

TDR financial management report 2022–2023 and outlook 2024–2027

Agenda item: 3.5

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 2022–2023 along with budget scenarios and revenue forecasts for 2024–2025 and 2026–2027.

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2022–2023 financial update

Two budget scenarios for 2022–2023 were approved by the Joint Coordinating Board in 2021 (Fig. 1)

- 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).
- TDR uses a dual-scenario budget model to manage the uncertainty of funding and to allow a confident start to implementation at the beginning of each biennium. The scenarios are intended to be implemented in a stepped approach as funds become available. Each scenario has a fully costed workplan.
- Implementation of the US\$ 40 million budget scenario was initiated in January 2022, in line with the revenue forecast at the time.



Fig. 1. 2022–2023 budget scenarios

Effective fundraising for the biennium 2022–2023 (Fig. 6 and Fig. 7)

- Funds available for a biennium include revenue recognized in that biennium along with unspent funds carried over from the previous biennium.
- Revenue confirmed in 2022–2023 amounted to US\$ 38.3 million, including US\$ 28.1 million undesignated funds and US\$ 10.2 million designated funds. In addition, a back payment of interest of US\$ 2.3 million was paid and unspent funds from 2020–2021 were brought forward (US\$ 7.7 million undesignated and US\$ 6.5 million designated).

Revising planned costs beyond the US\$ 40 million scenario (Fig. 2)

- The level of funds available enabled scaling up of planned operations activities above the US\$ 40 million budget scenario, illustrating the value of the dual-scenario budget model.
- Planned costs were formally revised three times during the biennium; increasing to US\$ 42.4 million in September 2022 as funds became available, then decreasing gradually back to US\$ 40 million during 2023 as a result of savings in staff and operations support costs. Planned costs at September 2023 included US\$ 23.6 million undesignated and US\$ 16.4 million designated funds.

Implementation in 2022–2023: 89% of the US\$ 40 million revised planned costs, with improved efficiencies (Fig. 2)

- Financial implementation is monitored on a monthly basis in order to identify potential issues and to allow for redistribution of funds.
- As at 31 December 2023, US\$ 35.5 million had been spent or committed through legal agreements (commitments of US\$ 2.6 million). This represents:
 - Overall: 89% of the US\$ 40 million budget scenario and the revised planned costs.
 - Operations activities (UD and DF): 102% of the original US\$ 40 million budget scenario and 85% of revised planned costs.

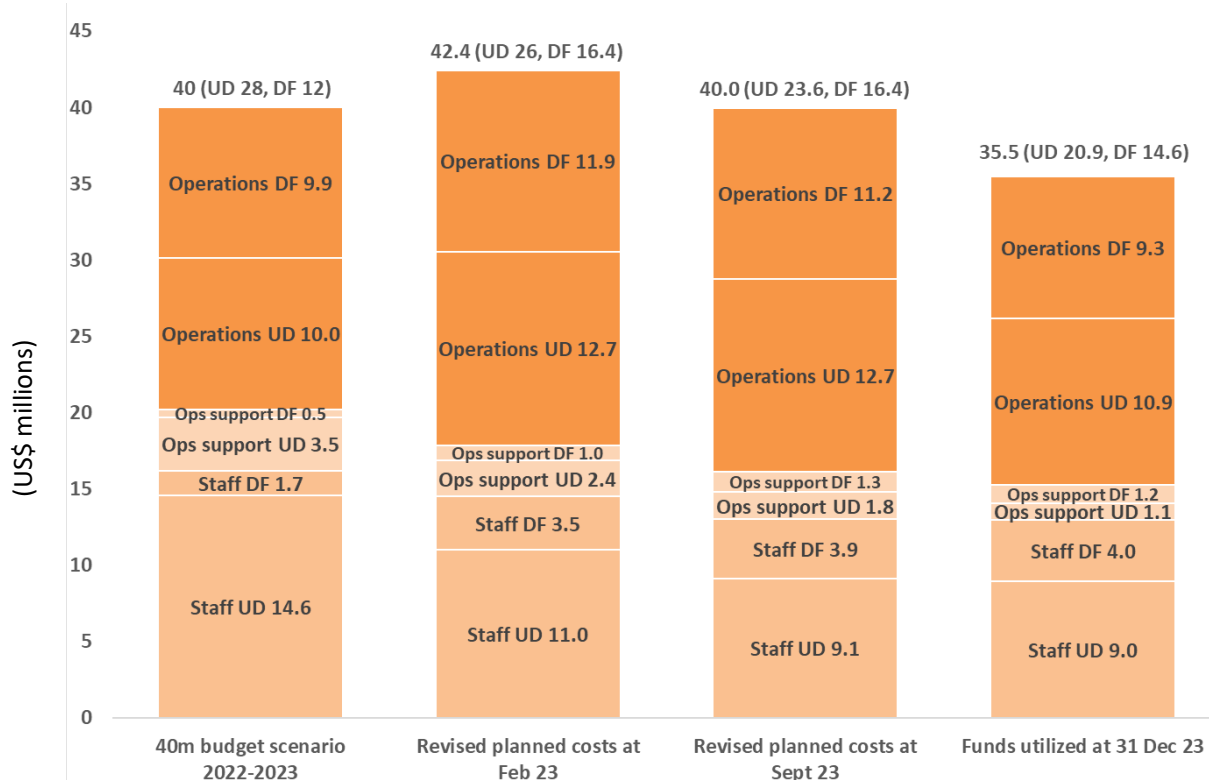


Fig. 2. 2022–2023 budget scenarios, revised planned costs and funds utilized

- Staff costs were 20% (US\$ 3.2 million) lower than budget. Savings were mainly due to vacant positions, gaps due to the lengthy WHO recruitment process and lower actual costs than the WHO standard costs that must be used for planning purposes per WHO rules.
- Operations support costs were 43% (US\$ 1.7 million) lower than budget. Savings were made in WHO administrative charges (which are only calculated by WHO at the end of the reporting period), running costs, information systems and governance meetings.
- US\$ 5.3 million of staff costs and operations support was covered by designated funds, which is US\$ 3.1 million more than in the conservatively planned US\$ 40 million budget scenario. This additional contribution from designated funds translates directly to savings in undesignated funds.
- US\$ 2.7 million of the savings in undesignated funds was reallocated to operations activities during the biennium, increasing the value for money of TDR's work. Thus, the implementation rate of undesignated-funded activities reached 110% of the US\$ 40 million scenario.
- Additional savings were carried forward to the next biennium, at the recommendation of the Standing Committee, to ensure funding for the US\$ 40 million budget scenario in 2024–2025 and to build resilience following a large cut in undesignated funds from a major contributor to TDR.

2024–2025 Programme budget

Two budget scenarios for 2024–2025 were approved by the Joint Coordinating Board and Standing Committee in 2023 (Fig. 3)

- 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).
- TDR began implementing the US\$ 40 million budget scenario in January 2024.

