

TDR financial management report 2018-2019 and outlook 2020–2023

Agenda item: 5.

Action / Information: JCB is invited to review and endorse the report

Purpose: This document presents the financial management information for TDR. It outlines budget, funding and implementation for the biennium 2018-2019 along with budget scenarios and revenue forecasts for 2020-2021 and 2022-2023.

2018-2019 Programme budget and workplan implementation	2
2020-2021 Financial update	3
2022-2023 Programme budget scenario levels.....	4
Figures and tables.....	5

TDR financial report

2018-2019 programme budget and workplan implementation

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

- The two budget scenarios for the biennium 2018–2019 included a lower scenario at US\$ 40 million and a higher scenario at US\$ 50 million.
- The two-scenario model was developed to manage the uncertainty of funding and to allow a confident start to implementation. The scenarios were to be implemented in a stepped approach as funds became available.

Effective fundraising (figures 2 – 4)

- Funds available include revenue recognized in the current biennium together with funds carried over from the previous biennium.
- Funds available for use in 2018-2019 were estimated at US\$ 39.7 million in January 2018 (US\$ 31.0 million undesignated; US\$ 8.7 million designated) increasing to US\$ 50.7 million by January 2019 (US\$ 35.3 million undesignated; US\$ 15.4 million designated). The increase was due to confirmation of core funding contributions, increases from some contributors and additional designated funds.
- Fundraising efforts for project designated funds proved to be successful, resulting in an increase in contributions during the biennium.
- Part of the designated funds recognized in 2018-2019 were intended to fund 2020 activities.

Moving towards implementation of the US\$ 50 million scenario in 2019 (figure 4)

- In January 2018, implementation of the lower budget scenario was initiated in line with the revenue forecast at that time.
- As additional funds became available, the two-scenario model proved successful, allowing for implementation of the higher budget scenario.
- In January 2019, planned costs were revised to US \$46 million in line with funds available at that time.
- At the internal biannual portfolio review in September 2019, planned costs for 2018–2019 were adjusted to US\$ 45.8 million based on capacity for implementation and reallocation of undesignated funds made available to operations due to some salary and programme support costs being covered by funds designated to projects.

US\$ 37.2 million funds utilized (figures 5 and 6)

As at 31 December 2019, US\$ 37.2 million had been spent or committed (US\$ 0.6 million commitments). This represents:

- 81% implementation of revised planned costs.
- **89% implementation of operations activities supported by undesignated funds.**
- 72% of operational activities supported by designated funds. Delays were discussed and agreed with respective donors.
- Savings in staff costs and WHO administration costs amounted to US\$ 4.0 million. Savings in staff costs were due to: (i) lower costs than WHO standard costs planned as these include benefits which vary depending on the staff member's personal situation; (ii) vacant positions; and (iii) 18 months of reduced salaries due to a decrease in post adjustment in 2018 (staff were actually reimbursed by WHO at a later stage).

2020-2021 Financial update

Two budget scenarios for 2020–2021 were approved by the Joint Coordinating Board in 2019 (figures 7 and 8)

- 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).

A forecast funds available range has been developed for the biennium 2020-2021 and is currently estimated between US\$ 42.9 million and US\$ 47.5 million (figures 9 – 13)

- Forecast funds available include revenue recognized in the current biennium, forecast revenue streams and funds carried over from the previous biennium.
- Forecast revenue is estimated in a conservative way, reflecting uncertainty of contributions and foreign exchange rates. It is based on historical contribution levels, exchange rates and ongoing discussions with donors in light of the current context.
- Due to the uncertainty of forecast revenue streams (exchange rates, COVID-19 pandemic implications on funding, etc.) a forecast revenue range has been established. The current range is from US\$ 34 million to US\$ 39.6 million.
- Carryover from the 2018-2019 biennium amounts to US\$ 11.9 million (US\$4.4 million designated funds and US\$ 7.5 million undesignated funds), resulting from the timing of expenditures and cost savings in the previous biennium. Savings in undesignated funds totalling US\$ 4 million resulted from savings in staff and administration costs mentioned above. As discussed and recommended by the Standing Committee, it is planned to use these funds to top up TDR's working capital account (in response to WHO's request to set aside the equivalent of 2-year's salary costs for personnel liability). The remainder of the carryover is planned to be used towards operational activities in 2020-2021.

- Forecast funds available range from US\$ 42.9 million (US\$ 28 million UD, US\$ 14.9 million DF) to US\$ 47.5 million (US\$ 29.5 million UD, US\$ 18 million DF). These forecasts include US\$ 4.5 million and US\$ 3.5 million of UD carryover respectively.
- The level of forecast revenue in addition to the level of carryover enabled TDR to confidently begin implementation of the lower budget scenario in January 2020.
- Forecast funds available will be reviewed in September 2020 and planned costs will be revised as necessary.

US\$ 7.6 million funds utilized as at 30 April 2020 (figures 14 and 15)

- Implementation in 2020 is on track, despite setbacks resulting from the COVID-19 pandemic.
- Four months (17%) into the biennium, implementation is 19% of the US\$ 40 million budget scenario.

2022-2023 Programme budget scenario levels

Preparing for the 2022-2023 Programme Budget development (figures 16 to 18)

- A two-budget scenario model, similar to 2020-2021, is proposed as follows:
 - 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).
- Once budget scenario levels have been approved by the Joint Coordinating Board (JCB) in June 2020, TDR will develop the detailed programme budget and workplan for 2022-2023 in consultation with stakeholders. These will be reviewed by the Scientific and Technical Advisory Committee, endorsed by the Standing Committee and approved by the JCB in 2021, as relevant.

Revenue projections and financing of the proposed budget scenarios (figure 16)

- Due to the current level of uncertainty with regard to foreign exchange rates and the ability of donors to maintain existing levels of contributions, especially in the context of possible implications from COVID-19, a forecast revenue range has been developed.
 - The upper limit includes US\$ 30 million undesignated funds and US\$ 9.5 million designated funds (based on favourable foreign exchange rates and 100% current contribution levels)
 - The lower limit includes US\$20 million undesignated funds and US\$ 6.7 million designated funds (based on adverse foreign exchange rates and 80% current contribution levels)
- This range needs to be monitored and reviewed regularly, while all efforts need to be made to sustain donor contributions and identify new funding sources.
- Fundraising efforts will focus on the following approaches:
 - Discussions with existing core donors to best anticipate any impact of COVID-19 on contributions and reaching out to new core donors to diversify contribution sources.
 - Discussion with existing donors of project specific funding regarding continuation of projects and submission of new specific project proposals to new donors (e.g. global emergencies, One Health).

