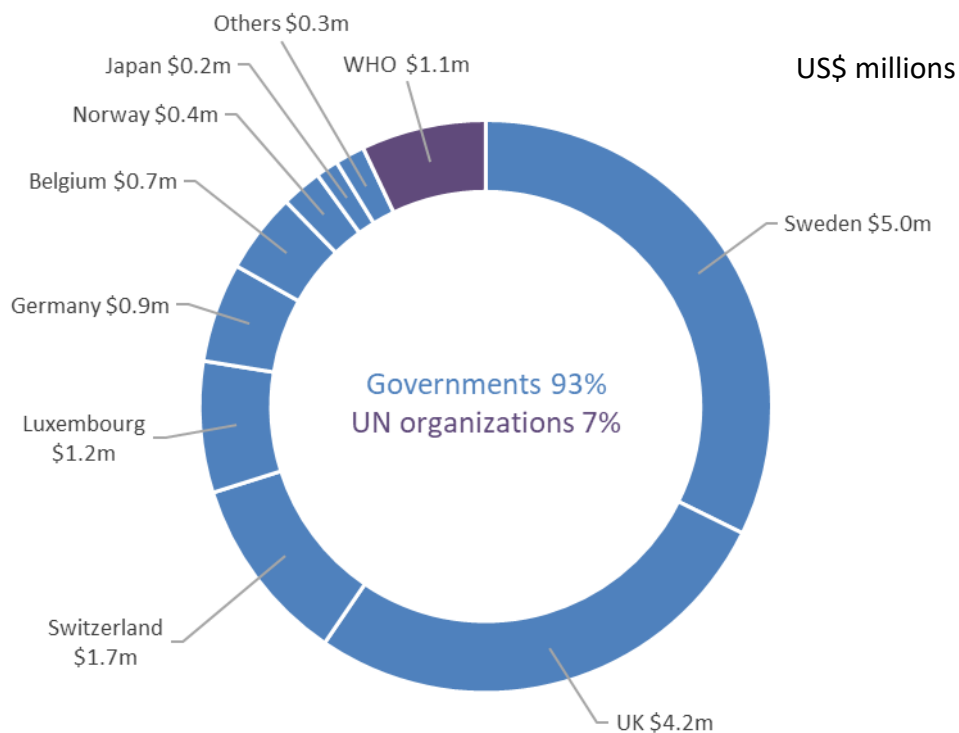


**Figure 2:** 2018–2019 funds utilized by work area as at 31 December 2018

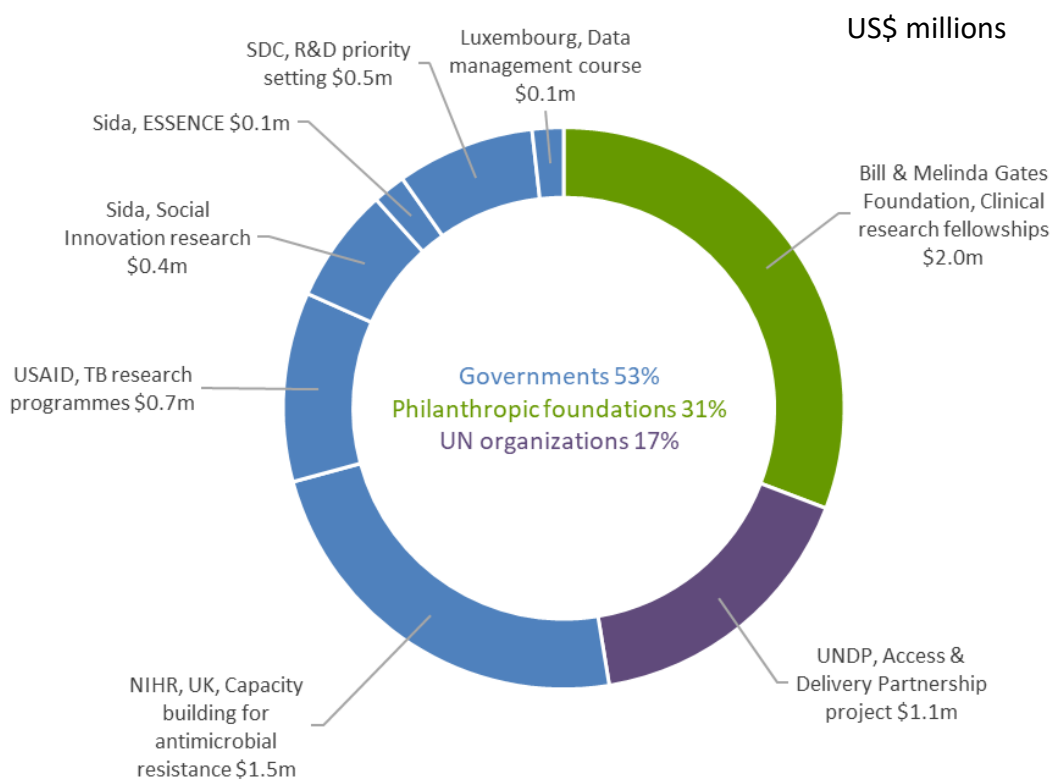


Designated funding (DF): for specific activity      Undesignated funding (UD): flexible for TDR programme

