

TDR financial management report 2020–2021 and outlook 2022–2025

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 2020–2021 along with budget scenarios and revenue forecasts for 2022–2023 and 2024–2025.

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2020–2021 financial update

Two budget scenarios for 2020–2021 were approved by the Joint Coordinating Board in 2019

- 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).
- 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.
- In January 2020, implementation of the US\$ 40 million budget scenario was initiated in line with the revenue forecast at the time.

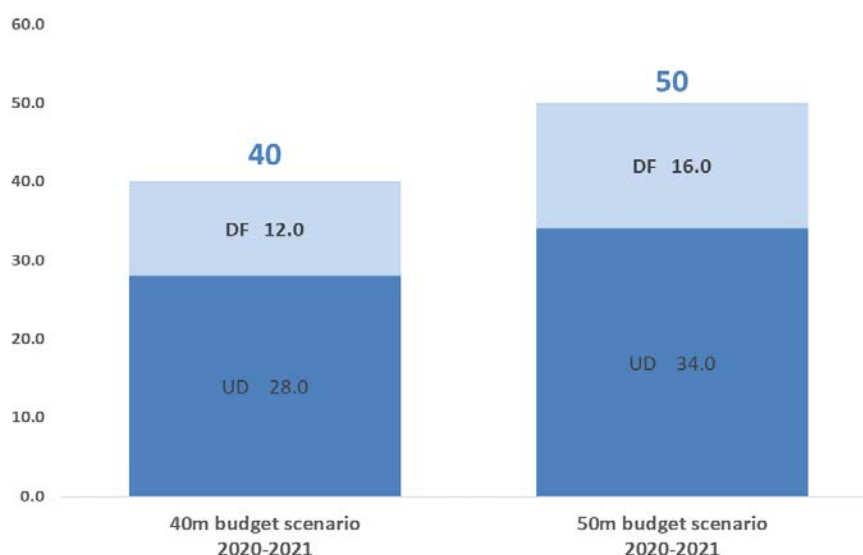


Figure 1. 2020–2021 budget scenarios (US\$ millions)

Effective fundraising and moving beyond the US\$ 40 million scenario (figures 6 & 7)

- Funds available include revenue recognized in the current biennium together with funds carried over from the previous biennium.
- Revenue in 2020–2021 amounted to US\$ 44.1 million, including US\$ 28.2 million undesignated funds and US\$ 15.9 million designated funds. In addition, US\$ 3.9 million undesignated and US\$ 5.7 million designated were brought forward from 2018–2019.
- Some of the designated funds recognized in 2020–2021 were intended to fund activities in 2022–2023.
- The level of funds available enabled scaling up of planned operations above the US\$ 40 million budget scenario, illustrating the value of the two-scenario model.

Implementation in 2020–2021: 92% of the revised planned costs (figures 2 & 5)

- Planned costs were revised three times during the biennium; firstly increasing to US\$ 44.8 million in September 2020 (reductions in staff costs and operations support offset by increased operations), then gradually reducing to US\$ 41 million (September 2021) based on capacity to implement in the field under the constraints of COVID-19, along with further reductions in operations support and staff costs.
- As at 31 December 2021, US\$ 37.7 million had been spent or committed through legal agreements (commitments of US\$ 2.3 million). This represents:
 - 92% implementation of revised planned costs (94% of the US\$ 40 million budget scenario);
 - 90% implementation of operations activities supported by undesignated funds versus revised planned costs (111% of the US\$ 40 million budget scenario); and
 - US\$ 3 million savings against the US\$ 40 million budget resulting from 13% savings in staff costs (due to vacant positions and lower actual costs than WHO's standard costs) and 25% savings in administration costs charged at the end of the biennium.

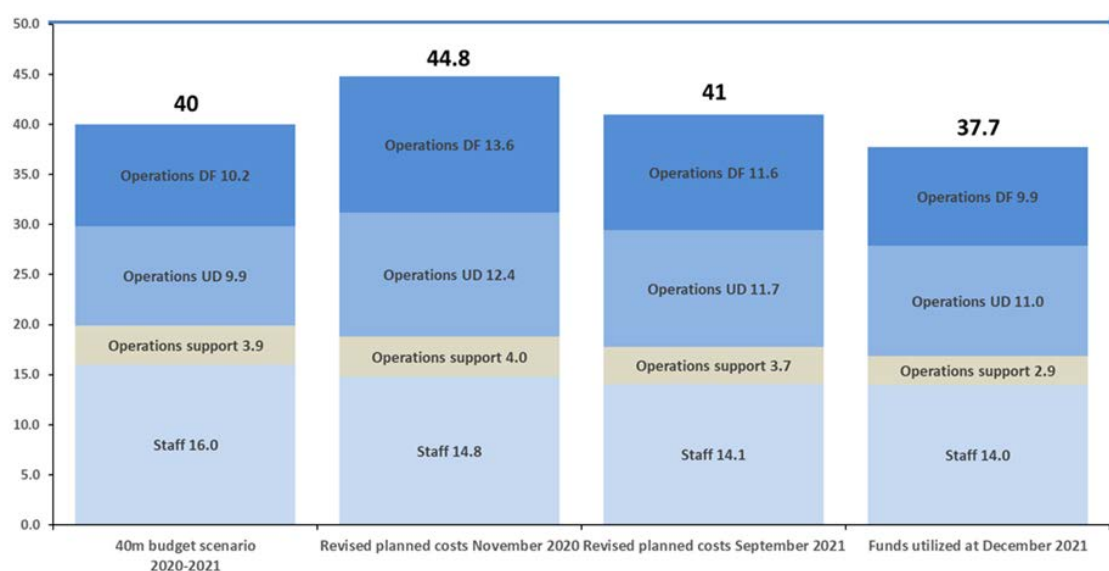


Figure 2. 2020–2021 budget scenarios, revised planned costs and funds utilized (US\$ millions)

2022–2023 implementing approved budget and workplan

Two budget scenarios for 2022–2023 were approved by the Joint Coordinating Board and Standing Committee in 2021 (figures 3 and 13–18)

- 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 again, the two-scenario model is being used to manage the uncertainty of funding and to allow a confident start to implementation. The scenarios will be implemented in a stepped approach as funds become available.
- In April 2021, a contingency plan was developed to address the gap resulting from a potential US\$ 4 million reduction in contribution from a key donor. The plan was endorsed by the Standing Committee in May 2021 and approved by the Joint Coordinating Board in June 2021.
- Sufficient funds to cover the gap were identified by November 2021. These resulted from savings in salary and operations support costs, a one-off increased contribution from a major donor to assist with the income gap, as well as a higher level of funds carried forward from 2020–2021 due to limited implementation capacity in the field due to the COVID-19 pandemic.
- With approval from the Standing Committee, implementation of the US\$ 40 million budget scenario began in January 2022.

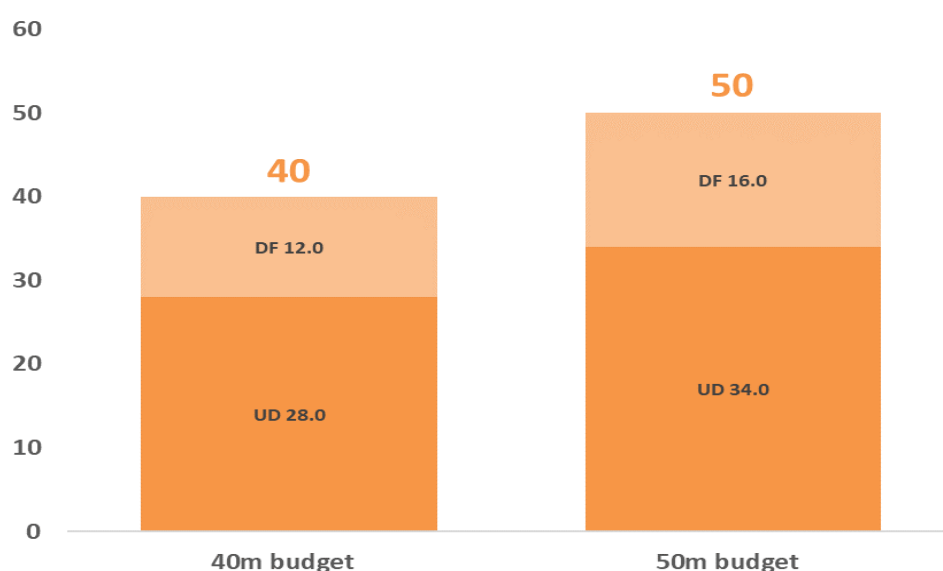


Figure 3. 2022–2023 budget scenarios (US\$ millions)