Figures and tables

Figure 1: 2018–2019 budget scenario's (in US\$ millions)

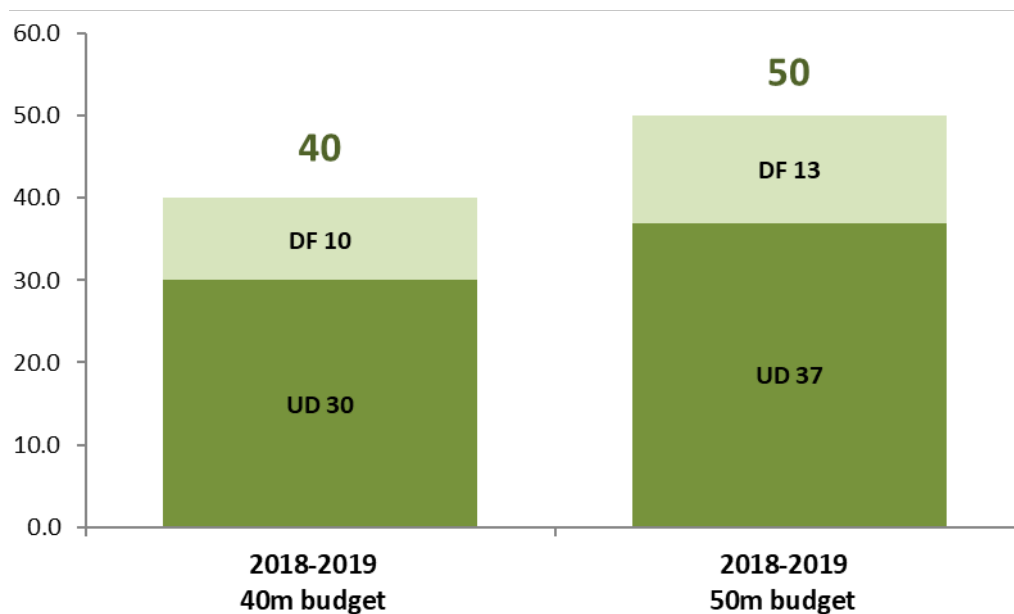


Figure 2a: Undesignated funding by donor (2018-2019) (in US\$ millions)

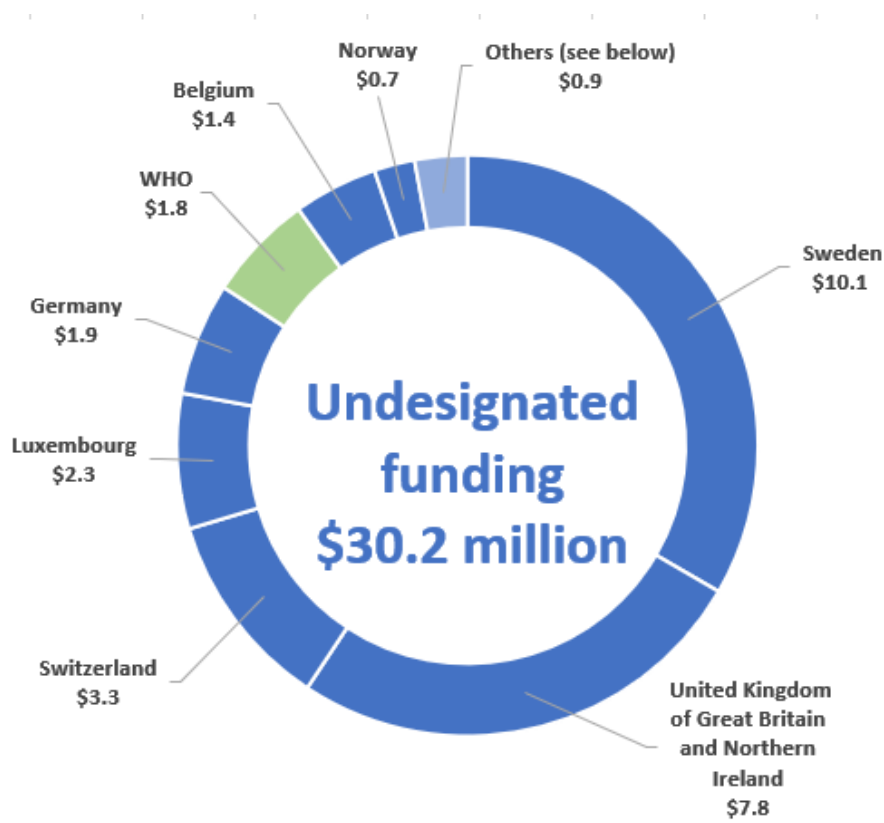


Figure 2b: Undesignated funding by donor (2018-2019): Breakdown of “others” as per Figure 2a (in US\$ thousands)

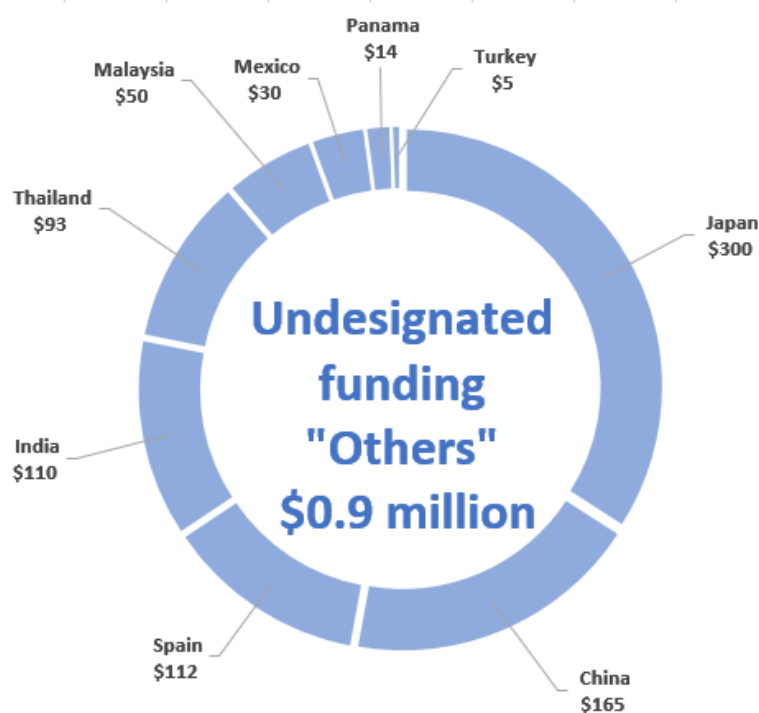


Figure 3: Designated funding by donor and project (2018-2019) (in US\$ millions)