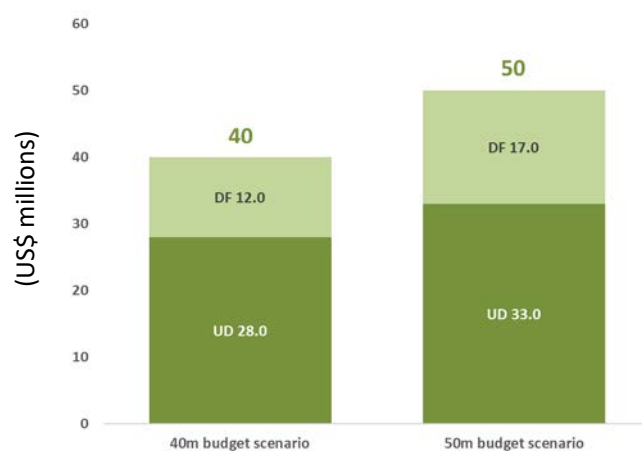


Fig. 3. 2024–2025 budget scenarios

Funding the 2024–2025 workplan (Fig. 8 to Fig. 15)

- Forecast revenue¹ 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.
- A forecast revenue range has been developed to reflect the current level of uncertainty concerning the ability of donors to maintain existing contribution levels and the impact of fluctuating foreign exchange rates. It is reviewed and updated continuously.
- The current revenue projection is US\$ 17.5–22 million undesignated and US\$ 7–11 million designated. The undesignated funds forecast is based on historical levels of contributions adjusted with current information from donors. The designated funds forecast includes donors that have a history as regular contributors and those in advanced discussion with TDR.
- In addition, some funds from 2022–2023 have been carried forward for use in 2024–2025. These include:
 - Committed funds:
 - US\$ 2.4 million designated funds for planned project specific activities in 2024–2025.
 - US\$ 0.6 million undesignated funds committed to finalize activities delayed from 2023.
 - Funds reprogrammed from 2022–2023 to be operationalized in 2024–2025:
 - US\$ 11 million strategic reprogramming, at the request of the Standing Committee, to support the 2024–2025 workplan.
 - US\$ 2.7 million additional savings in 2023.
 - US\$ 2.3 million one-off back payment of interest for ten years between 2008 and 2021.
- As in previous biennia, potential savings in staff costs and operations support could be used in part to boost the funding available for operations activities in the biennium.
- Efforts are being made to sustain donor contributions and identify new funding sources through:
 - Discussions with existing core donors to anticipate the impact on contributions of the global post-pandemic and security situation.
 - Discussion with existing donors of project specific funding regarding continuation of projects.
 - Developing an ‘investment case’ aligned with the strategy to provide *contribution analysis intelligence* for future funding proposals and ‘business cases’.
 - Development and submission of project proposals to new donors in line with the focus areas within the 2024–2029 strategy.
 - Reaching out to new core donors to diversify contribution sources.

¹ *Revenue* reflects new funds received during the current biennium. *Funds available* include revenue plus amounts from the previous biennium.

Implementation as at 30 April 2024

- US\$ 6.7 million of funds has been utilized in the first four months (17% of the biennium). This represents 17% of the US\$ 40 million budget scenario.
- Operations activities supported by undesignated funds reached 14% implementation rate.

2026–2027 Programme budget scenario levels

Preparing for the 2026–2027 Programme Budget development (Fig. 4 and Fig. 17 to Fig. 21)

- Two budget scenarios, similar to previous biennia but with a greater proportion of designated funds, are proposed as follows:
 - A lower scenario at US\$ 40 million (US\$ 23 million undesignated funds; US\$ 17 million designated funds).
 - A higher scenario at US\$ 50 million (US\$ 28 million undesignated funds; US\$ 22 million designated funds).
- Once budget scenario levels have been approved by the Joint Coordinating Board in June 2024, TDR will develop the detailed Programme budget and workplan for 2026–2027, in consultation with stakeholders, which will be reviewed by the Scientific and Technical Advisory Committee, endorsed by the Standing Committee and approved by the JCB in 2025.

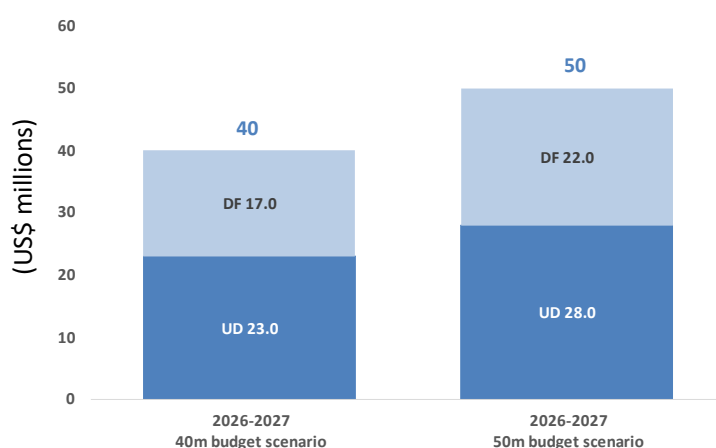
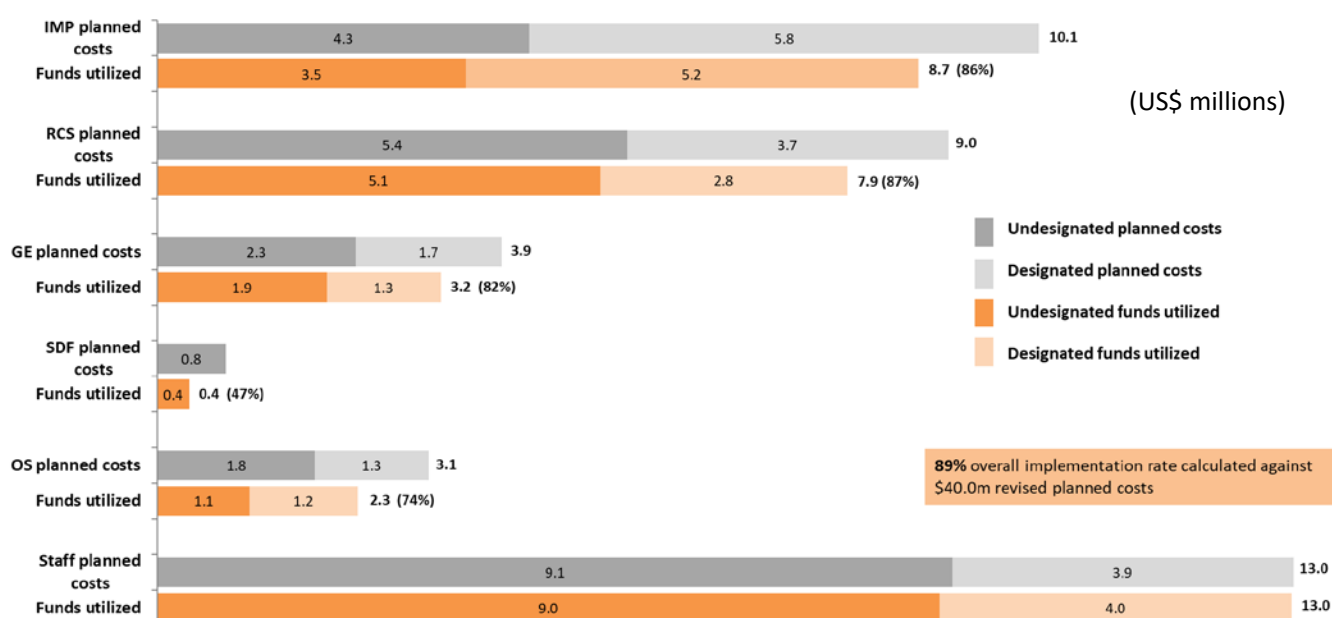


Fig. 4. 2026–2027 proposed budget scenario levels by fund type

Revenue projections and financing of the proposed budget scenarios (Fig. 8)

- A forecast revenue range has been developed to reflect the current level of uncertainty concerning the ability of donors to maintain existing levels of contributions and the impact of fluctuating foreign exchange rates. It is reviewed and updated continuously.
- The current revenue projection is US\$ 16–23 million undesignated and US\$ 7–17 million designated. The undesignated funds forecast is based on historical levels of contributions adjusted according to current information from donors. The designated funds forecast includes donors that have a history as regular contributors, those in advanced discussion with TDR and a fundraising target currently at US\$ 11 million.