Funding the 2022–2023 programme of work (figures 8–15)

- Forecast revenue is reviewed continuously and estimated in a conservative way to reflect the uncertainty of contributions and foreign exchange rates. It is based on historical contribution levels as well as ongoing discussions with donors.
- Due to the current level of uncertainty concerning the ability of donors to maintain existing levels of contributions and fluctuating foreign exchange rates, especially in the context of possible implications from COVID-19, a forecast revenue range has been developed.
- Undesignated funds available are currently conservatively forecast at US\$ 29.2 million. This includes a revenue projection of US\$ 24 million (US\$ 24–32 million range) along with US\$ 5.2 million carried over from 2020–2021.
- Designated funds available are currently forecast at US\$ 16.4 million. This includes a revenue projection of US\$ 10 million (US\$ 7–12 million range) along with US\$ 6.4 million carried over from 2020–2021.
- Income is being monitored and reviewed regularly to anticipate any risk, while all efforts are made to sustain donor contributions and identify new funding sources.
- Fundraising efforts are focusing on the following approaches:
 - Discussions with existing core donors to best anticipate any impact of COVID-19 on contributions.
 - Reaching out to new core donors to diversify contribution sources.
 - Discussion with existing donors of project specific funding concerning continuation of projects.
 - Submission of project proposals to new donors (e.g. innovative vector control, TB research in West and Central Africa).

Implementation as at 31 March 2022 (figures 19 and 20)

- Implementation in 2022 is on track, despite setbacks resulting from the COVID-19 pandemic.
- US\$ 5.4 million of funds have been utilized in the first three months (13% of the biennium). This represents 14% of the US\$ 40 million budget scenario.
- Operations activities supported by undesignated funds reached 15% implementation rate.
- Operations planned costs will be revised above the US\$ 40 million budget scenario in line with forecast funds available at the September 2022 portfolio review. At that point the forecast will be more certain due to more contributions having been confirmed.

2024–2025 Programme budget scenario levels

Preparing for the 2024–2025 Programme Budget development (figures 4, 21 & 22)

- A two-budget scenario model, similar to 2022–2023, 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\$ 33 million undesignated funds; US\$ 17 million designated funds).
- Once budget scenario levels have been approved by the Joint Coordinating Board in June 2022, TDR will develop the detailed programme budget and workplan for 2024–2025, 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 2023.



Figure 4: 2024–2025 proposed budget scenario levels by fund type (in US\$ millions)

Revenue projections and financing of the proposed budget scenarios (figure 23)

- 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:
 - An upper limit of US\$ 42 million including US\$ 31.5 million undesignated funds and US\$ 10.5 million designated funds (based on favourable foreign exchange rates and 100% of current contribution levels).
 - The lower limit of US\$22 million including US\$17 million undesignated funds and US\$ 5 million designated funds (based on adverse foreign exchange rates and 70% of 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 and potential core donors in relation to funding the results in the 2024–2029 strategy; and
 - Discussion with existing donors of project specific funding regarding continuation of projects and submission of new specific project proposals to new donors in line with the 2024–2029 strategy.

Figures and tables

2020–2021

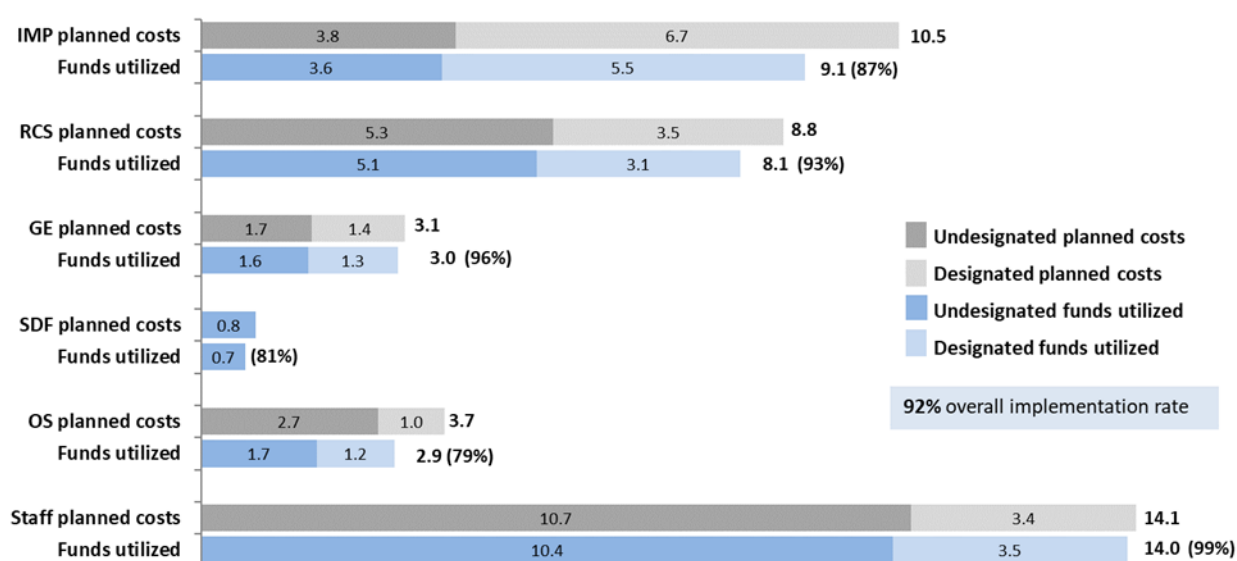


Figure 5. 2020–2021 funds utilized by work area as at 31 December 2021 (US\$ millions)

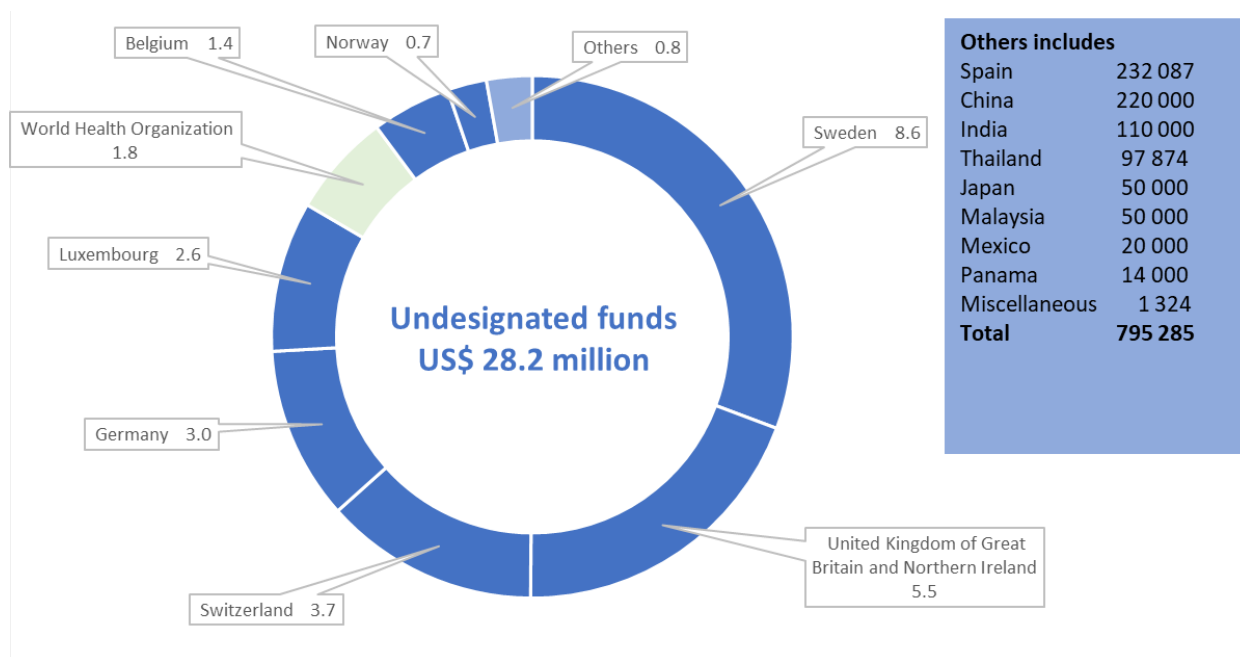


Figure 6. 2020–2021 undesignated revenue by donor as at 31 December 2021 (US\$ millions)