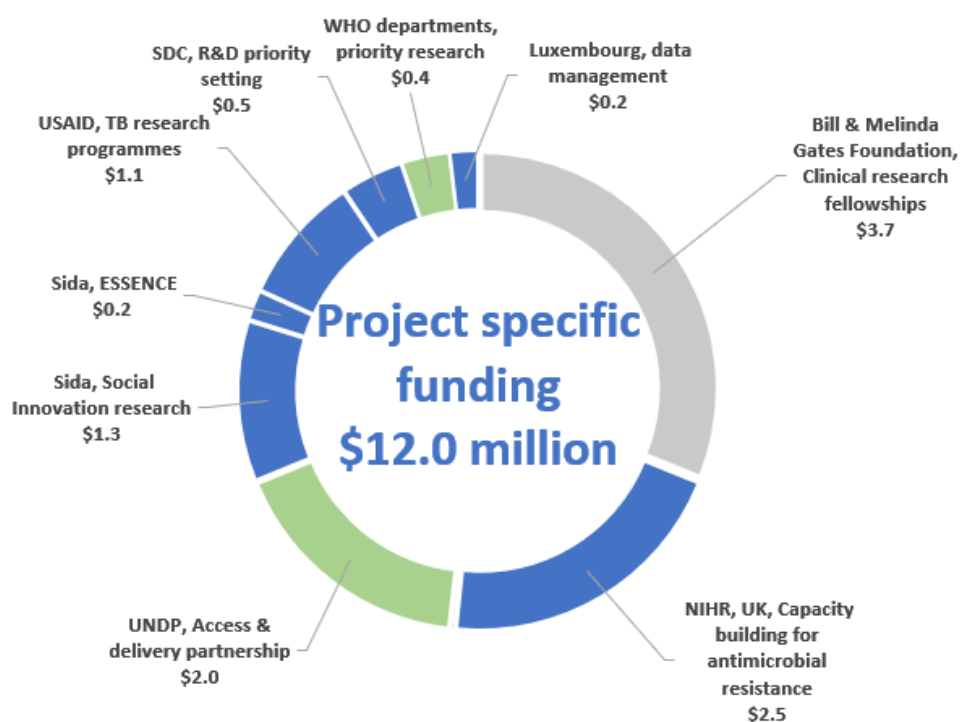


Figure 4: 2018–2019 budget scenarios and revised planned costs (in US\$ millions)

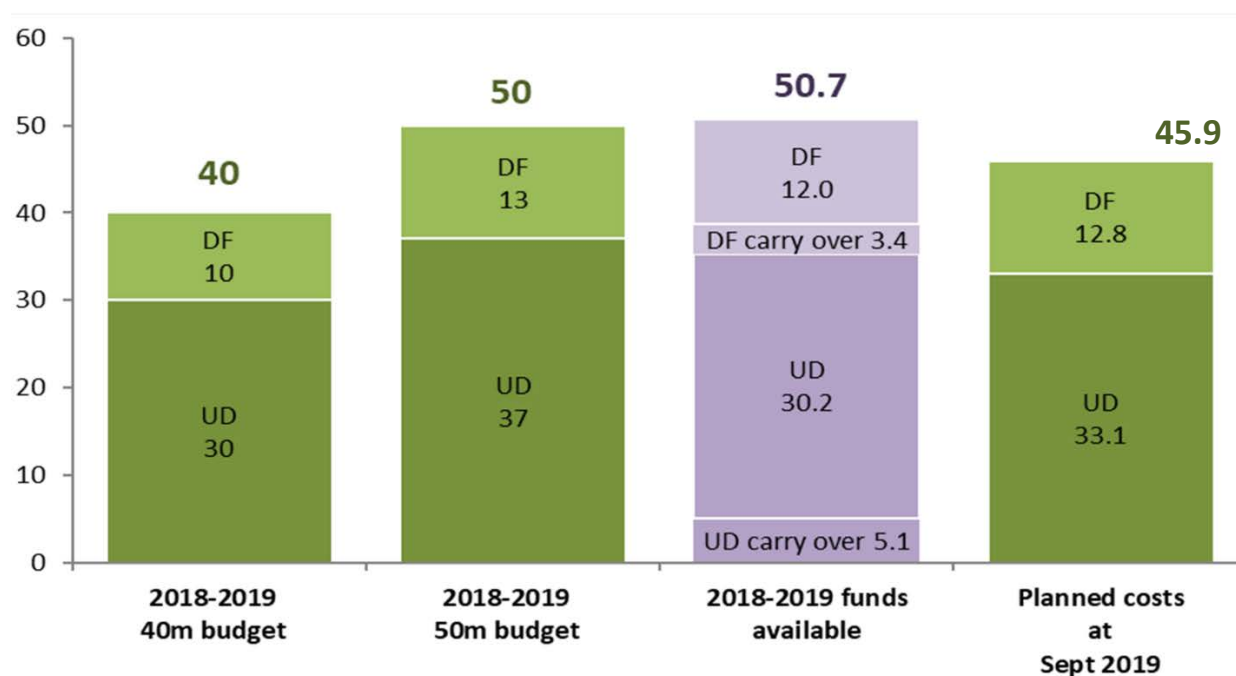


Figure 5: 2018–2019 financial overview as at 31 December 2019 (in US\$ millions)