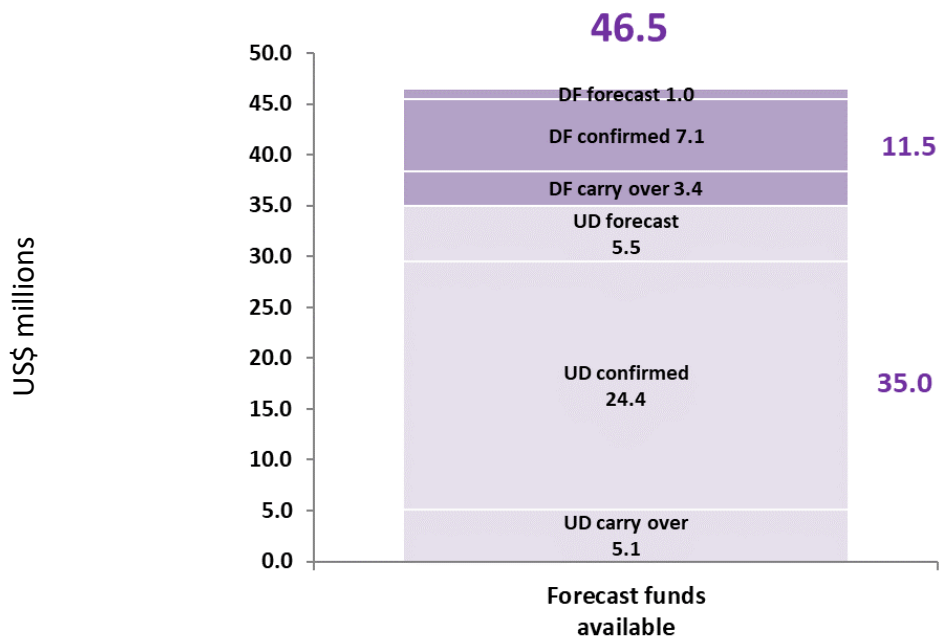
**Figure 3:** Undesignated revenue by donor (2018)



**Figure 4:** Designated revenue by donor and project (2018)



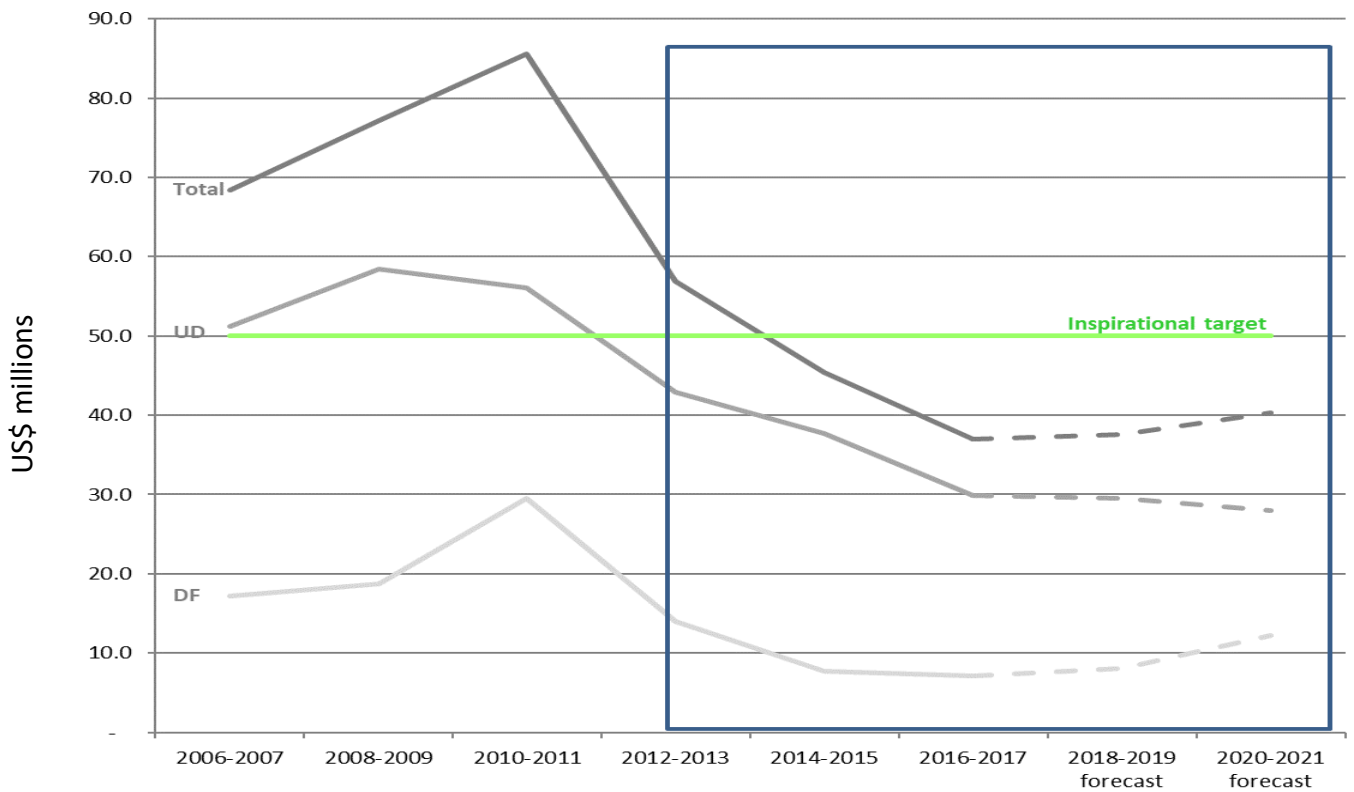
Designated funding (DF): for specific activity      Undesignated funding (UD): flexible for TDR programme