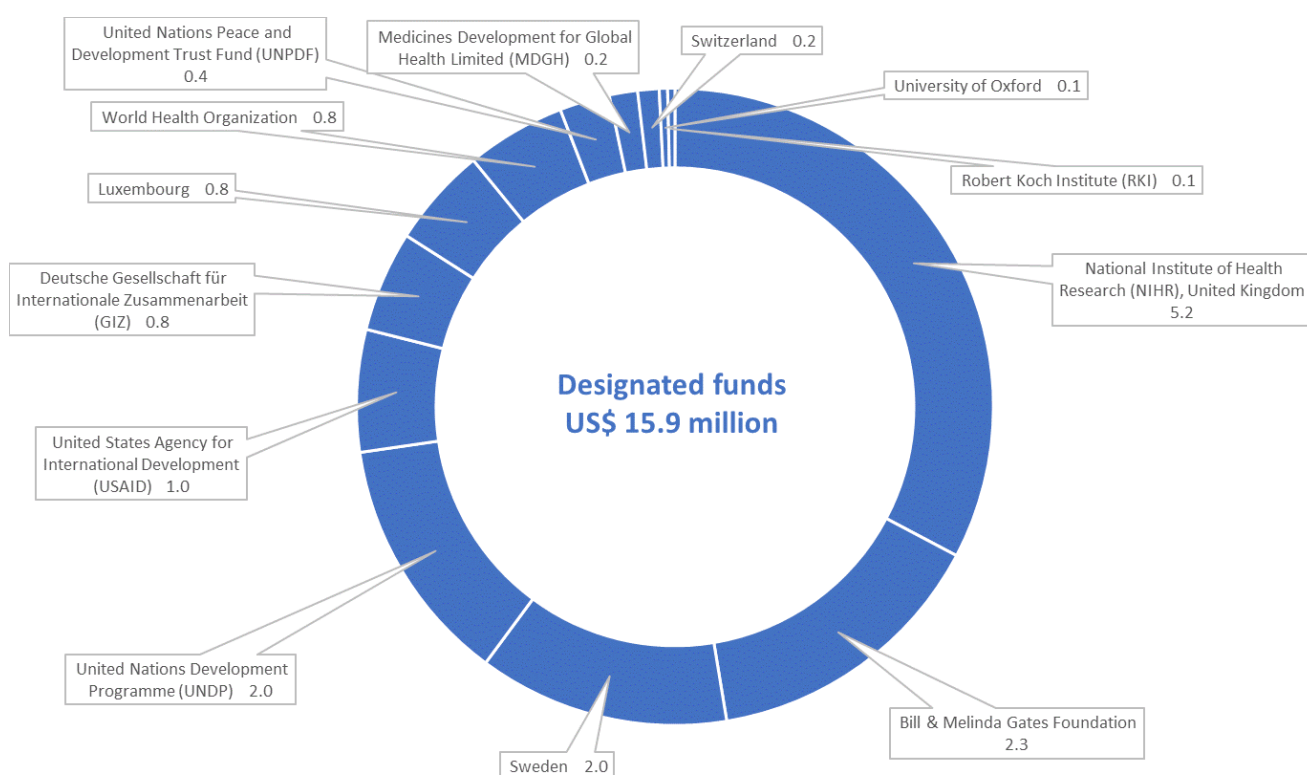


Figure 7. 2020–2021 designated revenue by donor as at 31 December 2021 (US\$ millions)

2022–2023

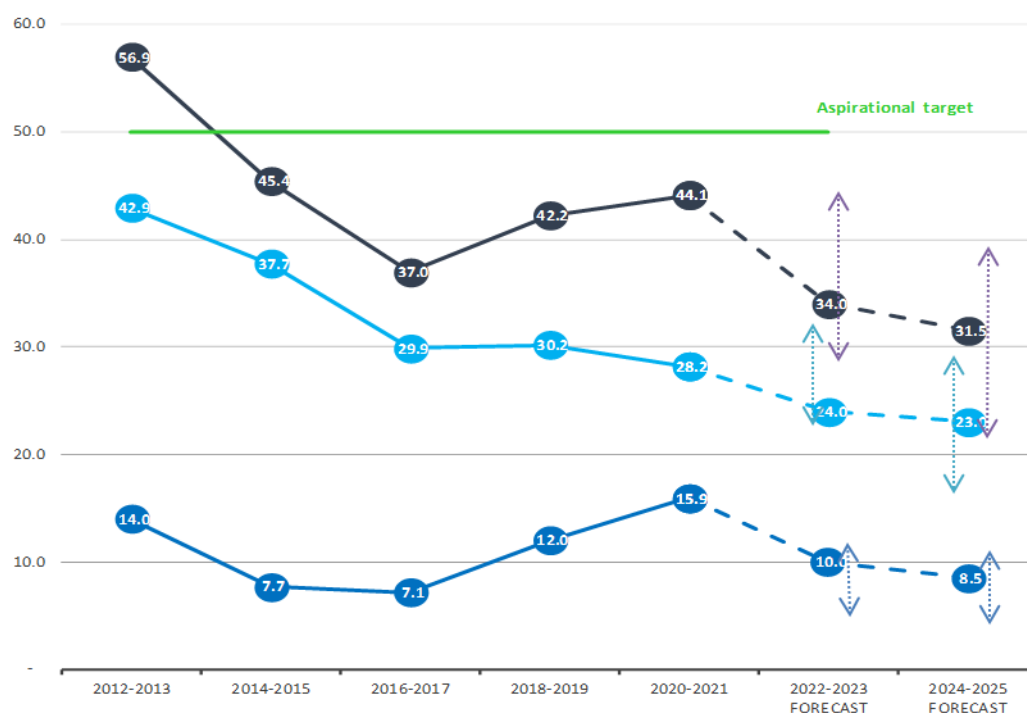


Figure 8. Revenue trend and 2022–2025 forecast range (US\$ millions)

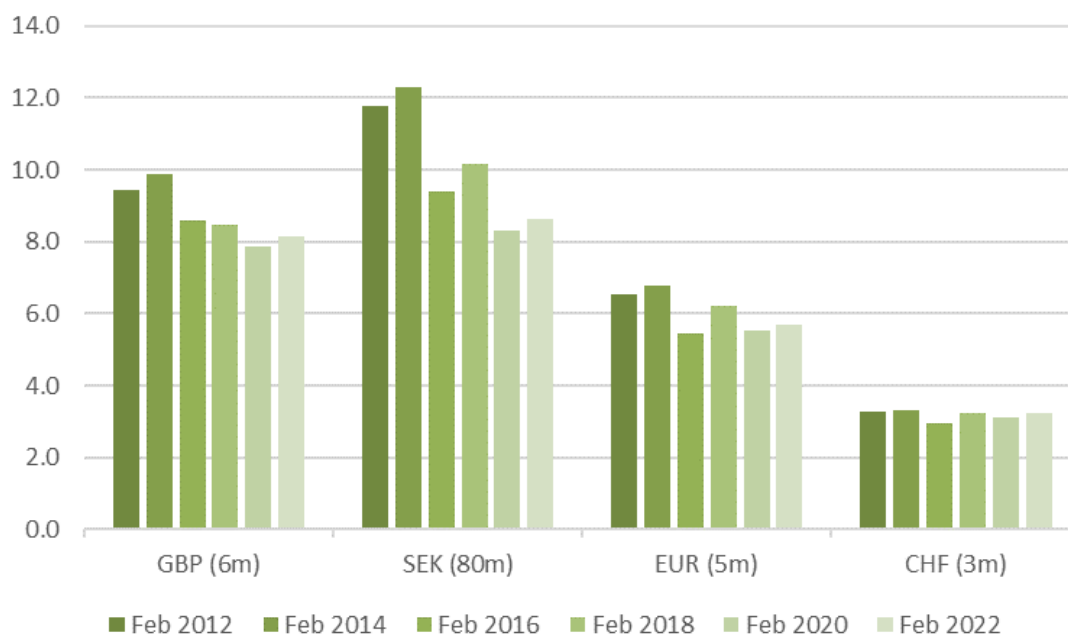


Figure 9. Impact of fluctuating foreign exchange rates on donor contributions (US\$ millions)