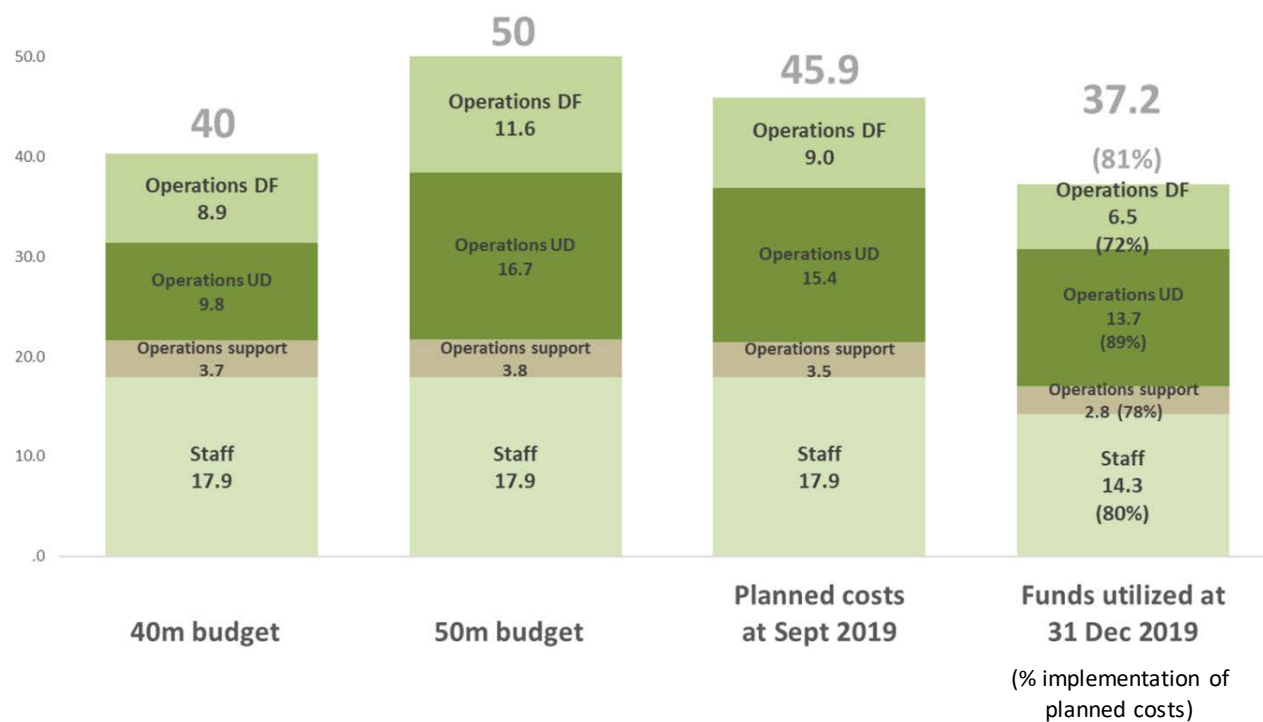
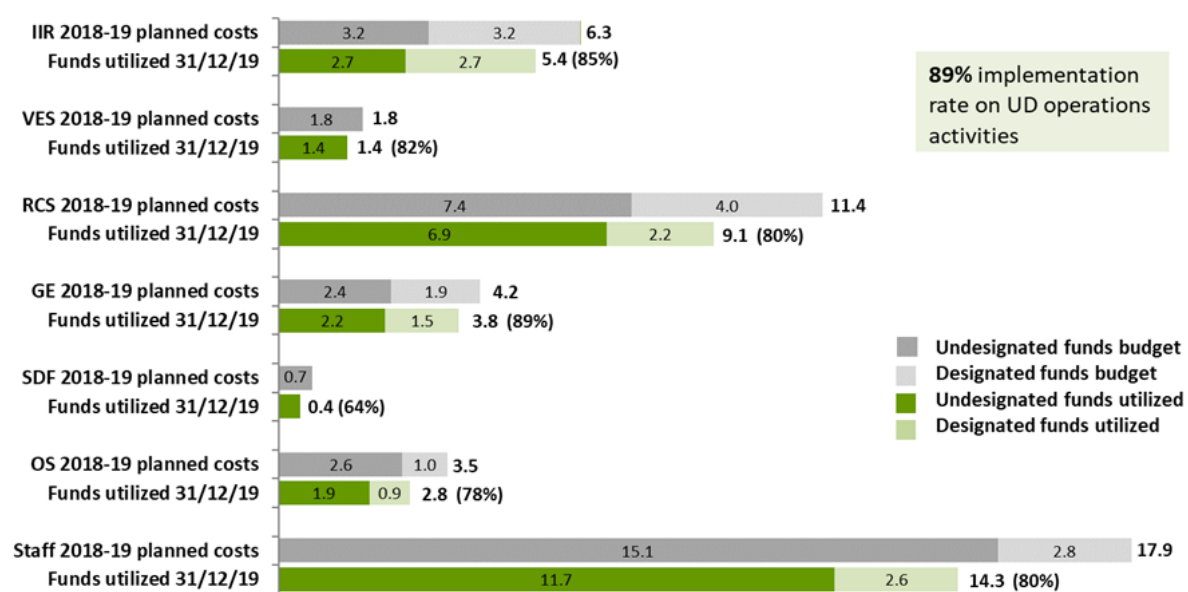


Figure 6: 2018–2019 funds utilized by work area (in US\$ millions)

IIR: Intervention and Implementation Research

VES: Vectors, Environment and Society

RCS: Research Capacity Strengthening

GE: Global Engagement

SDF: Strategic Development Fund

OS: Operations support

Figure 7: 2020–2021 programme budget by fund type (in US\$ millions)

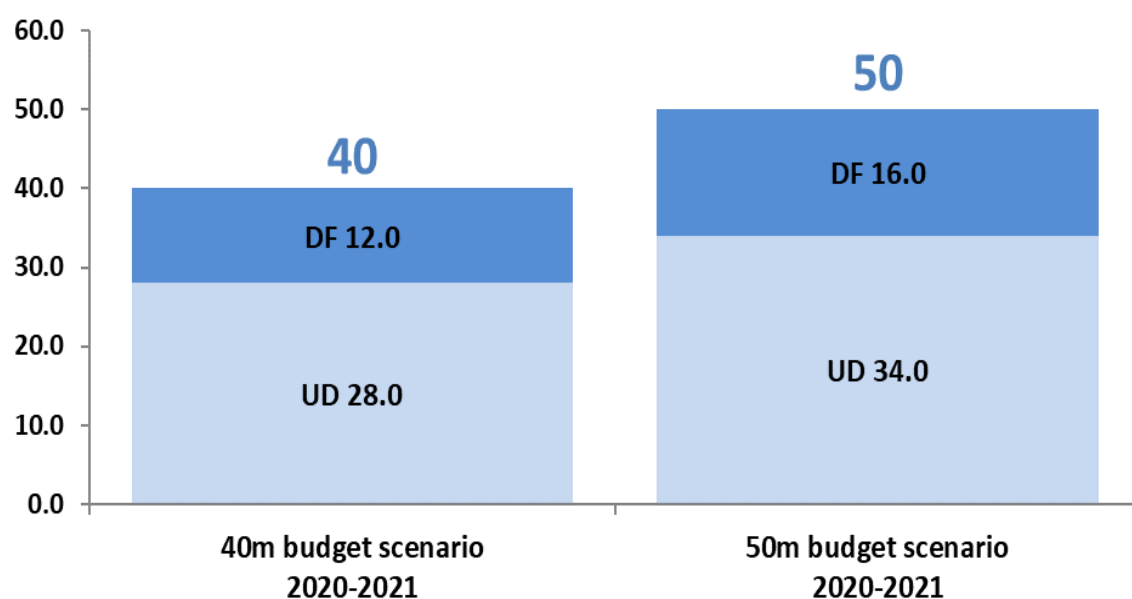


Figure 8: 2020–2021 programme budget by expenditure category (in US\$ millions)