**Figure 5:** Analysis of forecast revenue 2018–2019**Figure 6:** 2018–2019 current financial situation

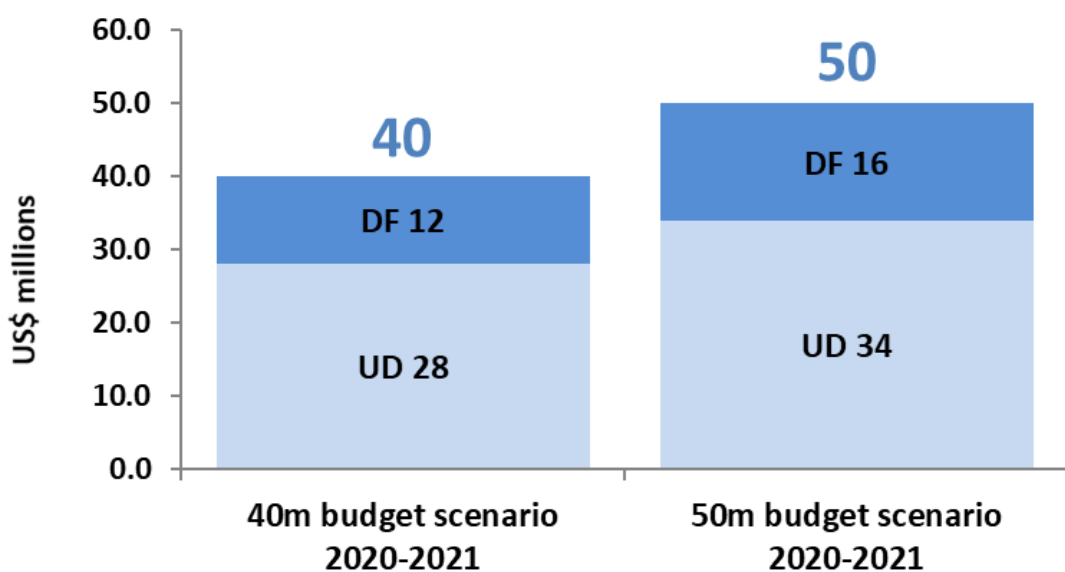
Designated funding (DF): for specific activity    Undesignated funding (UD): flexible for TDR programme