Figures and tables



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

Fig. 5. 2022–2023 funds utilized by work area as at 31 December 2023 against planned costs revised in September 2023

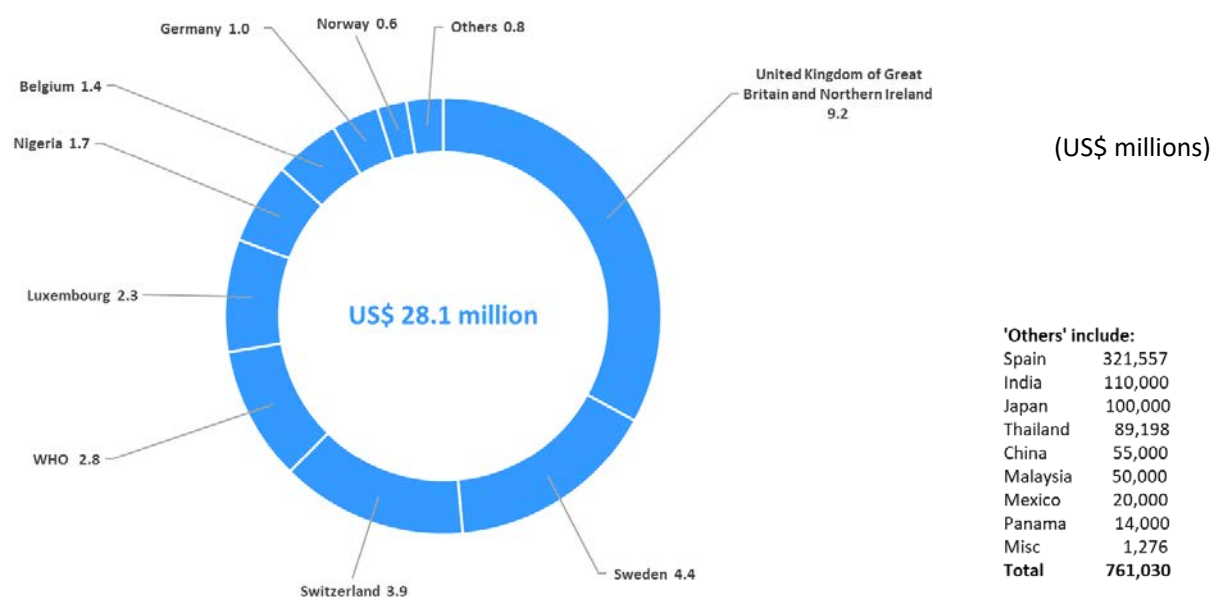


Fig. 6. 2022–2023 undesignated revenue by donor as at 31 December 2023

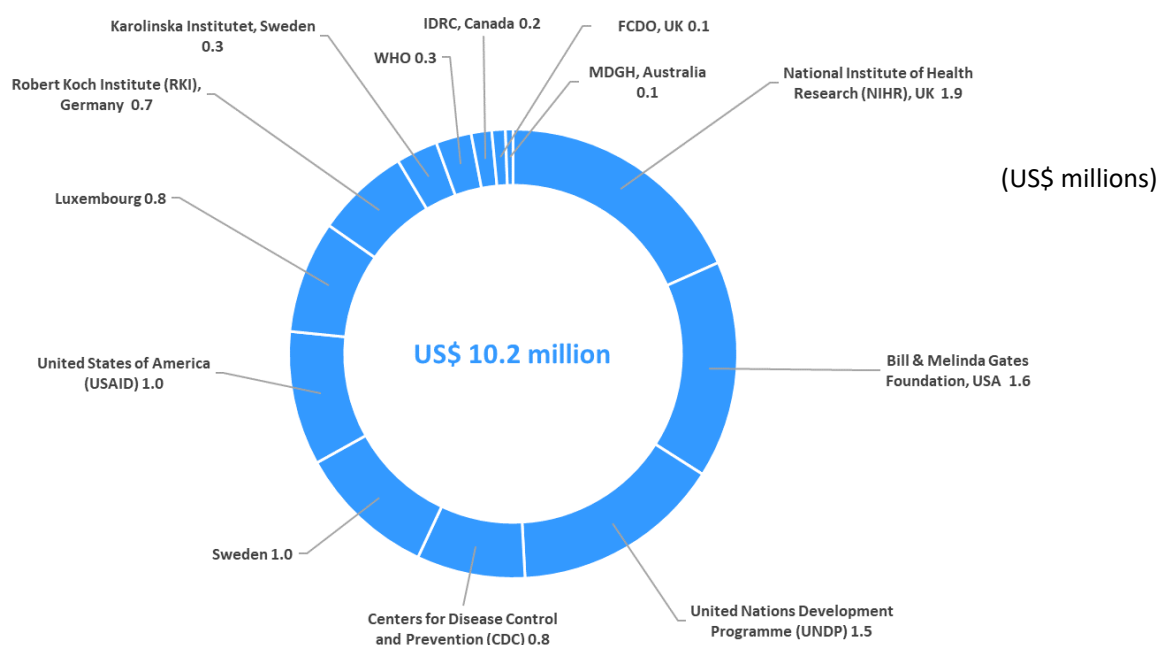


Fig. 7. 2022–2023 designated revenue by donor as at 31 December 2023