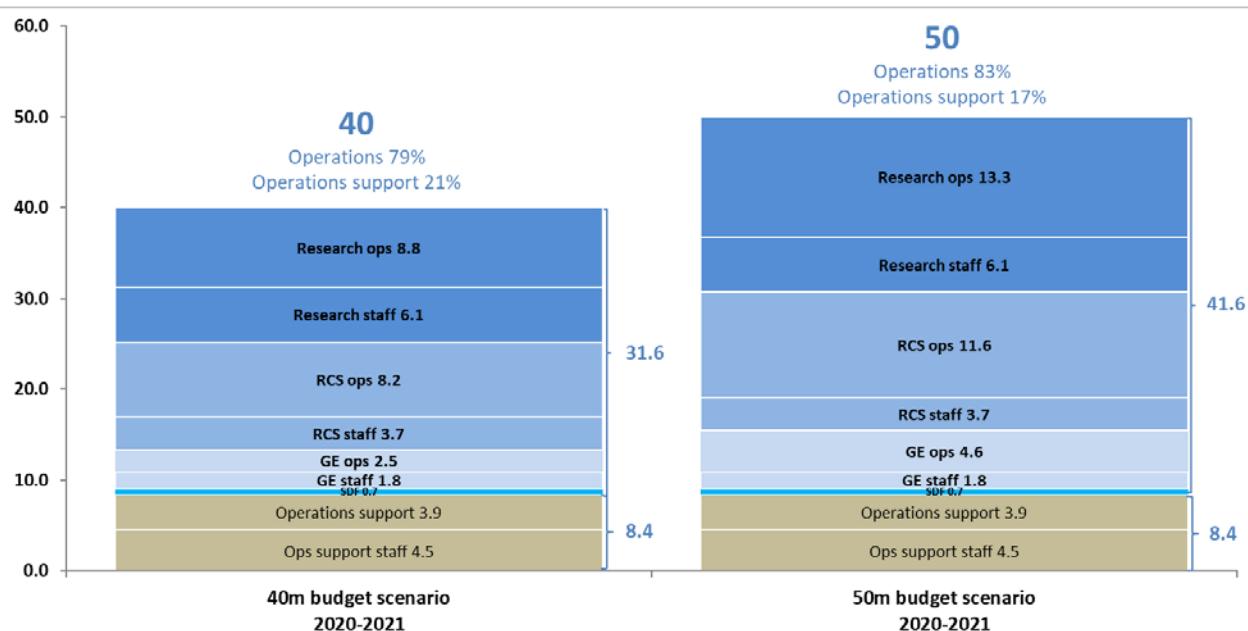


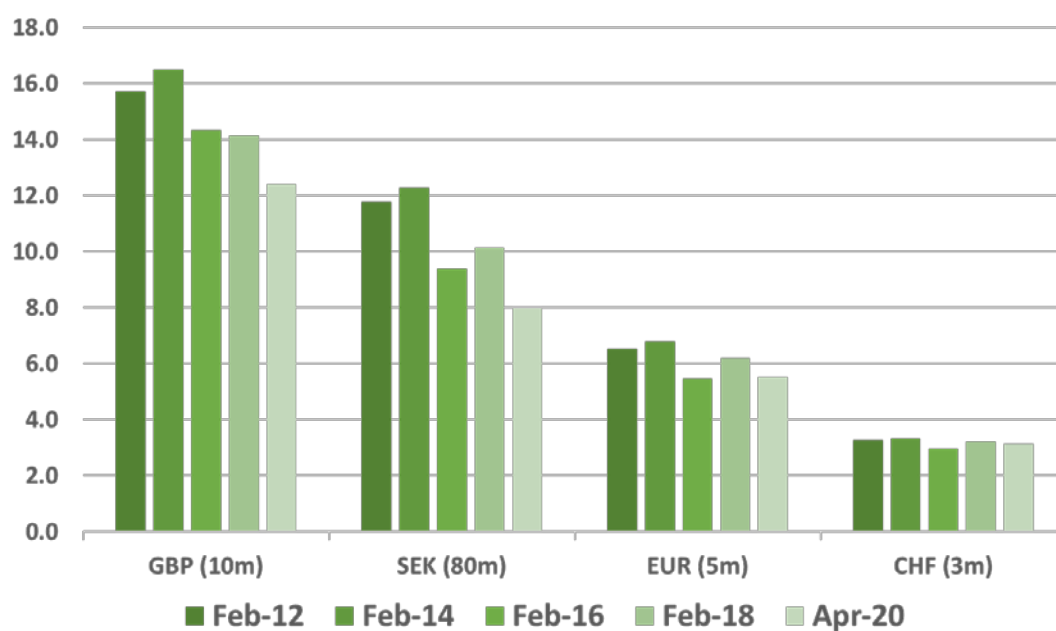
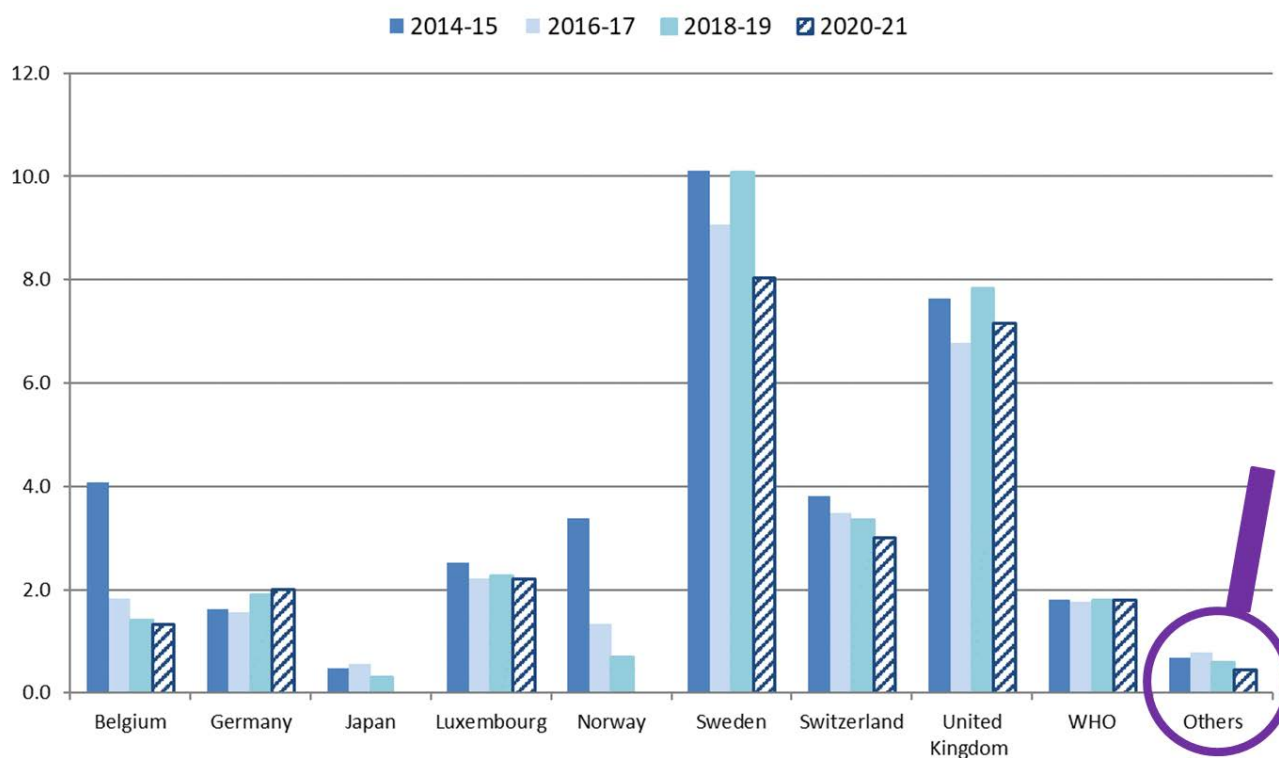
Figure 9: Illustration of implication of exchange rate on contributions 2012-2019 (in US\$ millions)**Figure 10: 2014–2019 revenue trend and 2020-2021 forecast (in US\$ millions)**

Figure 10b: Revenue trend and 2020-2021 forecast (breakdown of “others” per figure 9a) (in US\$ millions)

