

TDR certified financial statement for the year ended 31 December 2019

Agenda item: 5.

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

Purpose: This document presents financial information for the year 2019, certified by WHO.

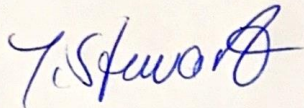
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Certification of financial statement

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



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15 May 2020

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 2019

(In thousands of US dollars)

Description	Notes	2019	2018
Fund balance as at 1 January		30 557	17 910
REVENUE	3.1		
Voluntary contributions		13 533	26 467
WHO contributions		700	1 100
Other funding from WHO		326	66
Interest earned		627	319
Total revenue		15 186	27 952
EXPENSES	3.2		
Staff costs		7 209	7 054
Contractual services, transfers and grants		11 833	6 259
Travel		1 391	888
General operating expenses		392	412
WHO administrative costs		797	692
Total expenses		21 622	15 305
Fund balance as at 31 December	3.3	24 121	30 557

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 2019 (see document [A73/25¹](#)). 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 Available shortly at https://apps.who.int/gb/e/e_wha73.html

3. Supporting information to the TDR statement of financial performance

3.1 Revenue

- Voluntary contributions

Voluntary contributions in 2019 totalled US\$ 13.5 million (US\$ 26.5 million in 2018). 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 decrease year on year is mainly due to Sweden's contribution for the biennium having been recognized in full in 2018, along with additional core funding from the United Kingdom of Great Britain and Northern Ireland in 2018 and higher project specific funding in 2018 due to new projects with both the United Kingdom and the Swiss Agency for Development and Cooperation.

Deferred revenue represents multi-year agreements signed in 2019 or prior years but for which the revenue recognition has been deferred to future financial periods. As at 31 December 2019, deferred revenue amounted to US\$ 1.4 million (US\$ 3.8 million in 2018).

Deferred revenue by contributor

(In thousands of US dollars)

	2019	2018
Germany	1 222	
Switzerland	185	185
United Kingdom of Great Britain and Northern Ireland		3 576
Total deferred revenue	1 407	3 761

- WHO contributions

Contributions from WHO are recognized on the basis of expenditure; US\$ 0.7 million has been recognized in 2019 (US\$ 1.1 million in 2018).

- 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 2019 was US\$ 0.6 million (US\$ 0.3 million in 2018). This represents income received from the investment of TDR funds by WHO.

3.2 Expenses

Lower operational expenditure in the first year of the biennium and higher expenditure in the second year reflects the normal biennial cycle.

- **Staff costs**

US\$ 7.2 million in 2019 (US\$ 7.1 million in 2018) reflects the total cost of employing staff, including charges for base salary, post adjustment and other entitlements, e.g. pension and insurance.

- **Contractual services, transfers and grants**

US\$ 11.8 million in 2019 (US\$ 6.3 million in 2018) 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\$ 1.4 million in 2019 (US\$ 0.9 million in 2018) 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 2019 (US\$ 0.4 million in 2018) reflects the general running costs to maintain the office, including utilities, printing, IT hardware and software, telecommunications (fixed telephone, mobile phone, internet and global network expenses) and office rental.

- **WHO administrative costs**

US\$ 0.8 million in 2019 (US\$ 0.7 million in 2018) 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\$ 24.1 million includes US\$ 8.0 million working capital (set aside as personnel liability as recommended by WHO), US\$ 2.7 million in legally binding commitments, US\$ 1.4 million advance payments for core activities in 2020-2021, US\$ 4.4 million planned for 2020-2021 implementation of projects with specified funds and US\$ 7.5 million balance of core funding to be utilized in the next biennium.

Table 2: TDR revenue 2014-2019

(In thousands of US dollars)

CONTRIBUTORS	2014	2015	2016	2017	2018	2019
Member States						
Belgium	2 038	2 038	1 115	721	708	708
China	110	55	55	55	55	110
Cuba	5	3	5	5		
Germany	814	817	666	901	876	1 016
Ghana		75				
India	55		110		55	55
Japan	270	200	280	280	200	100
Luxembourg	1 337	1 176	1 134	1 074	1 273	1 226
Malaysia	25	25	25	25	25	25
Mexico	10		30	10	20	10
Nigeria			303			
Norway	2 200	1 177	952	379	357	325
Panama	7	7		14	7	7
Portugal	64					
Spain	200		42			112
Sweden	5 181	5 221	4 031	5 650	11 168	472
Switzerland	1 829	1 973	1 814	1 677	2 163	1 689
Thailand	46	46	42	42	93	
Turkey	5	5	5	5	5	
United Kingdom of Great Britain and Northern Ireland	3 817	3 817	3 053	3 726	5 741	4 567
United States of America	608	607	628	1 254	697	358
Total - Member States	18 621	17 242	14 290	15 819	23 443	10 780

1. The core contribution from the government of Sweden for the two years 2018 and 2019 was recognized in full in 2018 in accordance with the terms of the agreement.