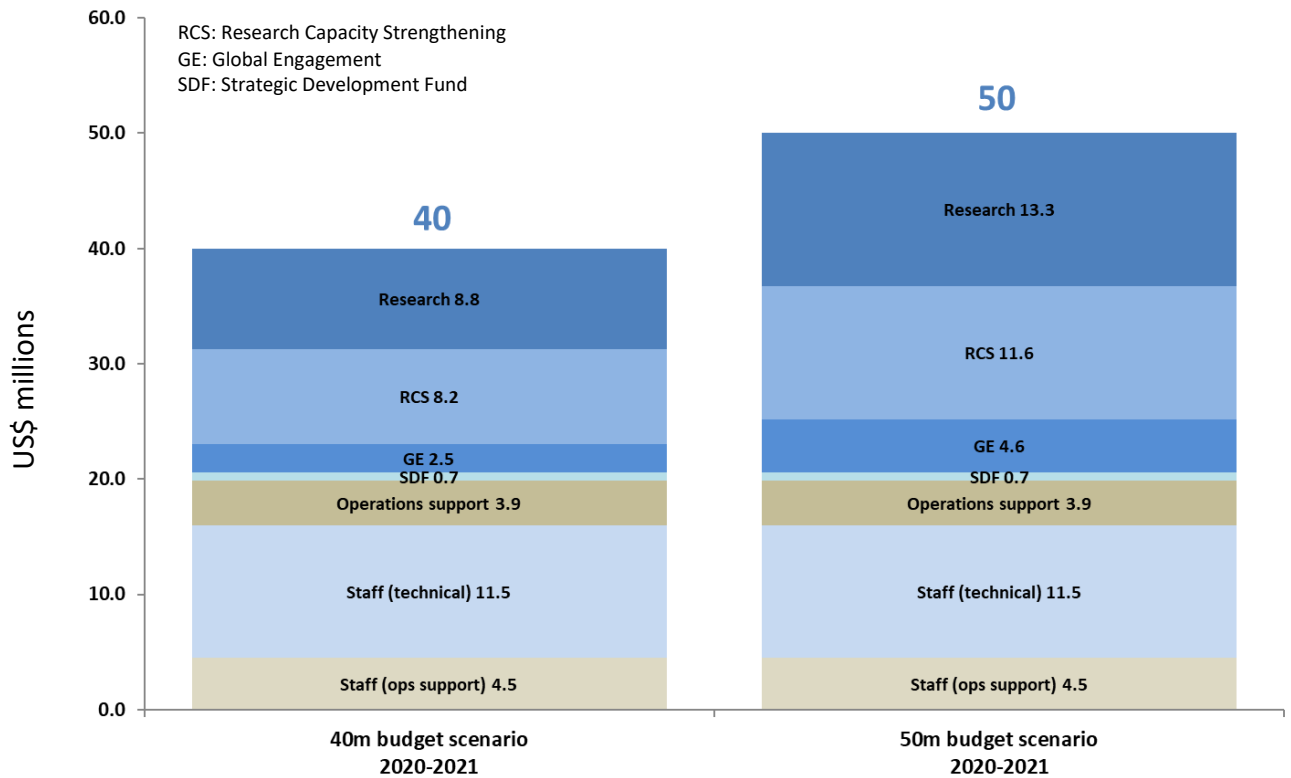
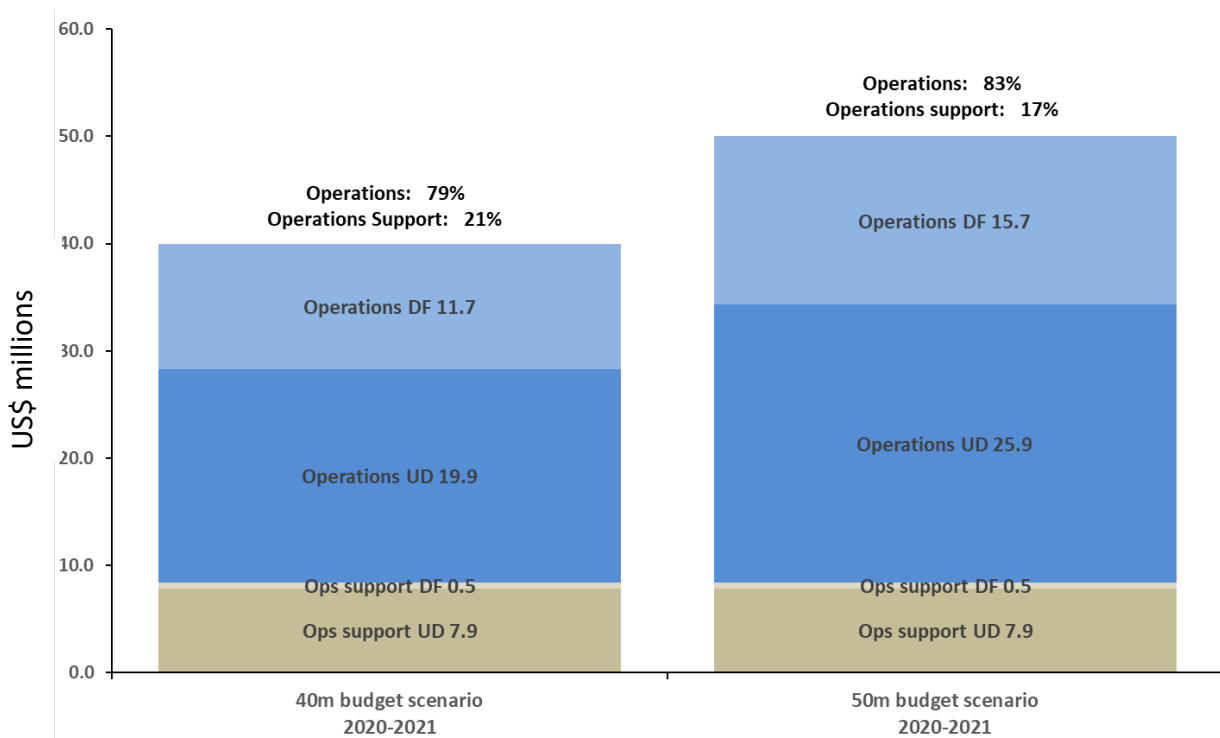
**Figure 7:** revenue trend and 2020-2021 forecast



**Figure 8:** 2020-2021 programme budget by fund type



Designated funding (DF): for specific activity    Undesignated funding (UD): flexible for TDR programme

**Figure 9:** 2020–2021 programme budget by expenditure category**Figure 10:** 2020–2021 programme budget (operations v operations support, with personnel costs integrated)

Designated funding (DF): for specific activity    Undesignated funding (UD): flexible for TDR programme

## Annex

# TDR Certified Financial Statement for the year ended 31 December 2018

## Certification of financial statement

The following tables numbered 1 and 2 and related notes have been reviewed and approved.