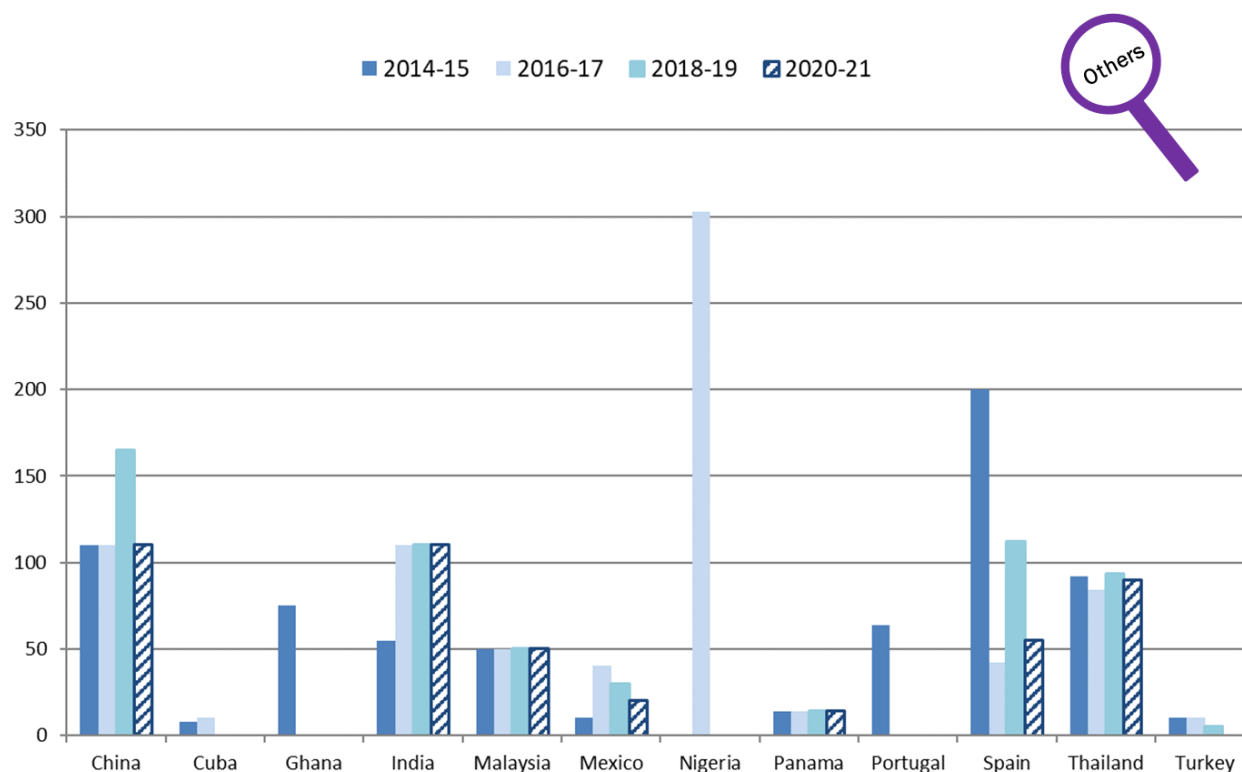


Figure 11: Revenue trend and 2020-2021 forecast (designated funds) (in US\$ millions)

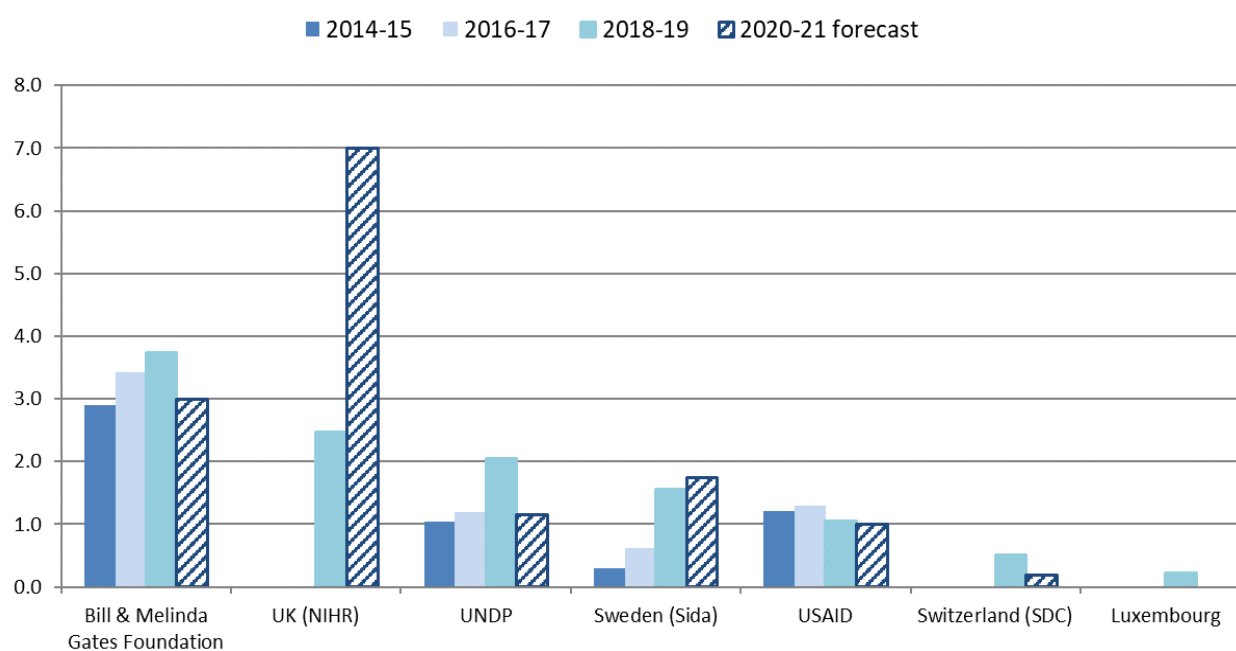


Figure 12: 2020-2021 budget scenarios and range of forecast funds available (in US\$ millions)