CONTRIBUTORS	2014	2015	2016	2017	2018	2019
Bill & Melinda Gates Foundation	938	1 967	2 081	1 338	1 968	1 771
Drugs for Neglected Diseases initiative (DNDi)	371					
European Commission	1 956					
Global Alliance for TB Drug Development	80					
International Union against Tuberculosis and Lung Disease (IUATLD)			340	100		
Royal Tropical Institute (KIT), Netherlands	125	24				
United Nations Development Programme (UNDP)	565	475	1 195		1 061	980
University of Heidelberg, Germany (funds from CEC)	521					
World Bank		1 250				
Miscellaneous *	2	(530)	(294)	352	1	1
Refunds to donors					(6)	
Total - Voluntary contributions	23 178	20 428	17 611	17 609	26 467	13 533
WHO Assessed Contribution		1 800	802	967	1 100	700
WHO Other Funding				113	66	326
Interest	82	175	157	301	319	627
Grand total	23 260	22 404	18 570	18 990	27 952	15 186

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.

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

(In thousands of US dollars)

Expected result	Description	Programme budget (\$40m) 2018-2019	Revised planned costs 2018-2019	Expenses 2018-2019	Implementation (%)
	Intervention and implementation research (IIR)				
1.1.1	Country preparedness for disease outbreaks	340	445	341	77%
1.1.4	Country resilience to the threat of drug-resistant infections	430	1 730	1 196	69%
1.1.5	Directions for development and accelerated access to new tools and strategies	200	130	97	75%
1.1.7	Maximized utilization of data for public health decision-making	1 050	906	887	98%
1.1.8	Maximized utilization of safety information for public health decision-making	1 000	692	521	75%
1.2.1	Strategies to achieve and sustain disease elimination	560	550	442	80%
1.2.6	Optimized approaches for effective delivery and impact assessment of public health interventions	880	1 600	1 397	87%
	Sub-total IIR (a)	4 460	6 053	4 881	81%
	Vectors, environment and society (VES)				
1.3.3	Vector-borne diseases and climate change in Africa	300	60	40	66%
1.3.6	Impact of insecticide resistance and residual malaria on malaria control	200	215	215	100%
1.3.7	Control of vector-borne diseases in South-East Asia through environmental measures	550	490	543	111%
1.3.8	Training course for gender data analysis in vector-borne diseases	100	100	89	89%
1.3.10	Urban health interventions for control of vector-borne diseases	300	300	234	78%
1.3.11	Multisectoral approach on malaria control	1 040	400	180	45%
1.3.12	Gender responsive health interventions	300	190	116	61%
	Sub-total VES (b)	2 790	1 755	1 417	81%
	Research capacity strengthening (RCS)				
2.1.1.1	TDR support to regional training centres	1 230	1 400	1 264	90%
2.1.2	Targeted research training grants (MSc, PhD)	3 550	5 700	5 175	91%
2.1.4	Career development fellowship grants	2 420	3 900	2 055	53%
2.1.6	Structured capacity building in IR (renewal of UNDP Access Initiative) joint with IIR	1 000	412	439	106%
	Sub-total RCS (c)	8 200	11 412	8 933	78%

Expected result	Description	Programme budget (\$40m) 2018-2019	Revised planned costs 2018-2019	Expenses 2018-2019	Implementation (%)
	Global engagement				
1.3.5	Research on social innovation to enhance healthcare delivery	350	1 472	1 322	90%
2.1.1.2	Regional office collaboration and small grants	1 100	1 239	1 189	96%
2.2.1	Shaping the research agenda	300	575	343	60%
2.2.2	Capacity strengthening to bring research evidence into policy	300	100	67	67%
2.3.1	Collaborative networks and engagement with global health initiatives	200	376	380	101%
2.3.3	TDR Global	300	450	417	93%
	Sub-total Global engagement (d)	2 550	4 212	3 717	88%
	Strategic Development Fund (e)	700	700	437	62%
	Sub-total Operations (f = sum [a:e])	18 700	24 132	19 386	80%
	Operational support				
	Governance meetings	400	200	183	92%
	Advocacy, communications and resource mobilization	440	370	348	94%
	Finance, M&E, audit	185	30	31	104%
	Staff development	90	10	2	17%
	Running costs	685	640	624	98%
	e-TDR	100	500	81	16%
	WHO Administrative Charges	1 800	1 800	1 490	83%
	Sub-total Operational Support (g)	3 700	3 550	2 759	78%
	Staff costs (h)	17 900	17 900	14 263	80%
	Total (i = sum [f:h])	40 300	45 582	36 408	80%
	Timing differences				
	Expenses transferred from prior biennium workplans		305	208	
	Expenses charged to prior biennium workplans			311	
	Expenses related to prior biennium workplans			519	
	Total expenses as per the Statement of Financial Performance (Statement I)	40 300	45 886	36 927	80%

1. Implementation reflects all expenditures recorded in the WHO accounts.
2. Funds utilized as presented in the financial management report (US\$ 37.2 million) includes expenses as well as encumbrances (commitments) of US\$ 0.6 million but excludes expenses charged on prior biennium workplans (\$0.3 million).