**Beatrice Halpaap**  
Portfolio and Programme  
Manager  
UNICEF/UNDP/World Bank/WHO  
Special Programme for Research  
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Comptroller a.i  
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and Training in Tropical Diseases



24 May 2019

## Trust Fund for the UNICEF/UNDP/World Bank/WHO Special Programme for Research and Training in Tropical Diseases

**Table 1: Statement of financial performance**

*For the year ended 31 December 2018*

*(In thousands of US dollars)*

Description	Notes	2018	2017
<b>Fund balance as at 1 January</b>		<b>17 910</b>	<b>18 472</b>
<b>REVENUE</b>	3.1		
Voluntary contributions		26 467	17 609
WHO contributions		1 100	967
Other funding from WHO		66	113
Interest income		319	301
<b>Total revenue</b>		<b>27 952</b>	<b>18 990</b>
<b>EXPENSES</b>	3.2		
Staff costs		7 054	7 469
Contractual services, transfers and grants		6 259	9 463
Travel		888	1 156
General operating expenses		412	579
WHO administrative costs		692	885
<b>Total expenses</b>		<b>15 305</b>	<b>19 552</b>
<b>Fund balance as at 31 December</b>	3.3	<b>30 557</b>	<b>17 910</b>

## Notes to the financial statement

### 1. Basis of preparation

The financial results of TDR are consolidated within the General Fund of the World Health Organization (WHO). Revenue and expenses for the TDR Trust Fund are recorded in a separate fund to allow for financial reporting. A separate balance sheet is not available for TDR as all balance sheet transactions are managed in one set of ledgers for WHO.

The TDR statement of financial performance has been extracted from WHO accounts and all transactions have been recorded in accordance with relevant WHO accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

### 2. Significant accounting policies

For a full set of accounting policies, please refer to the WHO Audited Financial Statement for the year ended 31 December 2018 (see document [A72/36<sup>1</sup>](#)). The policies below support TDR's statement of financial performance.

#### 2.1 Revenue

Revenue is recognized following the established criteria of IPSAS 23 (Revenue from Non-Exchange Transactions).

Revenue from voluntary contributions is recorded when a binding agreement is signed by WHO and the contributor. When an agreement contains "subject to" clauses, WHO does not consider the agreement to be binding and does not record the revenue and amount receivable until the cash is received. Where there are no payment terms specified by the contributor or payment terms are in the current accounting year, revenue is recognized in the current period. Where payment terms specify payment after the year end, the amount is reported as *deferred revenue*.

Deferred revenue is reported on the WHO balance sheet as a liability and is released in the period in which it falls due.

#### 2.2 Expenses

WHO recognizes expenses at the point where goods have been received or services rendered (delivery principle) and not when cash or its equivalent is paid.

#### 2.3 Budget comparison

TDR's budgets are prepared on a biennial basis. Refer to table 3 for budget comparison.

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<sup>1</sup> [https://apps.who.int/gb/ebwha/pdf\\_files/WHA72/A72\\_36-en.pdf](https://apps.who.int/gb/ebwha/pdf_files/WHA72/A72_36-en.pdf)

### 3. Supporting information to the TDR statement of financial performance

#### 3.1 Revenue

- **Voluntary contributions**

Voluntary contributions were US\$ 26.5 million in 2018 (US\$ 17.6 million in 2017). These contributions represent revenue recognized from governments, intergovernmental organizations, institutions and other United Nations organizations. For details of revenue by contributor, refer to table 2.

The increase year on year is due to Sweden's core contribution for the biennium recognised in full in 2018, a higher level of core contribution from UK and new project specific revenue from UK, UNDP, Sweden, Gates and SDC.

Deferred revenue represents multi-year agreements signed in 2018 or prior years but for which the revenue recognition has been deferred to future financial periods. As at 31 December 2018, deferred revenue amounted to US\$ 3.8 million (US\$ 12.3 million in 2017).

#### **Deferred revenue by contributor**

*(In thousands of US dollars)*

	<b>2018</b>	<b>2017</b>
Sweden		11 168
Switzerland	185	
United Kingdom of Great Britain and Northern Ireland	3 576	673
Bill & Melinda Gates Foundation		346
UNDP		86
<b>Total deferred revenue</b>	<b>3 761</b>	<b>12 273</b>

- **WHO contributions**

Contributions from WHO are recognized on the basis of expenditure; US\$ 1.1 million has been recognized in 2018 (US\$ 1.0 million in 2017).

- **Other funding from WHO**

Other contributions from WHO reflects implementation of research projects on behalf of other technical areas within WHO. Contributions are recognized on the basis of expenditure.

- **Interest allocation**

Interest earned in 2018 was US\$ 0.3 million (US\$ 0.3 million in 2017). This represents income received from the investment of TDR funds by WHO.

### 3.2 Expenses

Lower expenditure in the first year of the biennium reflects the normal biennial cycle. Decreases are expected when compared to the second year of the previous biennium.