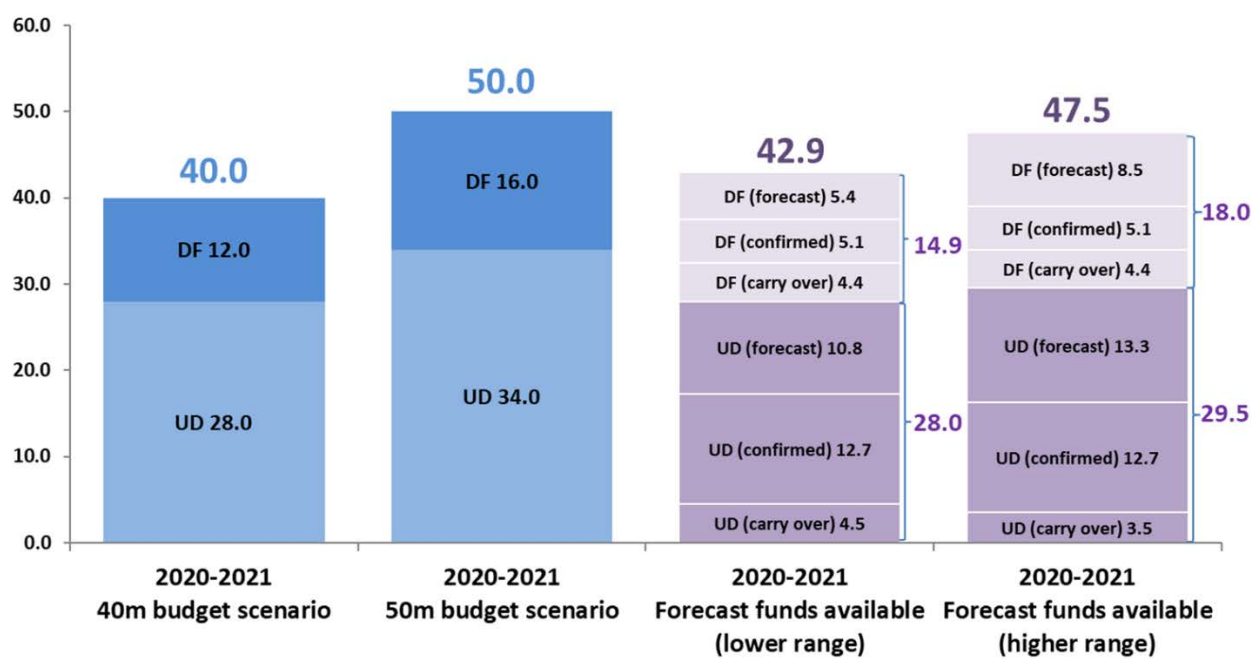


Figure 13: 2018-2019 carry over suggested use in 2020-2021 (in US\$ millions)

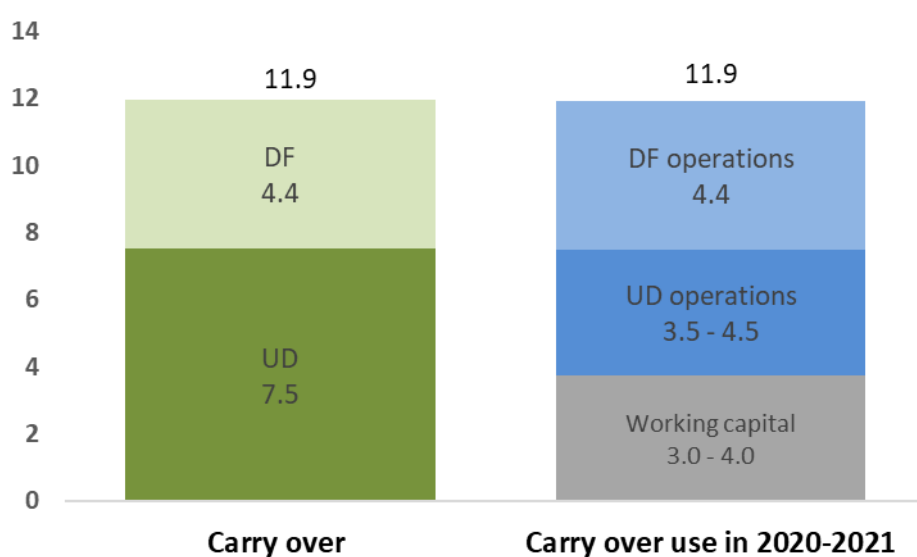


Figure 14: 2020-2021 funds utilized by work area (in US\$ millions)

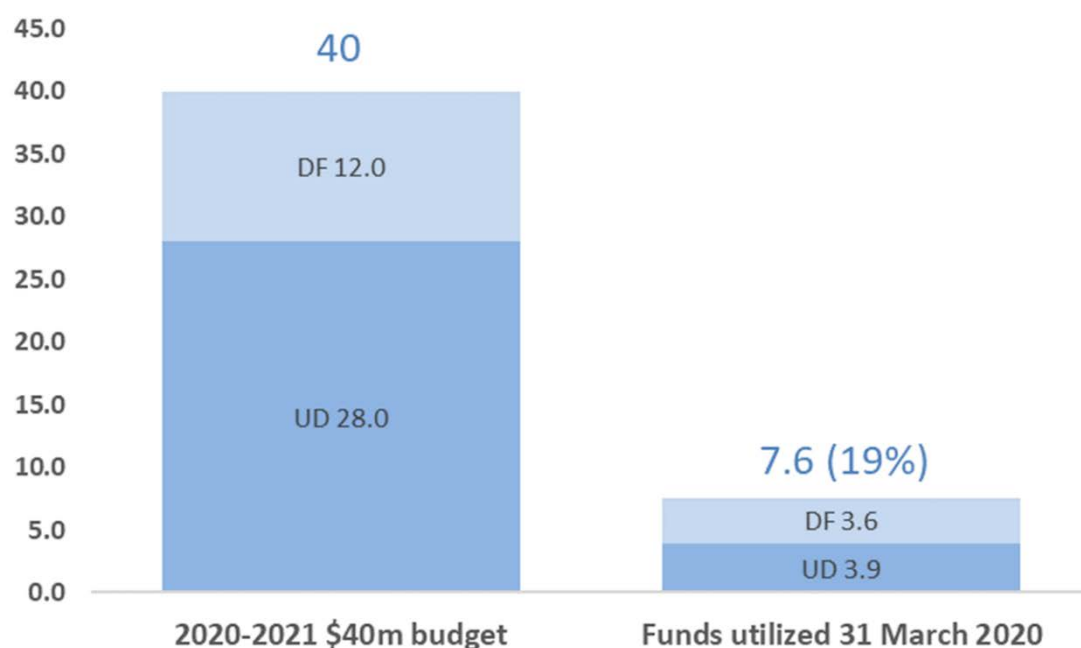
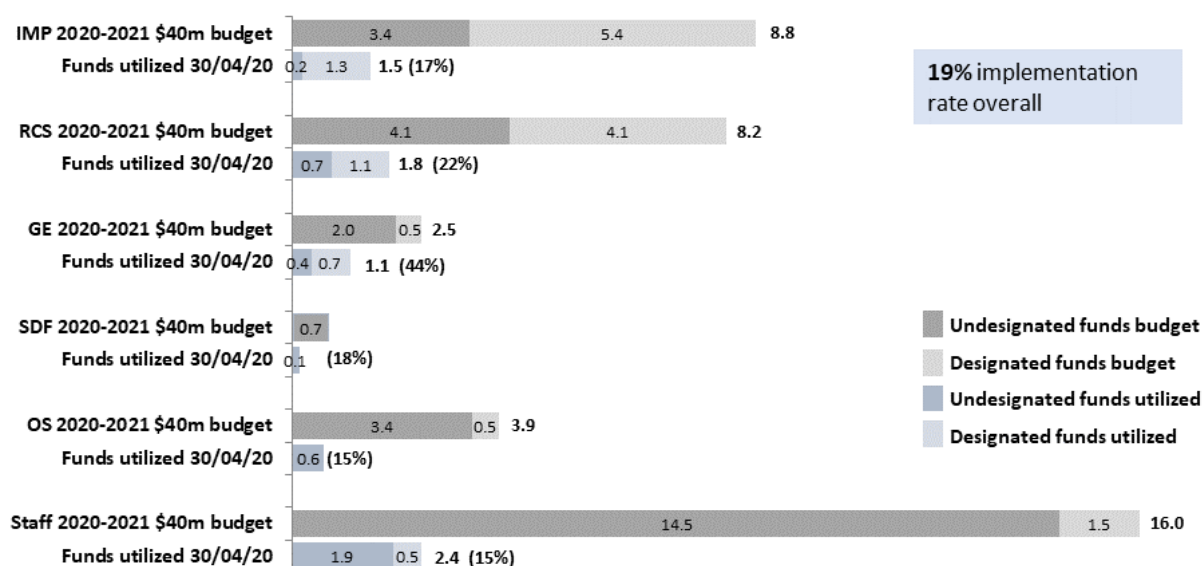