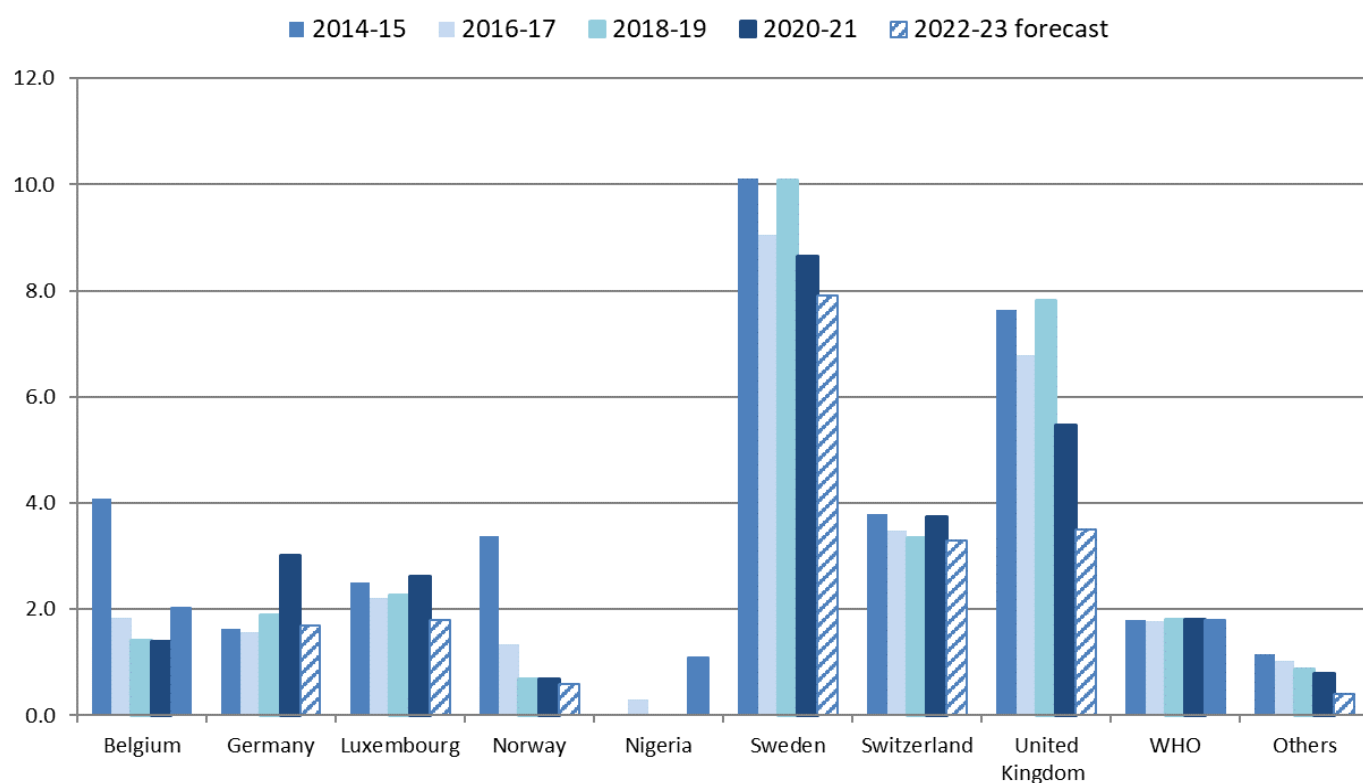


Figure 10. Undesignated revenue trend by donor (US\$ millions)

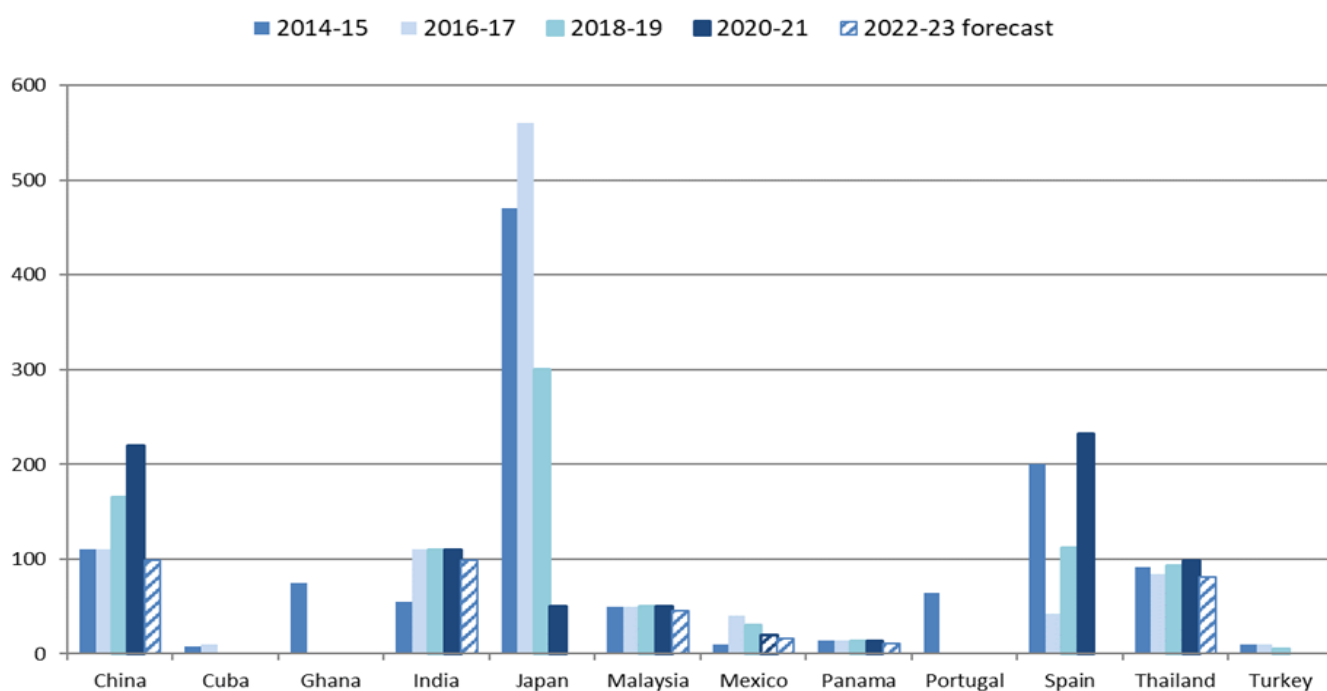


Figure 11. Undesignated "others" revenue trend by donor (US\$ thousands)

