

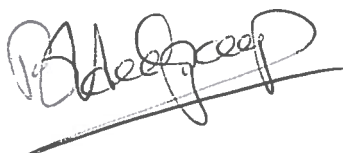
TDR certified financial statement for the year ended 31 December 2018

Agenda item:	5.
Action / Information:	JCB is invited to review and endorse the report
Purpose:	This document presents financial information for the year 2018, certified by WHO.

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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
and Training in Tropical Diseases



Jane Stewart Pappas
Comptroller a.i
Department of Finance
World Health Organization



John Reeder
Director
UNICEF/UNDP/World Bank/WHO
Special Programme for Research
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
Fund balance as at 1 January		17 910	18 472
REVENUE	3.1		
Voluntary contributions		26 467	17 609
WHO contributions		1 100	967
Other funding from WHO		66	113
Interest income		319	301
Total revenue		27 952	18 990
EXPENSES	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
Total expenses		15 305	19 552
Fund balance as at 31 December	3.3	30 557	17 910

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 [A72/36¹](#)). 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.

¹ 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)

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

- 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)

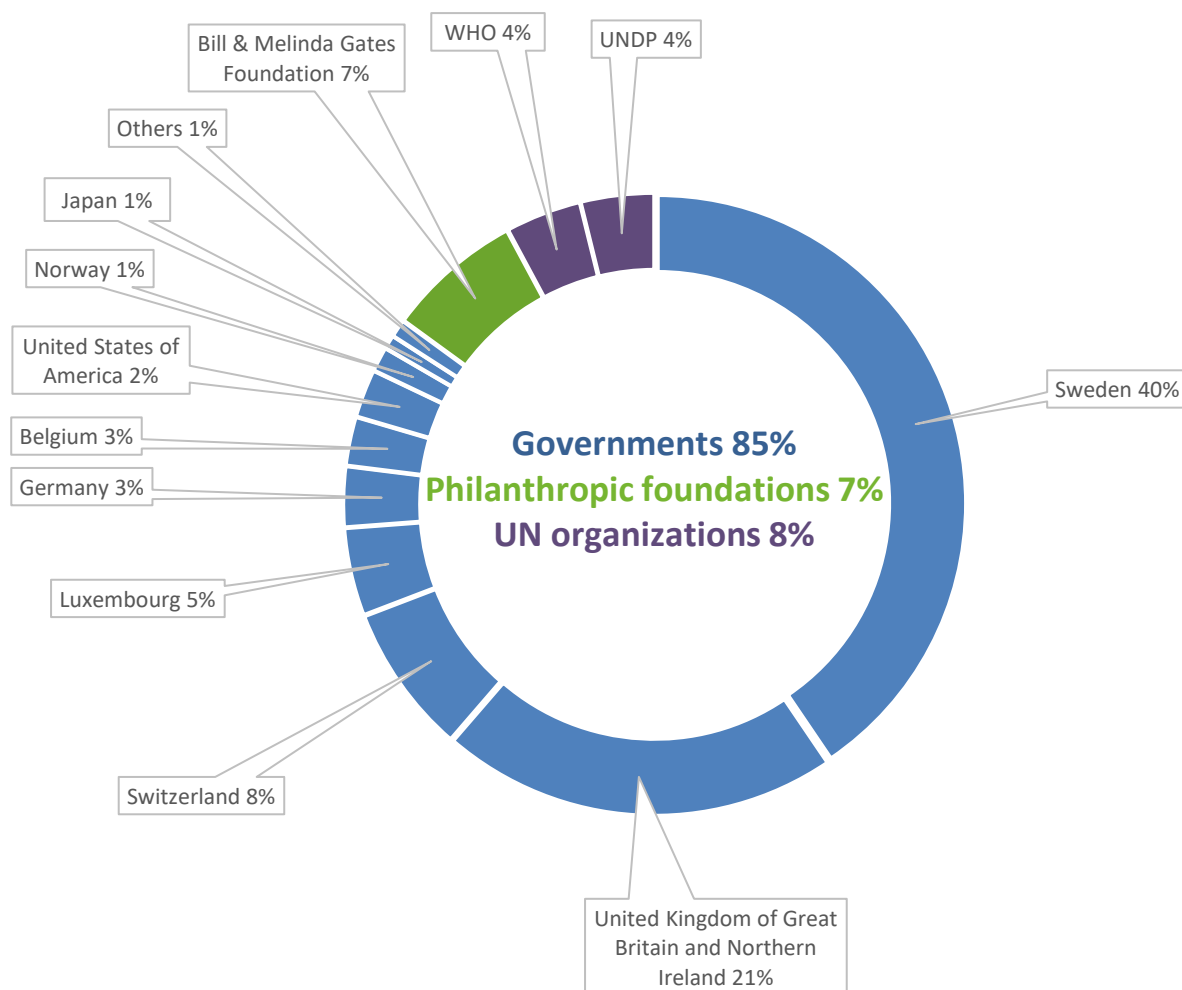
CONTRIBUTORS	2012	2013	2014	2015	2016	2017	2018
Member States							
Belgium	1 857	1 289	2 038	2 038	1 115	721	708
China	55		110	55	55	55	55
Cuba	10	5	5	3	5	5	
Germany	1 091	1 073	814	817	666	901	876
Ghana	45			75			
India		110	55		110		55
Japan	300	270	270	200	280	280	200
Luxembourg	1 676	1 617	1 337	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					
Total - Member States	19 642	20 491	18 621	17 242	14 290	15 819	23 443

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)
Total - Voluntary contributions	32 479	24 200	23 178	20 428	17 611	17 609	26 467
WHO Assessed Contribution				1 800	802	967	1 100
WHO Other Funding	270					113	66
Interest		58	82	175	157	301	319
Grand total	32 749	24 258	23 260	22 404	18 570	18 990	27 952

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
	Intervention and implementation research (IIR)				
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
	Sub-total IIR (a)	4 460	1 266	28%	6 550
	Vector, environment and society (VES)				
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
	Sub-total VES (b)	2 790	372	13%	1 660
	Research capacity strengthening (RCS) and knowledge management (KM)				
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
	Sub-total RCS and KM (c)	8 200	4 213	51%	11 200

Expected result	Description	Programme budget (\$40m) 2018-2019	Expenses 2018-2019	Implementation (%)	Revised planned costs at January 2019
	Global engagement				
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
	Sub-total RCS and KM (c)	2 550	629	25%	3 875
	Strategic development fund (d)	700	44	6%	700
	Sub-total Operations (e = sum [a:d])	18 700	6 525	35%	23 985
	Operation support				
	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
	Sub-total Operation Support (f)	3 700	1 257	34%	3 855
	Staff costs (g)	17 900	7 049	39%	17 900
	Total (h = sum [e:g])	40 300	14 830	37%	45 740
	Timing differences				
	Expenses relating to prior biennium workplans		474		312
	Total expenses as per the Statement of Financial Performance (Statement I)	40 300	15 305	38%	46 052

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)