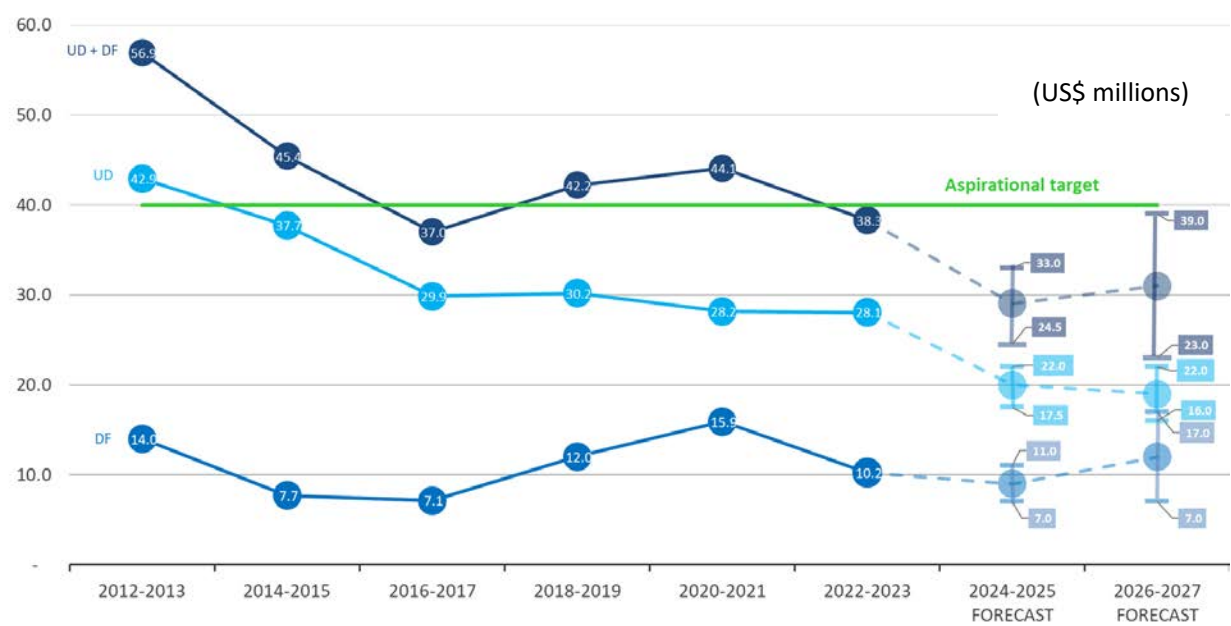


Fig. 8. Revenue trend from contributions and 2024–2027 forecast range

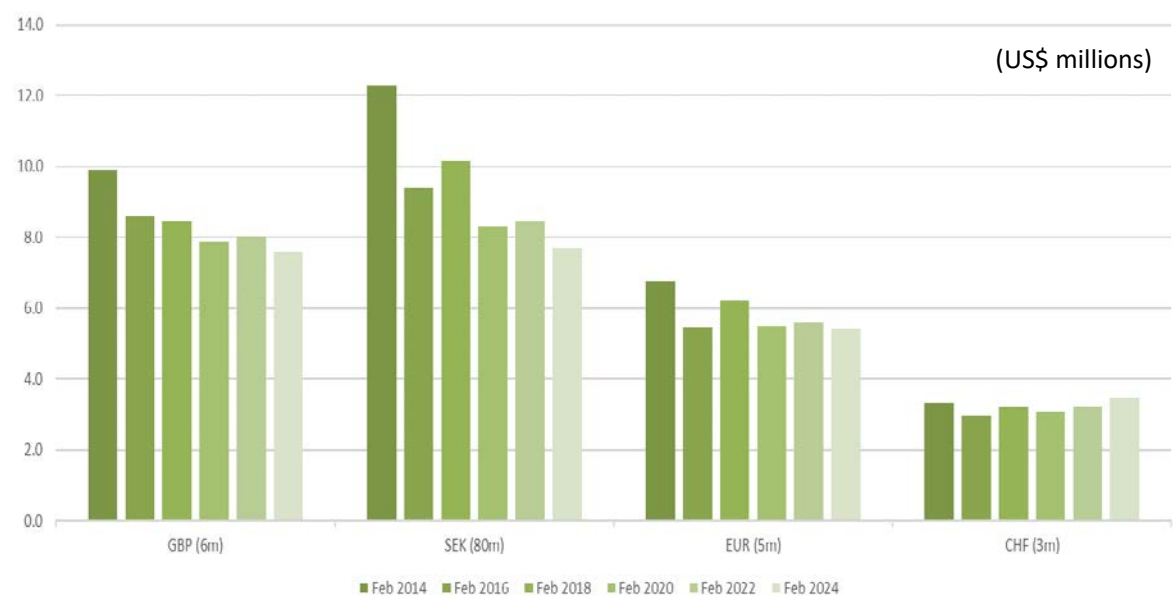


Fig. 9. Impact of fluctuating foreign exchange rates on donor contributions

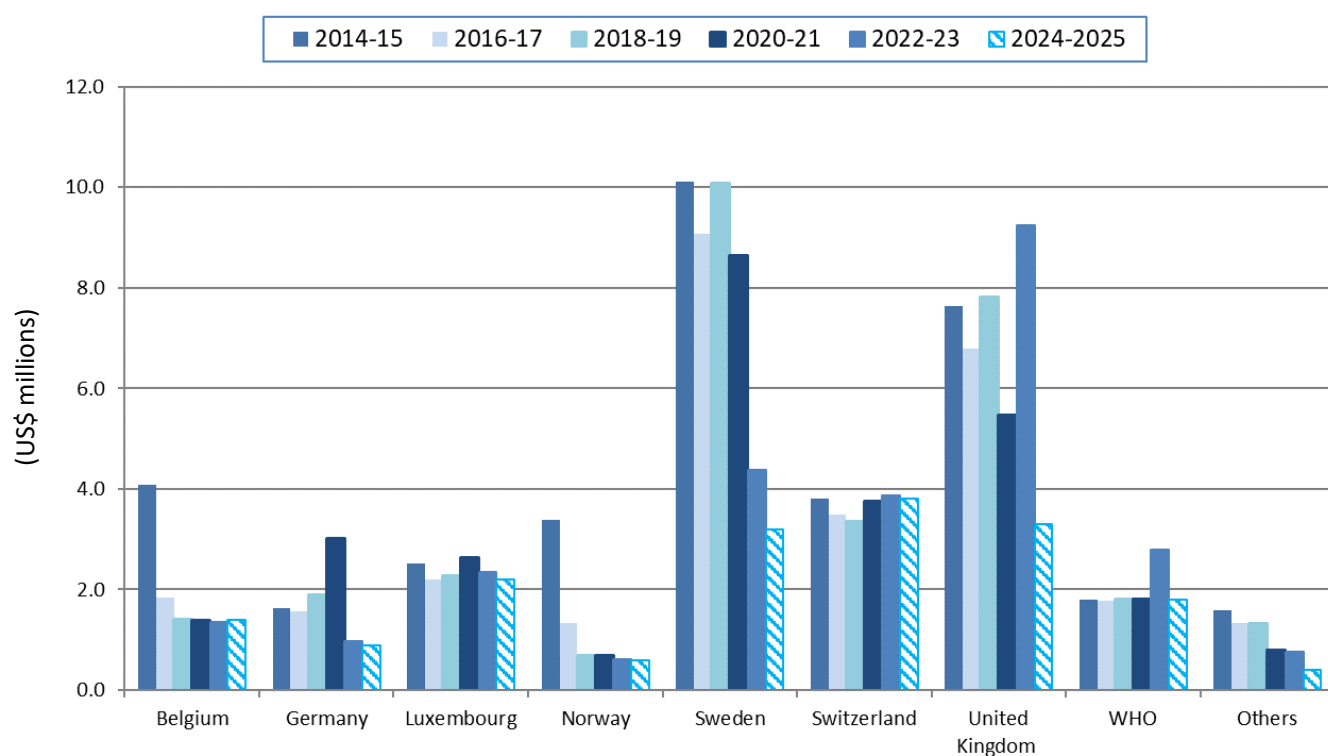


Fig. 10. Undesignated revenue trend by donor

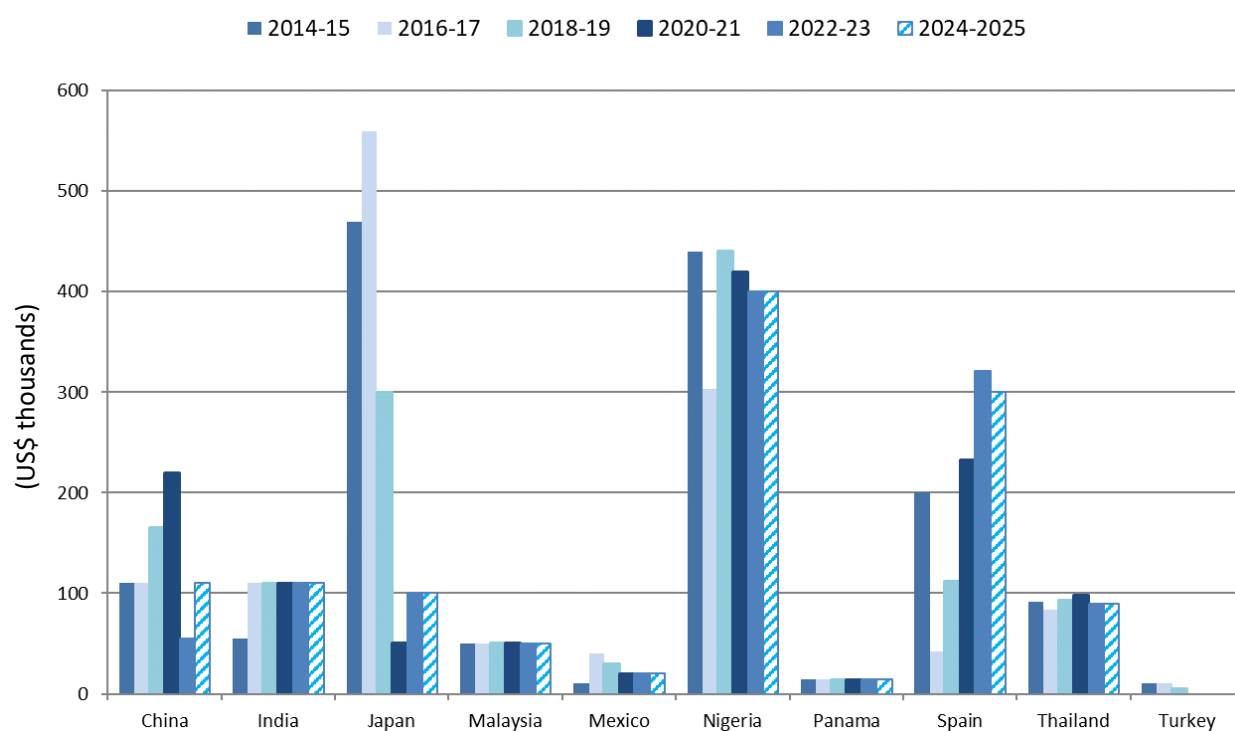