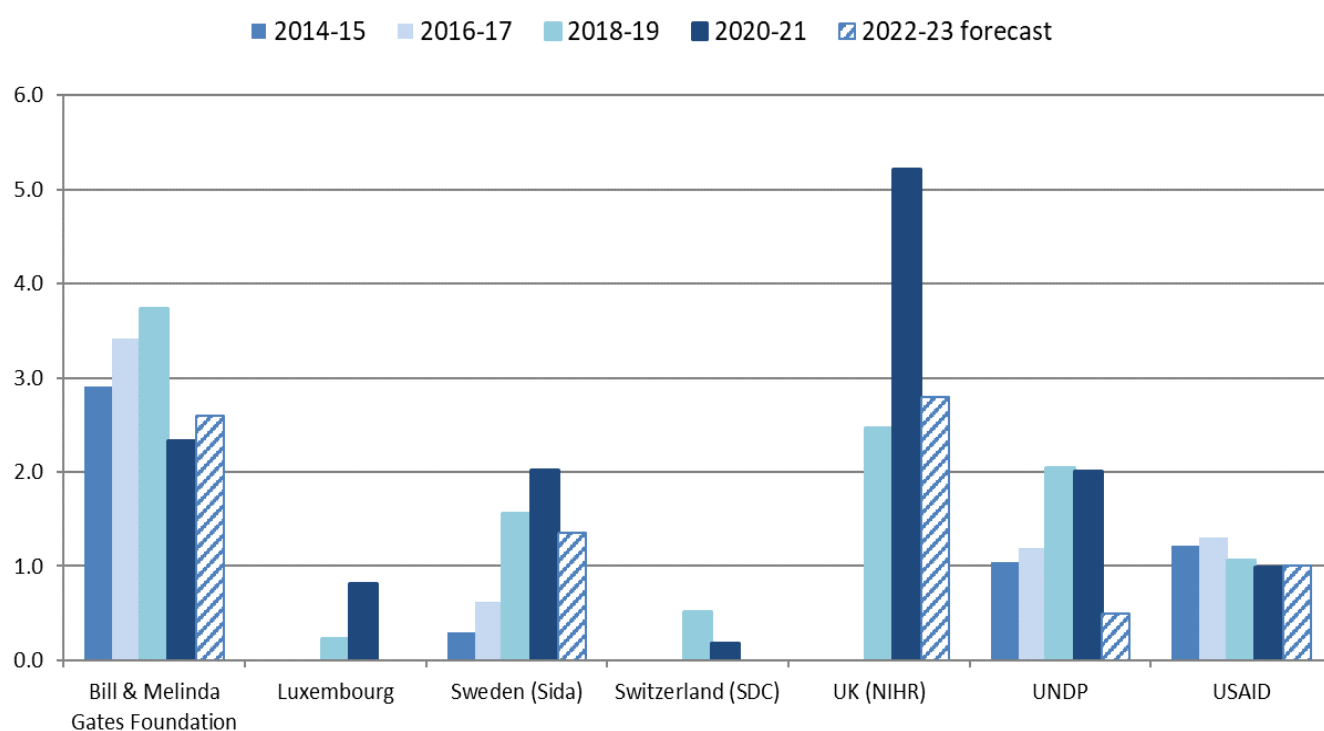


Figure 12. Designated revenue trend by donor (US\$ millions)

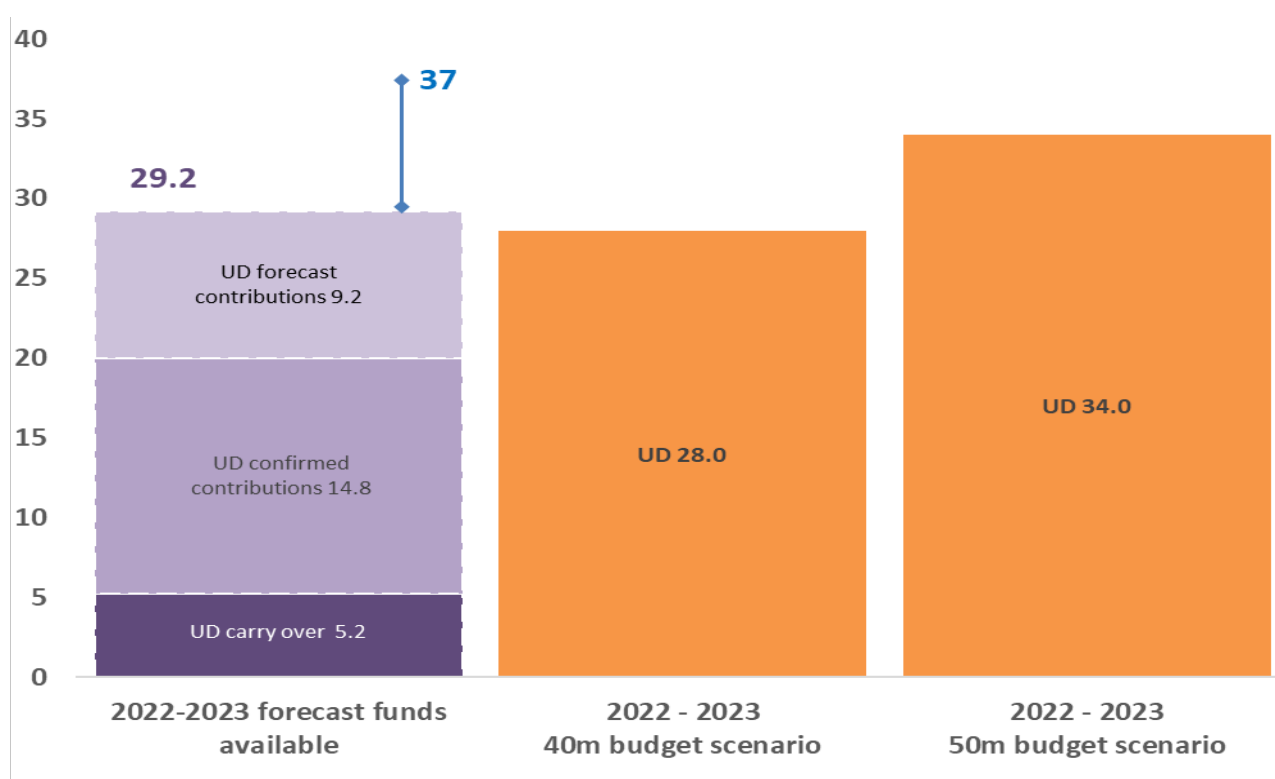


Figure 13. 2022–2023 undesignated forecast funds available and approved budget scenarios (US\$ millions)

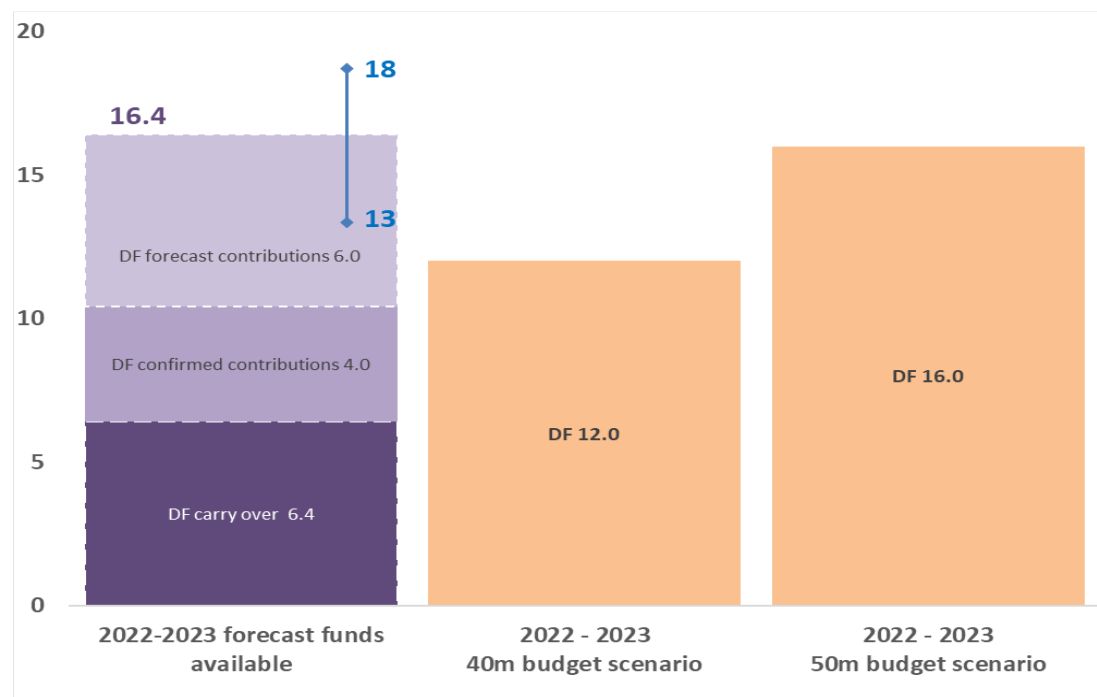


Figure 14. 2022–2023 designated forecast funds available and approved budget scenarios (US\$ millions)