Figure 15: 2020-2021 funds utilized by work area (in US\$ millions)



IMP: Research for Implementation
 RCS: Research Capacity Strengthening
 GE: Global Engagement
 SDF: Strategic Development Fund
 OS: Operations support

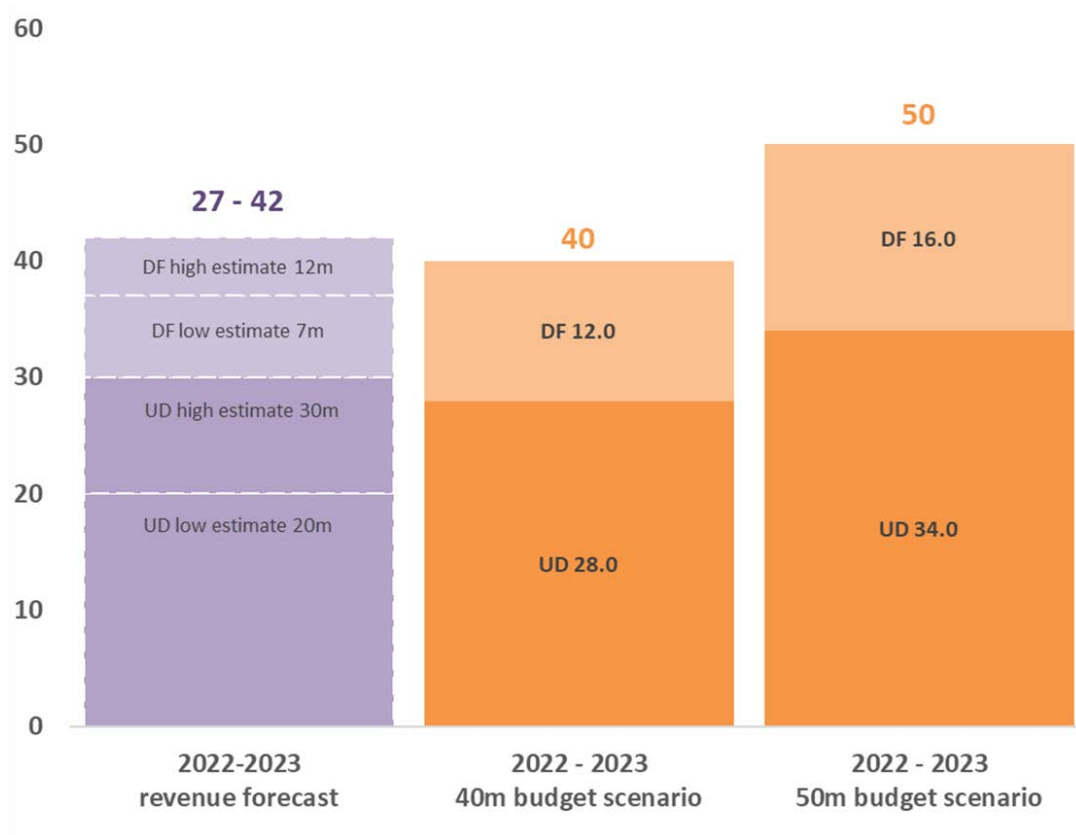
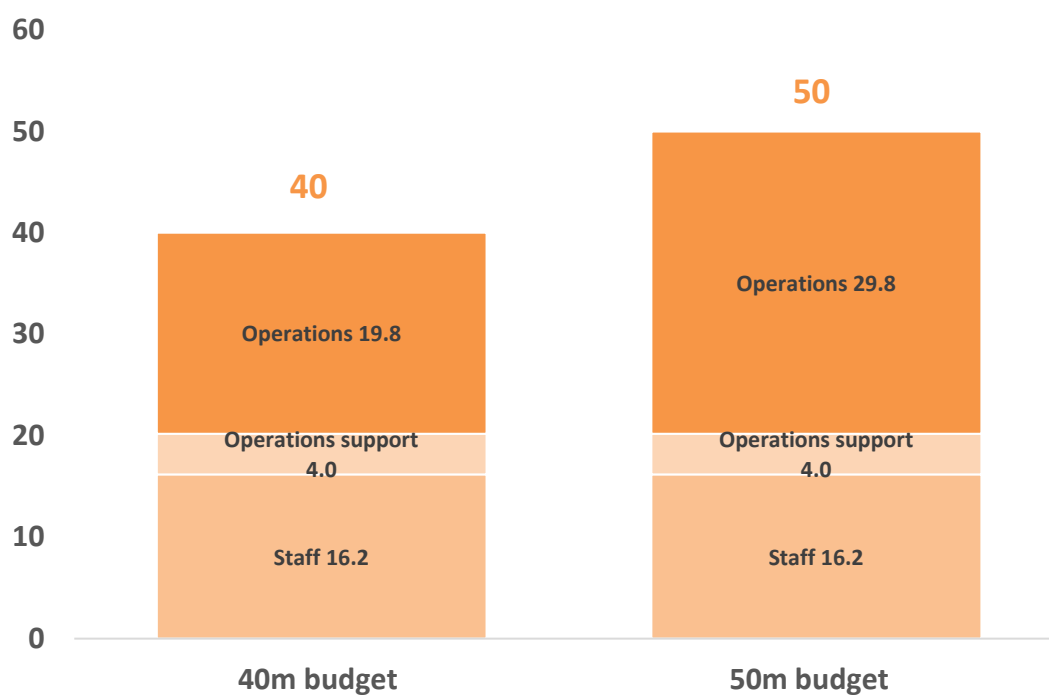
Figure 16: 2022-2023 funding and proposed budget scenarios levels by fund type (in US\$ millions)**Figure 17: 2022-2023 proposed budget scenarios levels by expenditure category (in US\$ millions)**

Figure 18: 2022-2023 operations versus operations support (with staff costs integrated proportionally) (in US\$ millions)