Fig. 11. Undesignated "others" revenue trend by donor

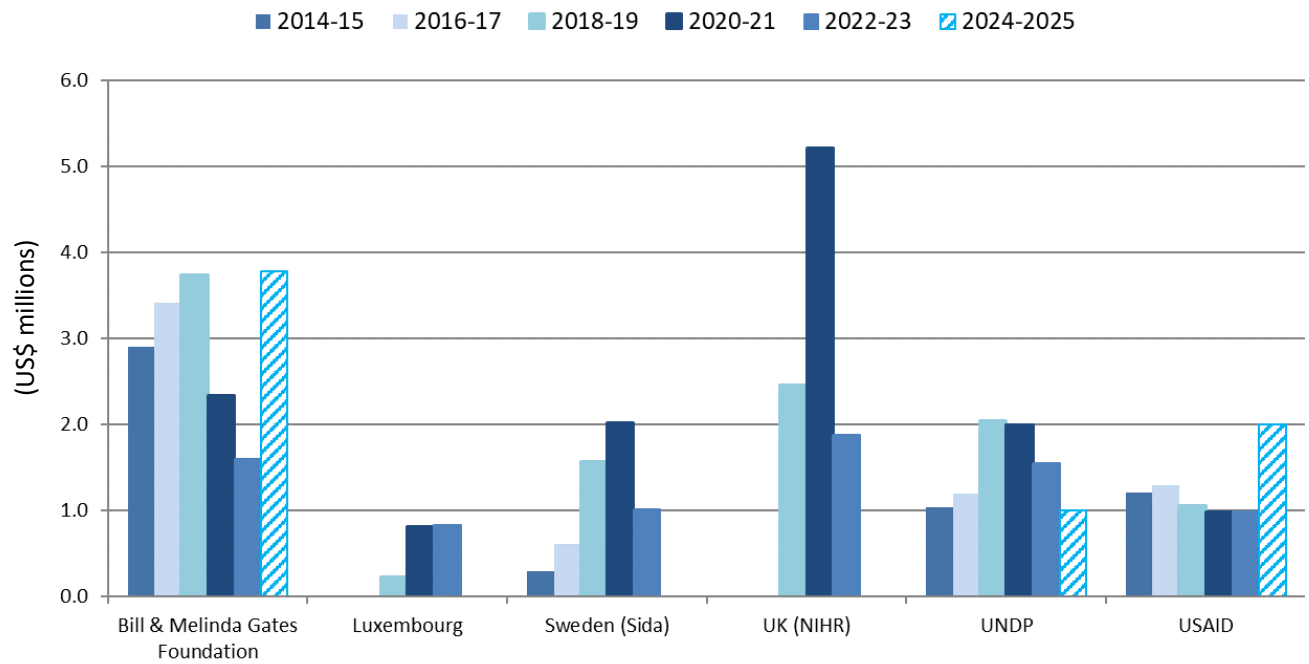


Fig. 12. Designated revenue trend by donor

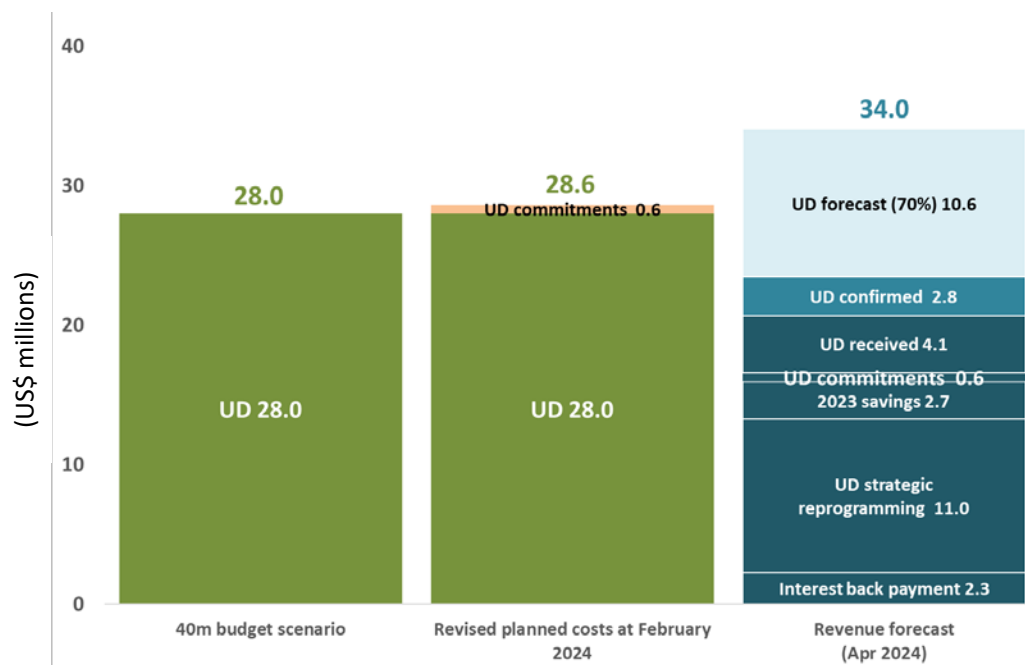


Fig. 13. 2024-2025 undesignated budget scenarios and forecast funds available

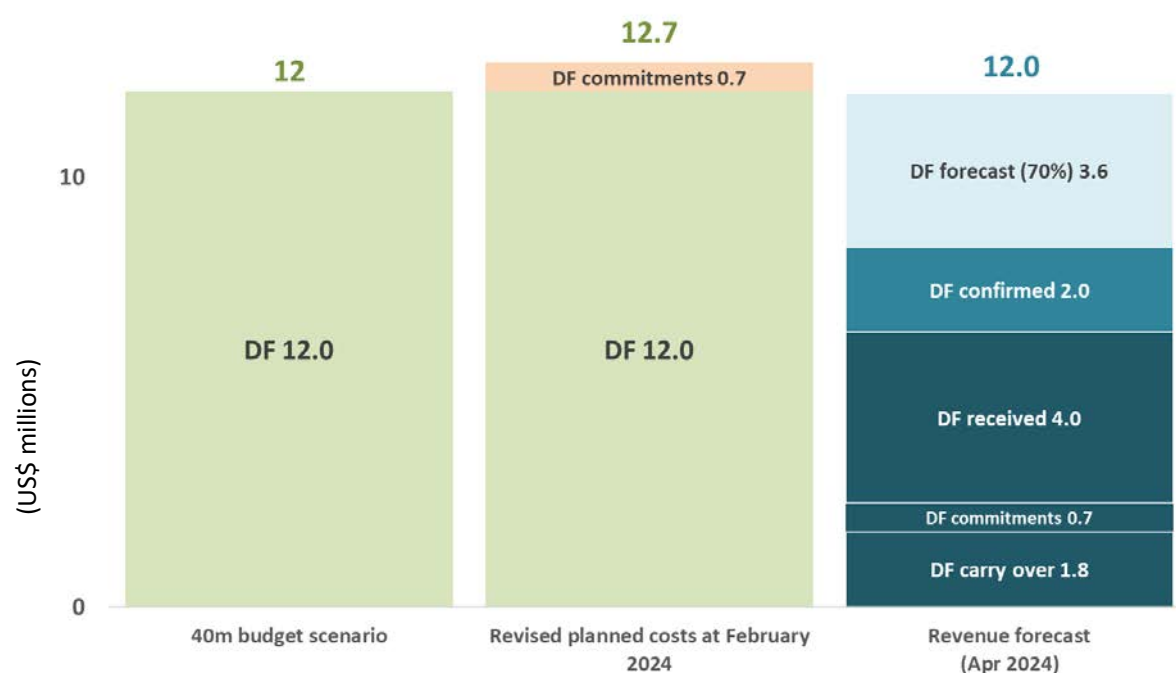


Fig. 14. 2024-2025 designated funds budget scenarios and forecast funds available