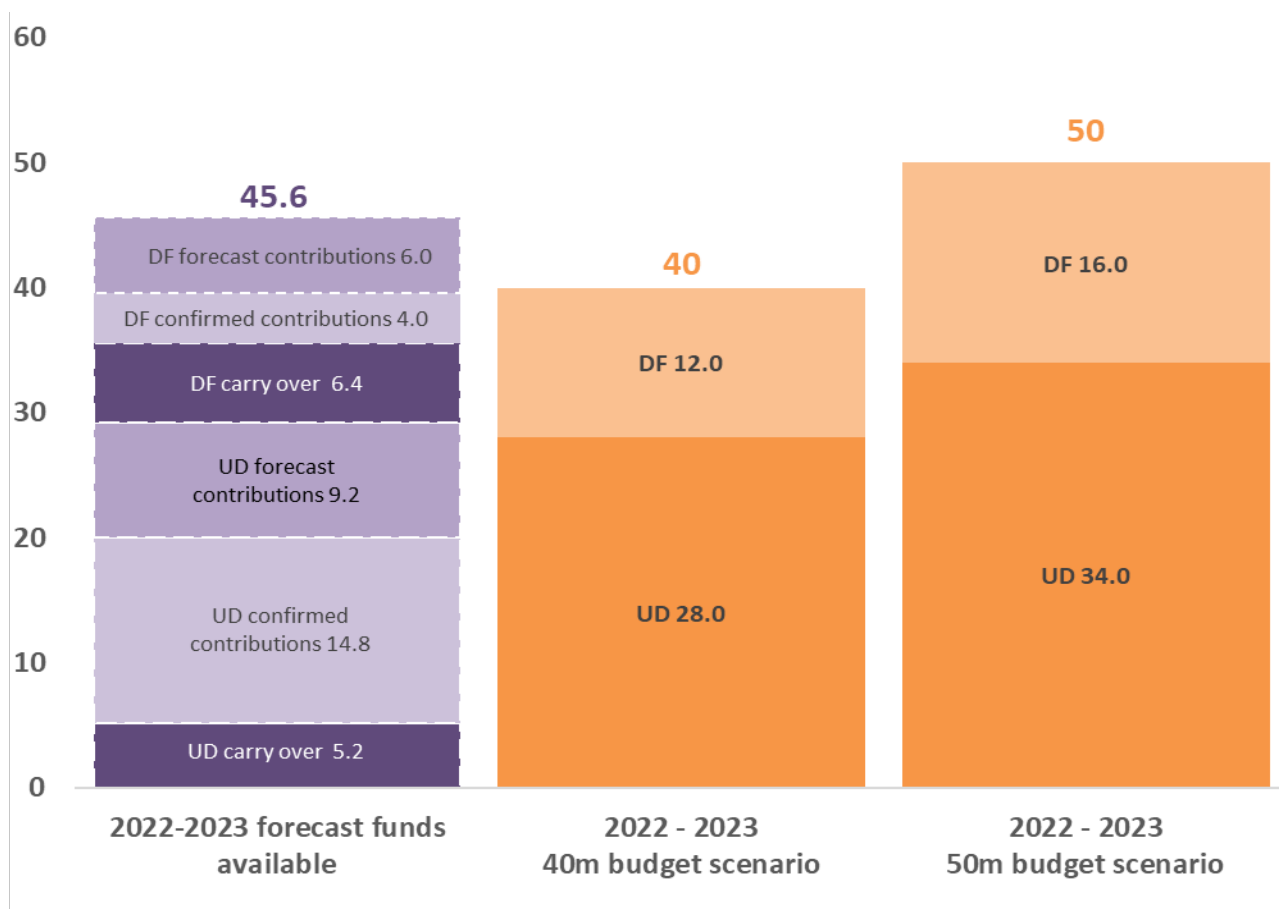


Figure 15. 2022–2023 forecast funds available and approved budget scenarios (US\$ millions)

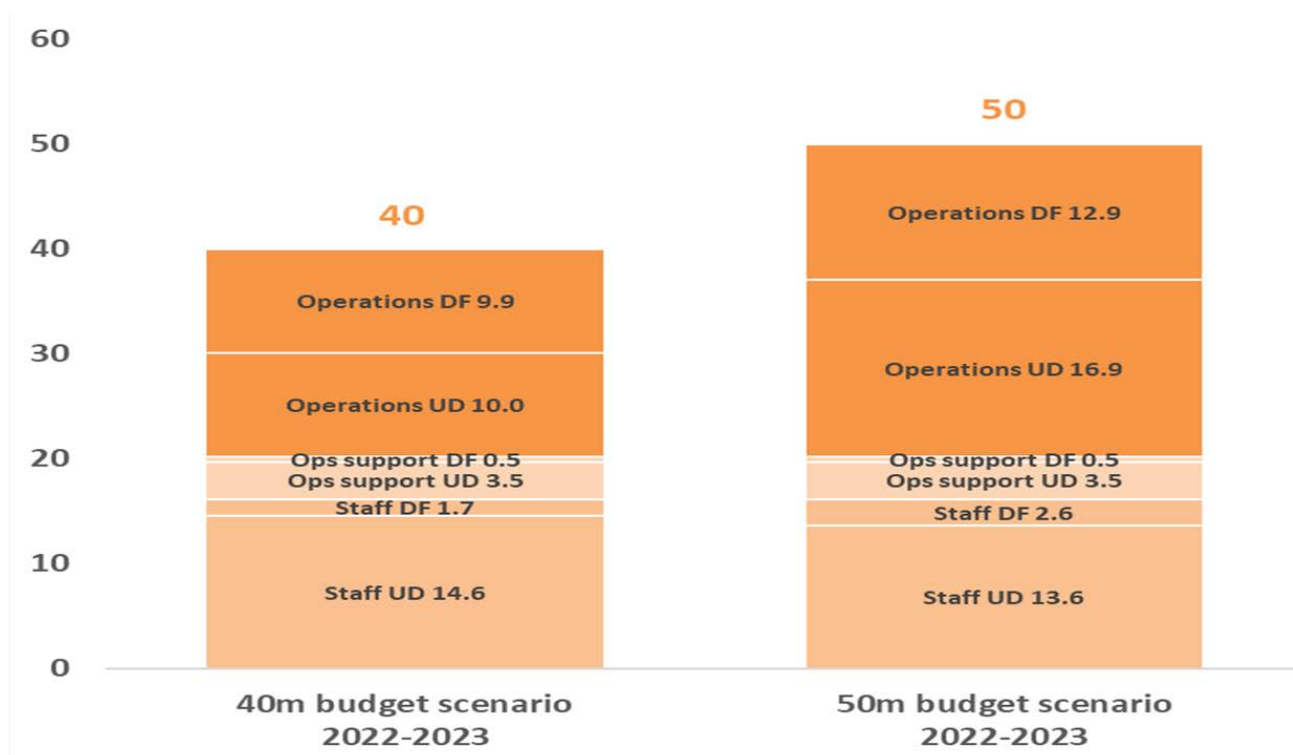


Figure 16. 2022–2023 approved budget scenarios by expenditure category and fund type (US\$ millions)

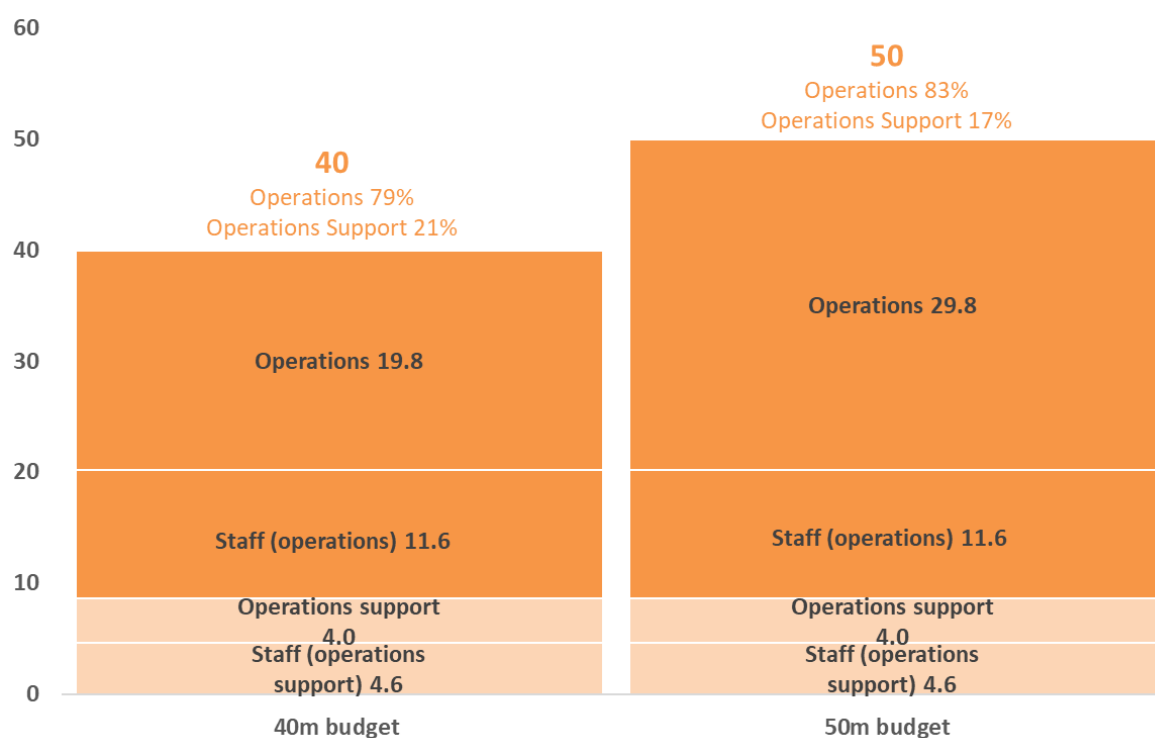


Figure 17. 2022–2023 approved budget scenarios – operations vs operations support, with personnel costs integrated (US\$ millions)