- **Staff costs**

US\$ 7.1 million in 2018 (US\$ 7.5 million in 2017) reflects the total cost of employing staff, including charges for base salary, post adjustment and other entitlements, e.g. pension and insurance. The decrease year on year reflects the ICSC pay cut introduced in February 2018 along with vacant positions due to the retirement of 5 (five) staff members in late 2017 and 2018.

- **Contractual services, transfers and grants**

US\$ 6.3 million in 2018 (US\$ 9.5 million in 2017) represents expenses for service providers. The main components are:

- Letters of Agreement for research or capacity building grants issued to individuals and institutions;
- Agreements for Performance of Work, consulting contracts given to individuals to perform activities on behalf of TDR;
- Technical Services Agreements that relate to collaborative research activities between TDR and various institutions, universities and laboratories; and
- Expenses for fellows supported by TDR. The main components include stipends, education allowance, travel and insurance. Expenses for training of grantees who are not fellows is also included.

- **Travel**

US\$ 0.9 million in 2018 (US\$ 1.2 million in 2017) reflects the cost of travel for TDR staff, non-staff participants in meetings, consultants and representatives of TDR's governing and advisory bodies. Travel expenses include airfares, per diem and other travel-related costs. This amount does not include statutory travel for home leave or education grants that is accounted for within staff costs.

- **General operating expenses**

US\$ 0.4 million in 2018 (US\$ 0.6 million in 2017) reflects the general running cost to maintain the office including utilities, printing, IT hardware and software, telecommunications (fixed telephone, mobile phone, internet and global network expenses) and office rent.

- **WHO administrative costs**

- US\$ 0.7 million in 2018 (US\$ 0.9 million in 2017) reflects the apportionment of WHO administration and management costs. TDR pays administrative costs in accordance with World Health Assembly resolution 34.17.

### 3.3 Fund balance at end of year

The end of year fund balance of US\$ 30.6 million includes US\$ 5.6 million of funding for the biennium paid in the first year of the biennium in accordance with the payment schedule, US\$ 8 million working capital (set aside as personnel liability as recommended by WHO), US\$ 1.7 million in legally binding commitments and the balance of US\$ 15.3 million for implementation of planned activities in 2019.



Table 2: TDR revenue 2012-2018

(In thousands of US dollars)

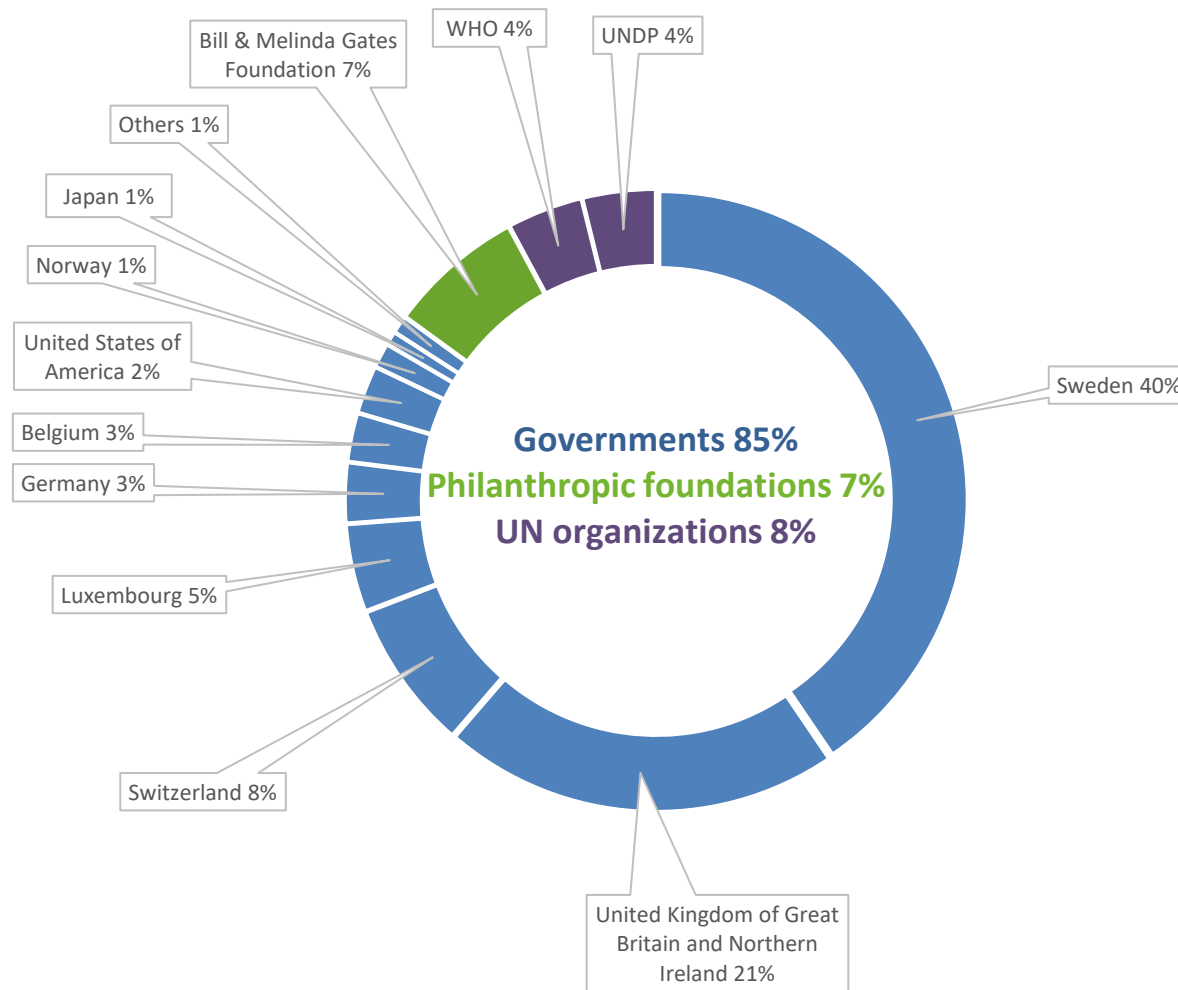
CONTRIBUTORS	2012	2013	2014	2015	2016	2017	2018
<b>Member States</b>							
Belgium	1 857	1 289	2 038	2 038	1 115	721	708
China	55		110	55	55	55	55
Cuba	10	5	5	3	5	5	
Germany	1 091	1 073	814	817	666	901	876
Ghana	45			75			
India		110	55		110		55
Japan	300	270	270	200	280	280	200
Luxembourg	1 676	1 617	1 337	1 176	1 134	1 074	1 273
Malaysia	25	25	25	25	25	25	25
Mexico			10		30	10	20
Netherlands	400	400					
Nigeria	200	193			303		
Norway	2 475	2 564	2 200	1 177	952	379	357
Panama		7	7	7		14	7
Portugal			64				
Spain		95	200		42		
Sweden	5 210	4 848	5 181	5 221	4 031	5 650	11 168
Switzerland	1 839	1 819	1 829	1 973	1 814	1 677	2 163
Thailand	49	50	46	46	42	42	93
Turkey	5	5	5	5	5	5	5
United Kingdom of Great Britain and Northern Ireland	3 804	6 011	3 817	3 817	3 053	3 726	5 741
United States of America	602		608	607	628	1 254	697
Zambia		111					
<b>Total - Member States</b>	<b>19 642</b>	<b>20 491</b>	<b>18 621</b>	<b>17 242</b>	<b>14 290</b>	<b>15 819</b>	<b>23 443</b>