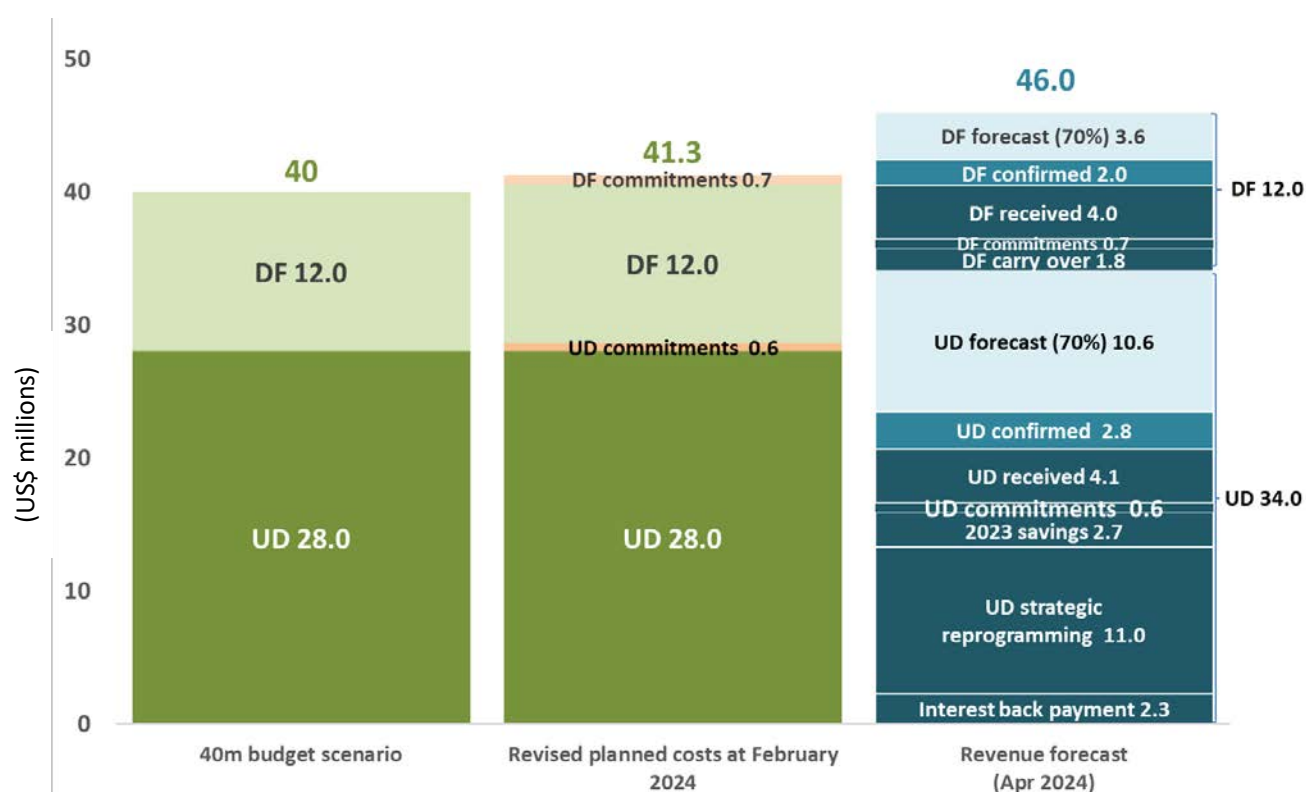


Fig. 15. 2024-2025 approved budget scenarios and forecast funds available

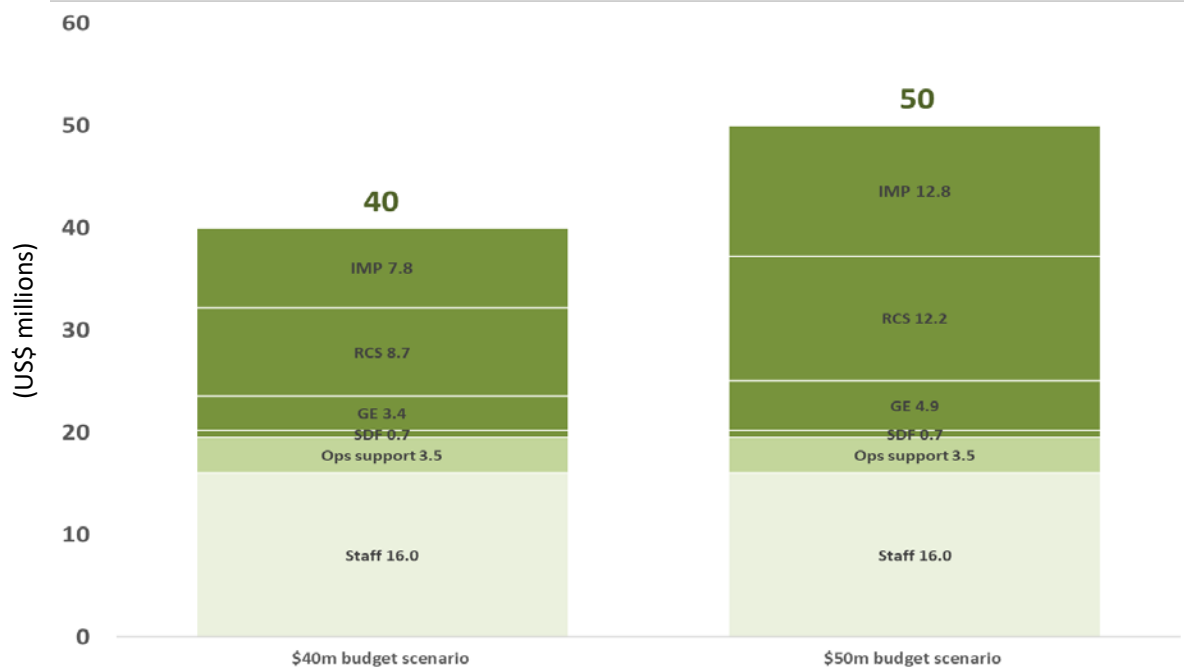


Fig. 16. 2024-2025 approved budget scenarios – by work area

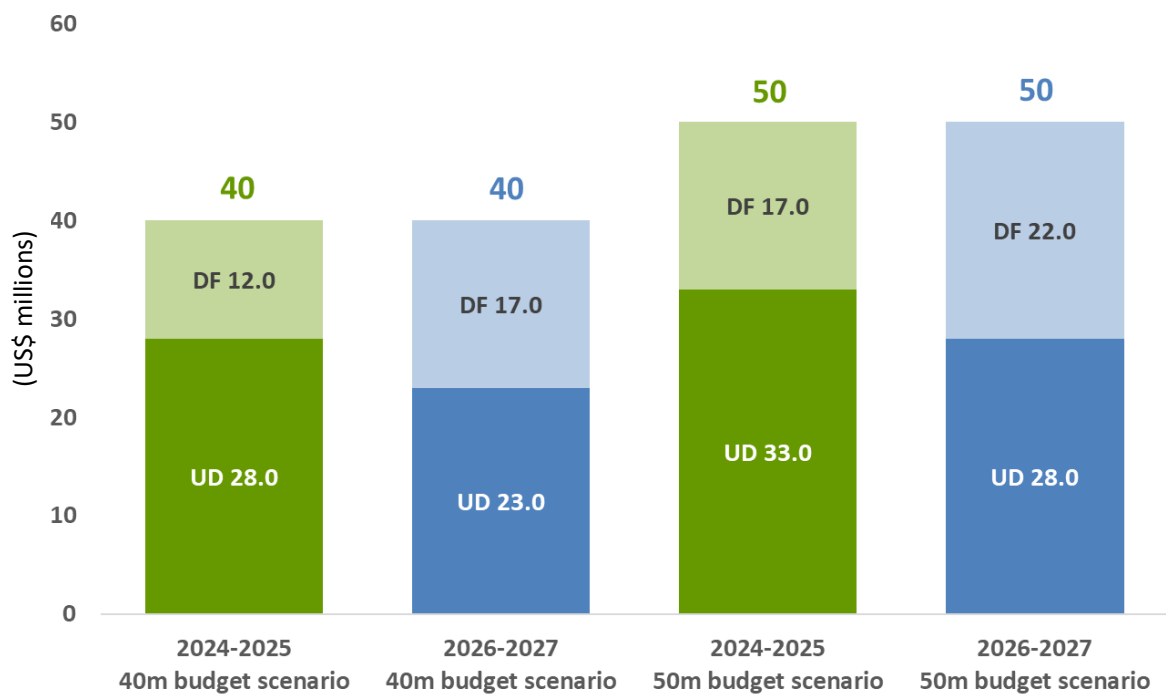