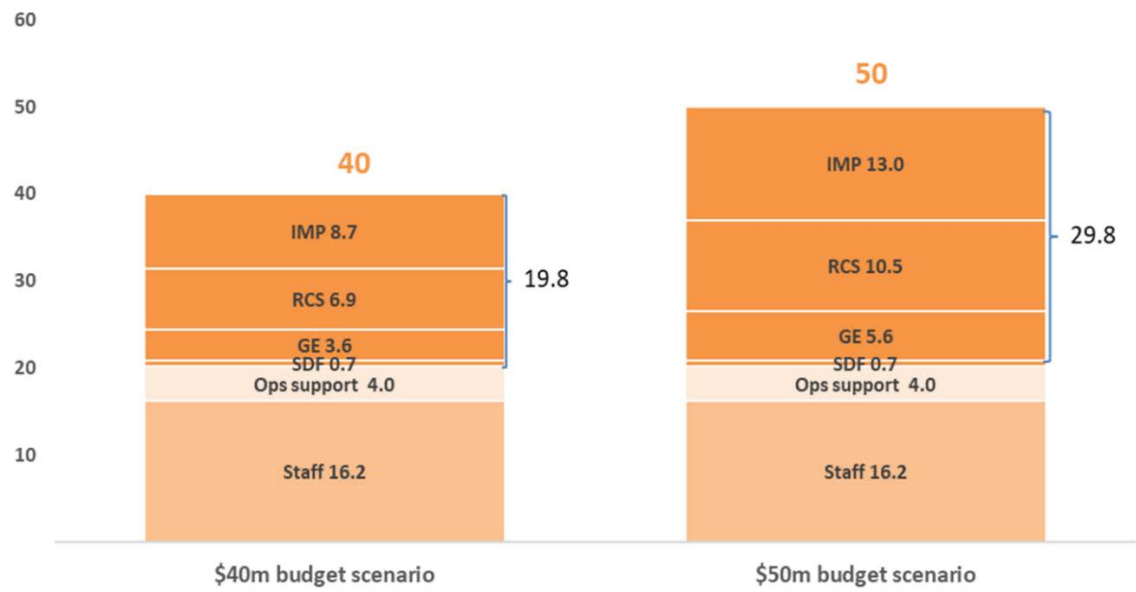


Figure 18. 2022–2023 approved budget scenarios – by work area (US\$ millions)

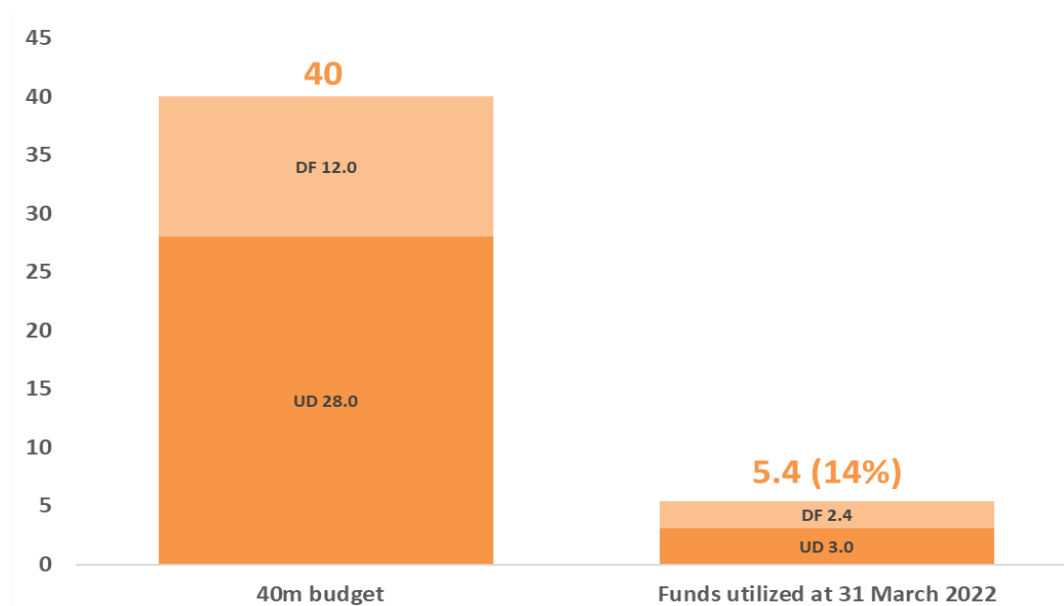


Figure 19: 2022–2023 funds utilized by fund type as at 31 March 2022 (in US\$ millions)

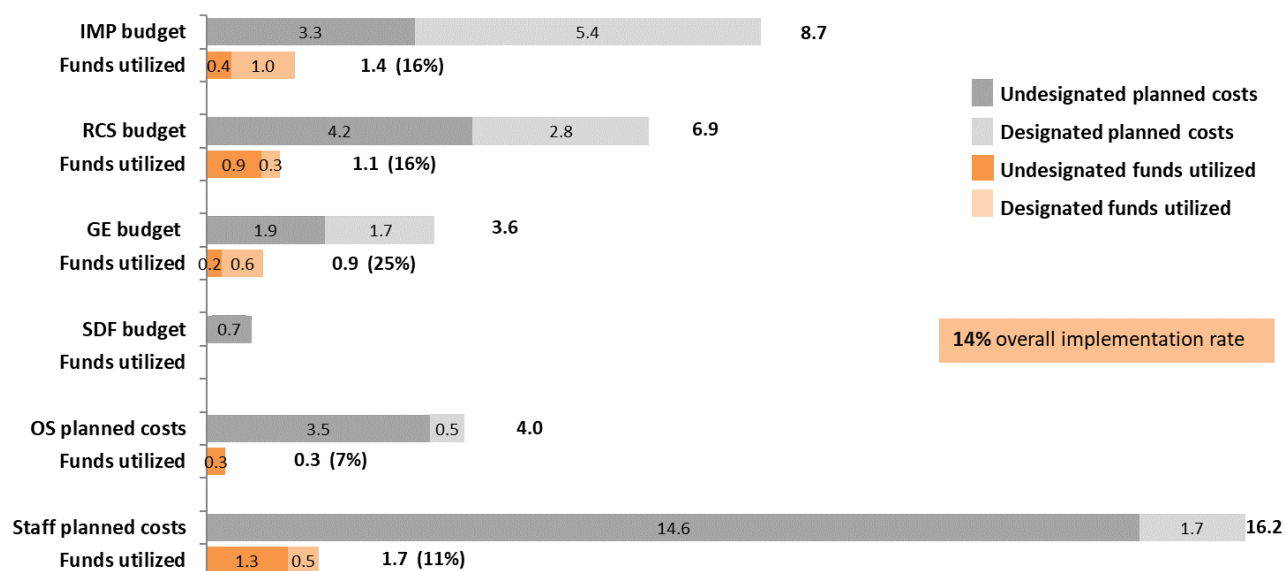


Figure 20: 2022–2023 funds utilized by work area as at 31 March 2022 (in US\$ millions)