1. The 2018 contribution from the government of Sweden includes US\$ 10.1 million core and US\$ 1.1 million designated funding. The core contribution for the 2 years 2018-2019 was recognized in full in 2018 in accordance with the terms of the agreement.
2. The 2018 contribution from the United Kingdom of Great Britain and Northern Ireland includes US\$ 4.2 million core and US\$ 1.5 million designated funding.

CONTRIBUTORS	2012	2013	2014	2015	2016	2017	2018
African Programme for Onchocerciasis Control (APOC)	400						
Bill & Melinda Gates Foundation	516		938	1 967	2 081	1 338	1 968
Drugs for Neglected Diseases initiative (DNDi)	624	96	371				
European Commission	2 215	671	1 956				
Foundation for Innovative New Diagnostics (FIND)	198						
Global Alliance for TB Drug Development	194	240	80				
International Development Research Centre (IDRC)	7 477	656					
International Union against Tuberculosis and Lung Disease (IUATLD)					340	100	
Medicines for Malaria Venture (MMV)		65					
Pfizer Inc (formerly Wyeth)	200	500					
Royal Tropical Institute (KIT), Netherlands	242		125	24			
United Nations Development Programme (UNDP)		650	565	475	1 195		1 061
University of Heidelberg, Germany (funds from CEC)		345	521				
University of Oxford, United Kingdom	78	78					
World Bank	1 660	2 800		1 250			
Miscellaneous *	( 34)	(2 383)	2	( 530)	( 294)	352	1
Refunds to donors	( 933)	( 9)					( 6)
<b>Total - Voluntary contributions</b>	<b>32 479</b>	<b>24 200</b>	<b>23 178</b>	<b>20 428</b>	<b>17 611</b>	<b>17 609</b>	<b>26 467</b>
WHO Assessed Contribution				1 800	802	967	1 100
WHO Other Funding	270					113	66
Interest		58	82	175	157	301	319
<b>Grand total</b>	<b>32 749</b>	<b>24 258</b>	<b>23 260</b>	<b>22 404</b>	<b>18 570</b>	<b>18 990</b>	<b>27 952</b>

1. The contribution from UNDP for the period 2016-2018 was recognized in 2016.
2. Negative amounts in 'miscellaneous' represent a decrease in the revenue recognized in a prior period due to changes in contractual terms or a reduction in amounts receivable.

Figure 1: Analysis of 2018 revenue by donor (core and designated funds including WHO)



1. The 2018 contribution from the government of Sweden includes US\$ 10.1 million core and US\$ 1.1 million designated funding. The core contribution for the 2 years 2018-2019 was recognized in full in 2018 in accordance with the terms of the agreement.
2. The 2018 contribution from the United Kingdom of Great Britain and Northern Ireland includes US\$ 4.2 million core and US\$ 1.5 million designated funding.