Fig. 17. 2026-2027 proposed budget scenarios – by fund type

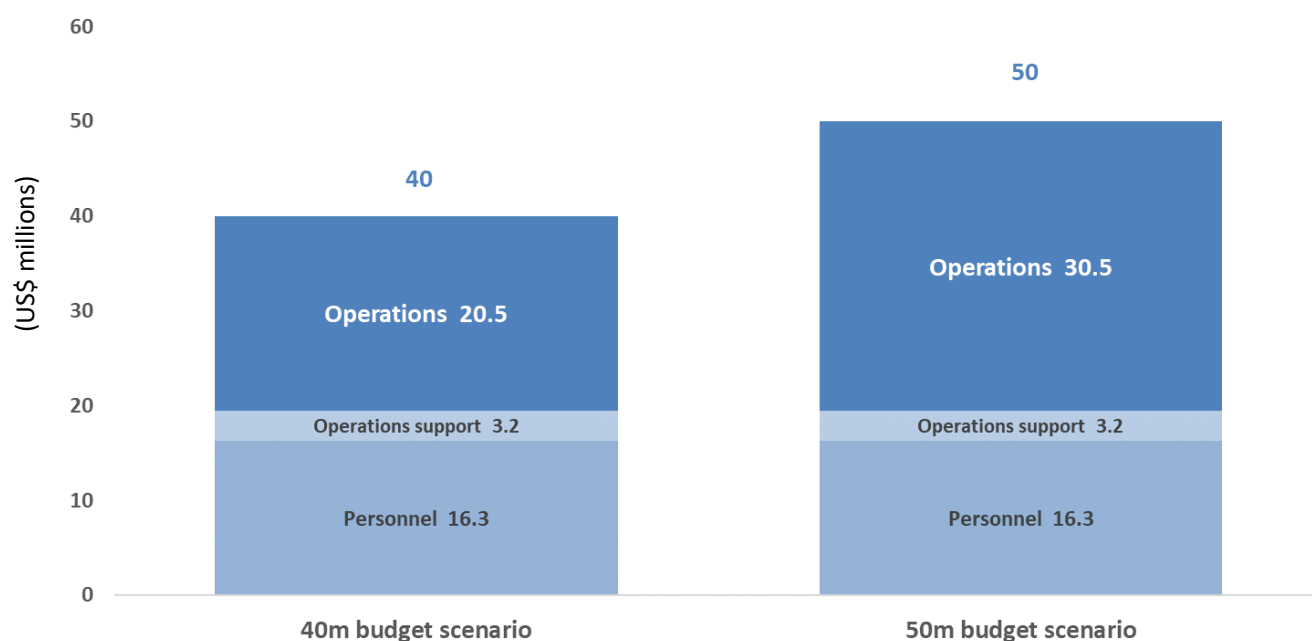


Fig. 18. 2026–2027 proposed budget scenarios – by expenditure type

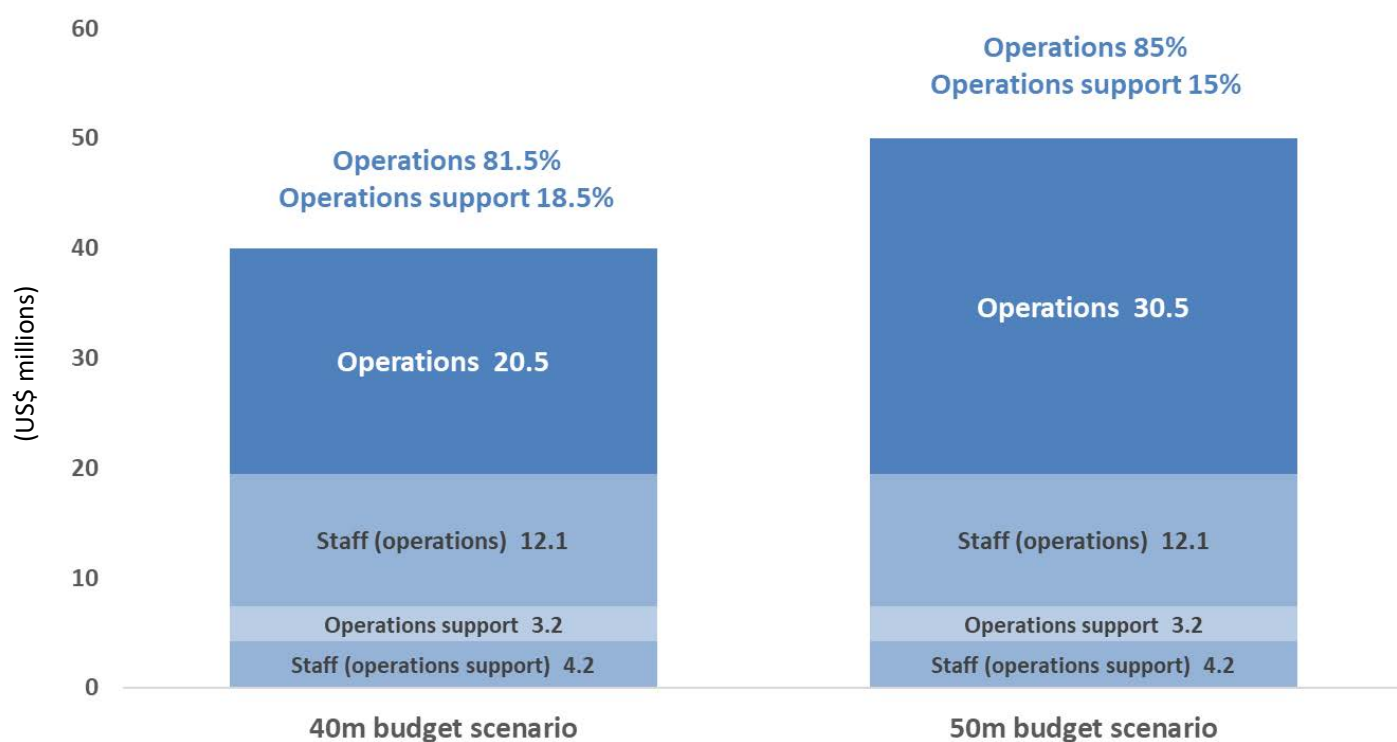


Fig. 19. 2026–2027 proposed budget scenarios – operations / operations support