2024–2025

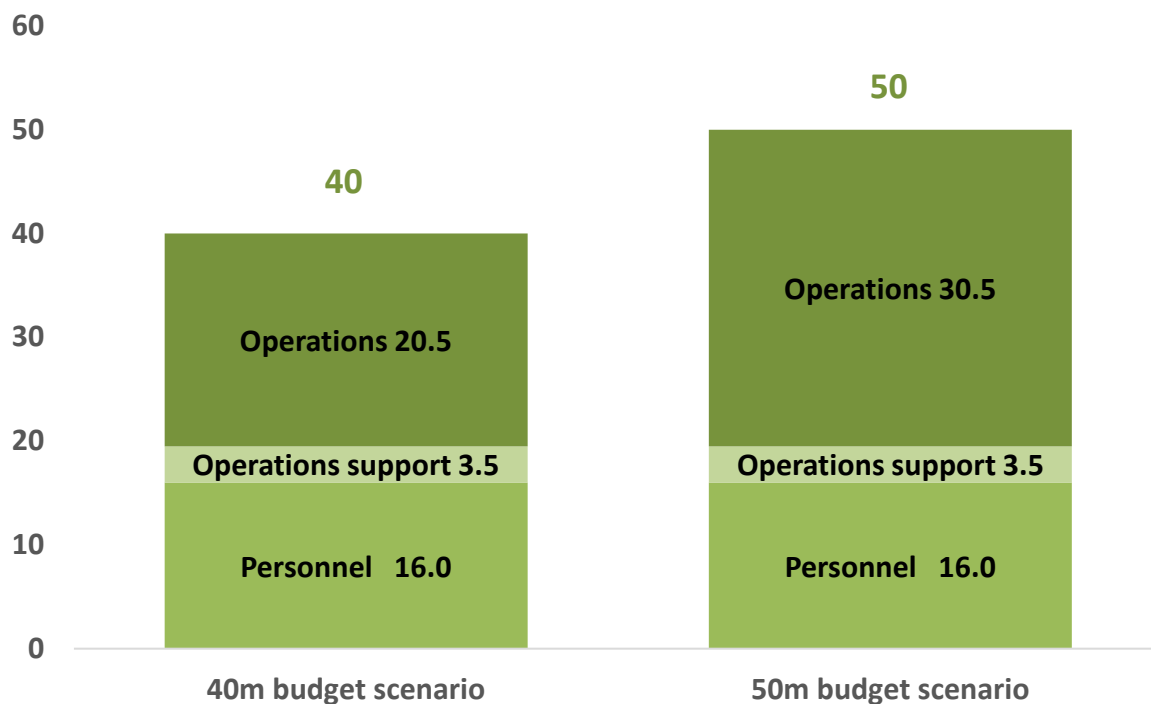


Figure 21: 2024–2025 proposed budget scenario levels by expenditure type (in US\$ millions)

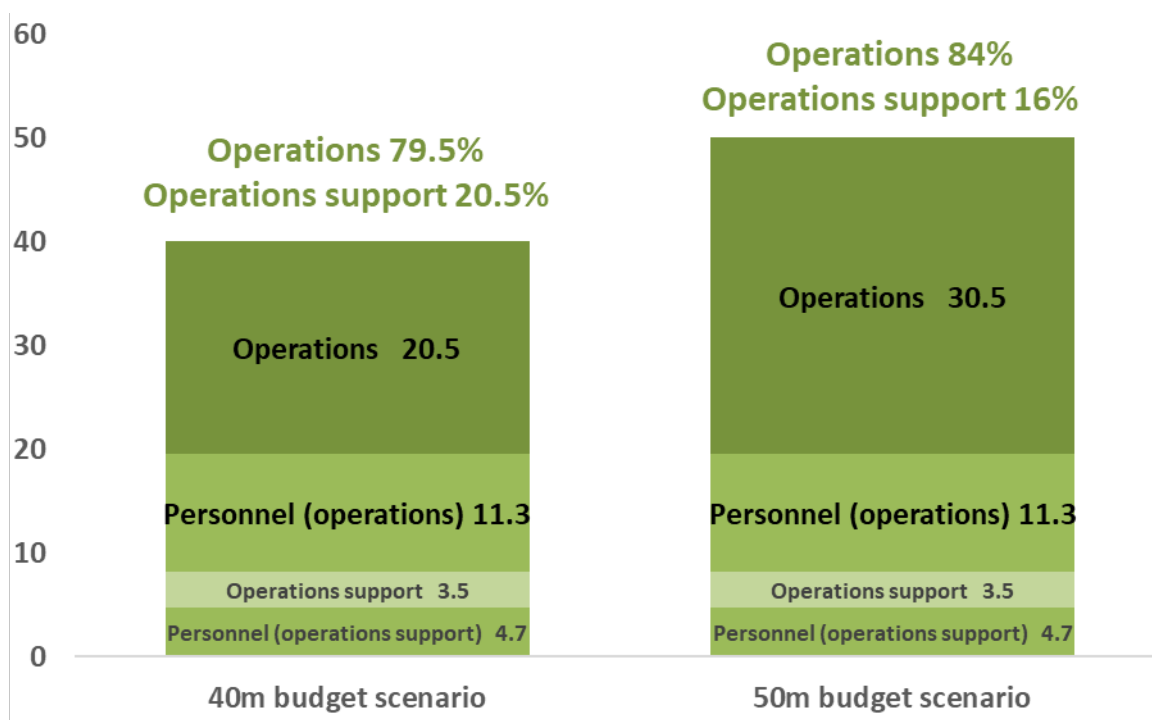


Figure 22: 2024–2025 operations versus operations support (with staff costs integrated proportionally) (in US\$ millions)

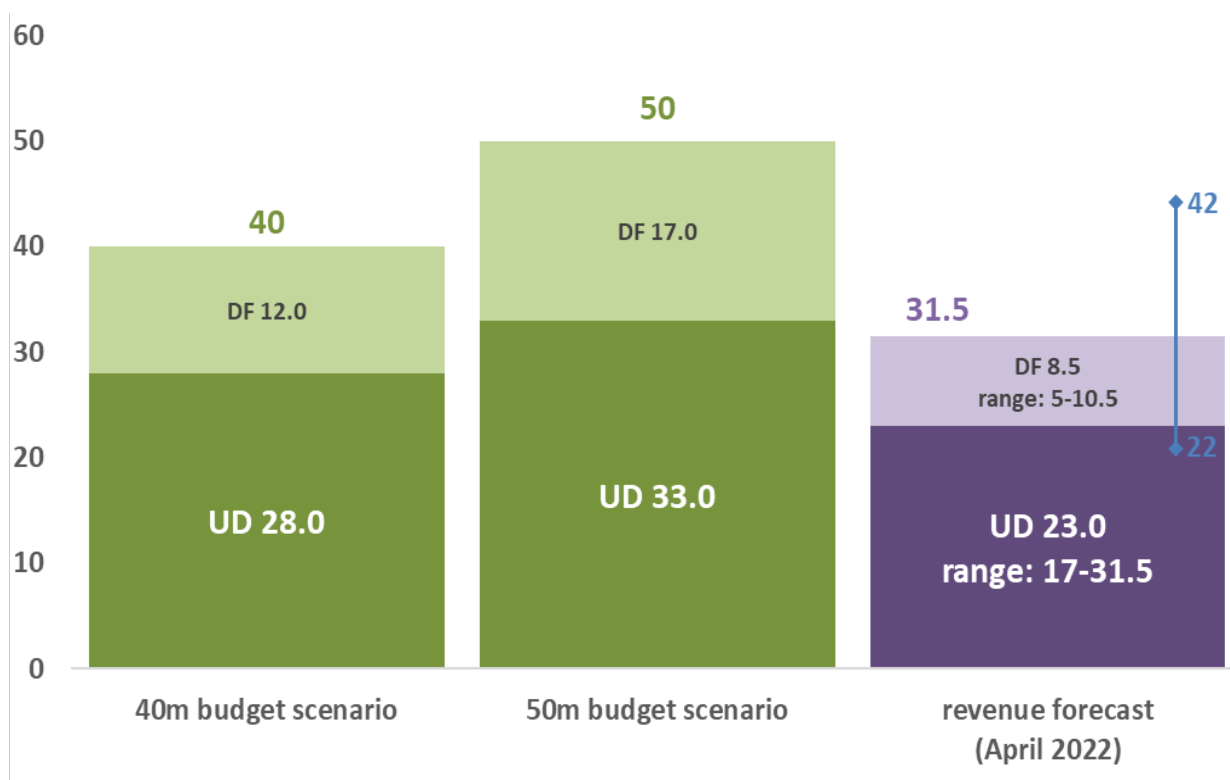


Figure 23: 2024–2025 proposed budget scenarios and revenue forecast (in US\$ millions)