Table 3: Statement of comparison of budget and expenses for the biennium 2018-2019

Expected result	Description	Programme budget (\$40m) 2018-2019	Expenses 2018-2019	Implementation (%)	Revised planned costs at January 2019
<b>Intervention and implementation research (IIR)</b>					
1.1.4	Country resilience to the threat of drug-resistant infections	430	14	3%	1 686
1.1.1	Country preparedness for disease outbreaks	340	73	21%	390
1.1.7	Maximized utilization of data for public health decision making	1 050	514	49%	866
1.1.8	Maximized utilization of safety information for public health decision making	1 000	196	20%	773
1.2.1	Strategies to achieve and sustain disease elimination	560	65	12%	520
1.2.6	Optimized approaches for effective delivery and impact assessment of public health interventions	880	377	43%	2 114
1.1.5	Directions for development and accelerated access to new tools and strategies	200	28	14%	200
<b>Sub-total IIR (a)</b>		<b>4 460</b>	<b>1 266</b>	<b>28%</b>	<b>6 550</b>
<b>Vector, environment and society (VES)</b>					
1.3.3	Vector-borne diseases and climate change in Africa	300	1	0%	60
1.3.7	Control of vector-borne diseases in SE-Asia through environmental measures	550	197	36%	490
1.3.6	Impact of insecticide resistance and residual malaria on malaria control	200	41	21%	200
1.3.11	Multi-sectoral approach on malaria control	1 040	3	0%	255
1.3.10	Urban health interventions for control of vector-borne diseases	300	67	22%	375
1.3.8	Training course for gender data analysis in vector-borne diseases	100	3	3%	100
1.3.12	Gender responsive health interventions	300	60	20%	180
<b>Sub-total VES (b)</b>		<b>2 790</b>	<b>372</b>	<b>13%</b>	<b>1 660</b>
<b>Research capacity strengthening (RCS) and knowledge management (KM)</b>					
2.1.1.1	TDR support to regional training centres	1 230	532	43%	1 400
2.1.2	Targeted research training grants (MSc, PhD)	3 550	2 232	63%	5 700
2.1.4	Career development fellowship grants	2 420	1 336	55%	3 638
2.1.6	Structured capacity building in IR (renewal of UNDP Access Initiative) joint with IIR	1 000	112	11%	462
<b>Sub-total RCS and KM (c)</b>		<b>8 200</b>	<b>4 213</b>	<b>51%</b>	<b>11 200</b>

Expected result	Description	Programme budget (\$40m) 2018-2019	Expenses 2018-2019	Implementation (%)	Revised planned costs at January 2019
	<b>Global engagement</b>				
1.3.5	Research on social innovation to enhance healthcare delivery	350	84	24%	1 200
2.1.1.2	Regional office collaboration and small grants	1 100	13	1%	1 200
2.2.1	Shaping the research agenda	300	24	8%	575
2.2.2	Capacity strengthening to bring research evidence into policy	300	135	45%	100
2.3.1	Collaborative networks & engagement with global health initiatives	200	280	140%	350
2.3.3	TDR Global	300	92	31%	450
	<b>Sub-total RCS and KM (c)</b>	<b>2 550</b>	<b>629</b>	<b>25%</b>	<b>3 875</b>
	<b>Strategic development fund (d)</b>	<b>700</b>	<b>44</b>	<b>6%</b>	<b>700</b>
	<b>Sub-total Operations (e = sum [a:d])</b>	<b>18 700</b>	<b>6 525</b>	<b>35%</b>	<b>23 985</b>
	<b>Operation support</b>				
	Governance meetings	400	90	22%	400
	Advocacy, communication & resource mobilization	440	134	30%	440
	Finance, M&E, audit	185	19	10%	40
	Staff development	90		0%	90
	Running costs	685	315	46%	685
	e-TDR	100	7	7%	400
	WHO Admin Charges	1 800	692	38%	1 800
	<b>Sub-total Operation Support (f)</b>	<b>3 700</b>	<b>1 257</b>	<b>34%</b>	<b>3 855</b>
	<b>Staff costs (g)</b>	<b>17 900</b>	<b>7 049</b>	<b>39%</b>	<b>17 900</b>
	<b>Total (h = sum [e:g])</b>	<b>40 300</b>	<b>14 830</b>	<b>37%</b>	<b>45 740</b>
	<b>Timing differences</b>				
	Expenses relating to prior biennium workplans		474		312
	<b>Total expenses as per the Statement of Financial Performance (Statement I)</b>	<b>40 300</b>	<b>15 305</b>	<b>38%</b>	<b>46 052</b>

1. Implementation reflects all expenditures recorded in the WHO accounts.
2. Funds utilized as presented in the financial management report (US\$ 16.7 million) includes expenses as well encumbrances (commitments) of US\$ 1.7 million but excludes expenses on prior biennium workplans (\$0.3 million)