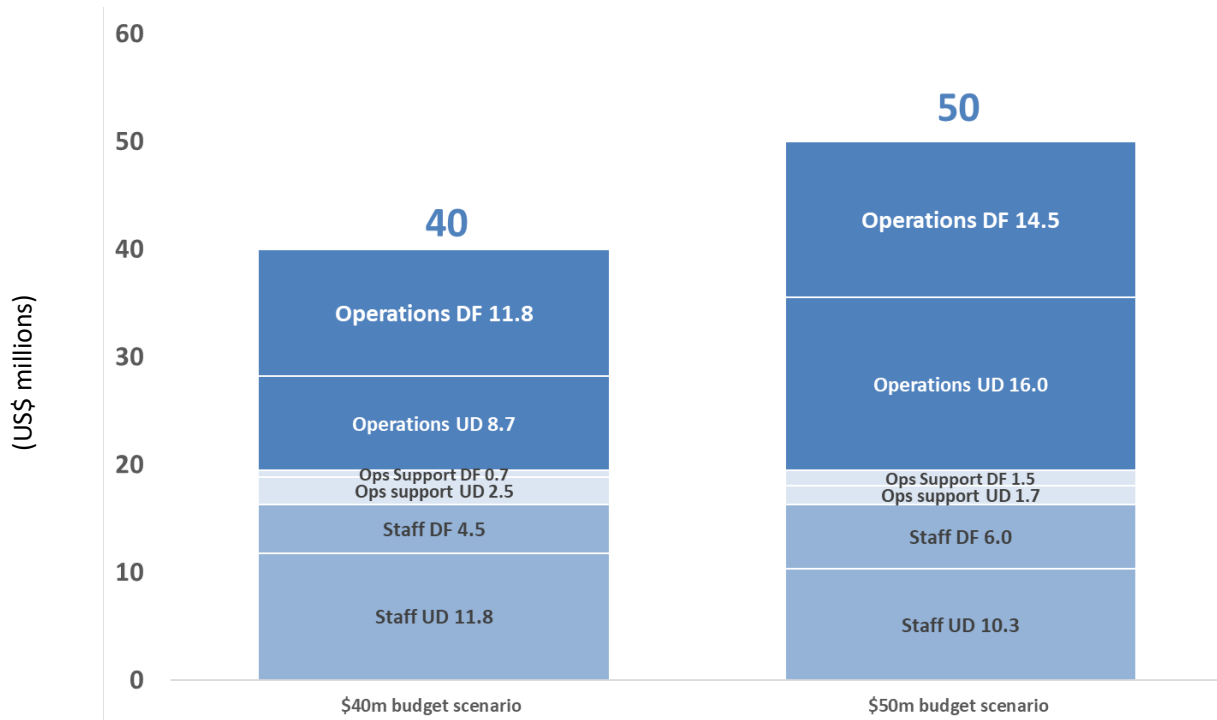


Fig. 20. 2026–2027 proposed budget scenarios – by expenditure and fund type

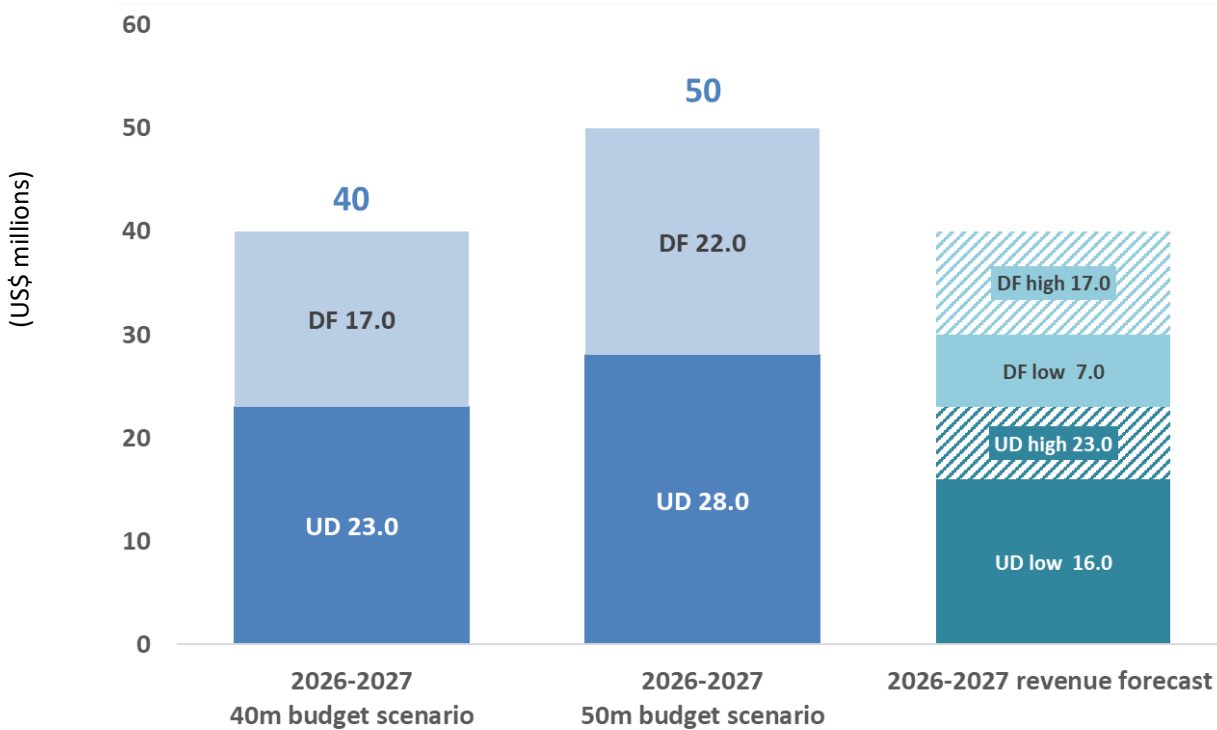


Fig. 21. 2026–2027 proposed budget scenarios and revenue forecast