



**STOP TB Partnership Secretariat
Financial Status Report
31 December 2002**

---1. INTRODUCTION

The interim Financial Status Report of the Stop TB Partnership Secretariat covers the period 01 January 2001 up to 31 December 2002. It provides information as to the contributions made by the partners to the STOP TB Partnership Secretariat housed in the World Health Organization as well as the expenditures and transfers to Regions made for the years 2001 and 2002.

For purposes of reporting and clarity, a separate interim financial statement has been prepared for the Global TB Drug Facility for the same period.

A comparative financial statement for the years 2001 and 2002 are being presented for this period.

For further clarification, please refer to the Notes to the Financial Statements in the last section of this paper.

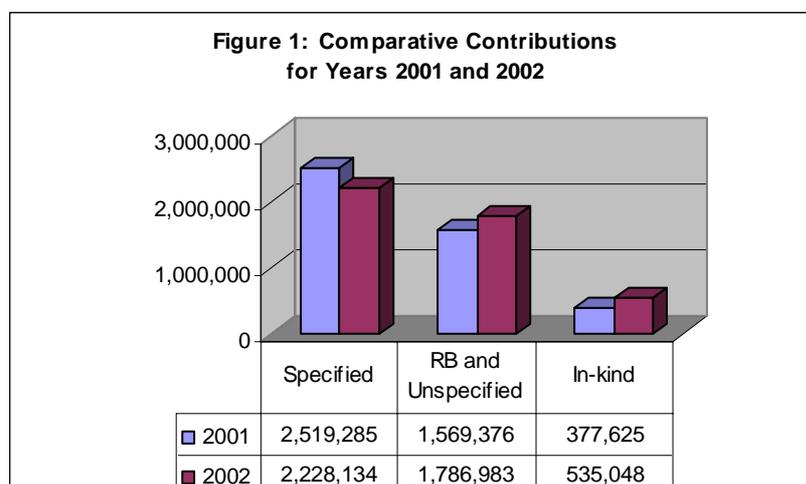
---2. CONTRIBUTIONS

For year 2002, the STOP TB Partnership Secretariat has received a total contribution of USD4.55 million as against USD 4.47 million received in 2001, an increase of 1.9% from the previous year. The contributions are classified as follows:

1. Extrabudgetary contributions
 - Specified – contributions received by the Secretariat for specific STOP TB Partnership activities
 - Unspecified – contributions received by WHO through general contributions for STOP TB Partnership activities
2. WHO Regular Budget - contributions provided by WHO for partnership activities and WHO staff secondments to the partnership secretariat.
3. In-kind – contributions received by the Secretariat in the form of technical services through staff secondments and also support for general activities.

For purposes of reporting, WHO's Regular budget contributions and unspecified extrabudgetary contributions, were combined as these contributions were both at WHO's discretion.

Please see *Figure 1* and *Table 1* (page 7) for comparative contributions received for years 2001 and 2002.

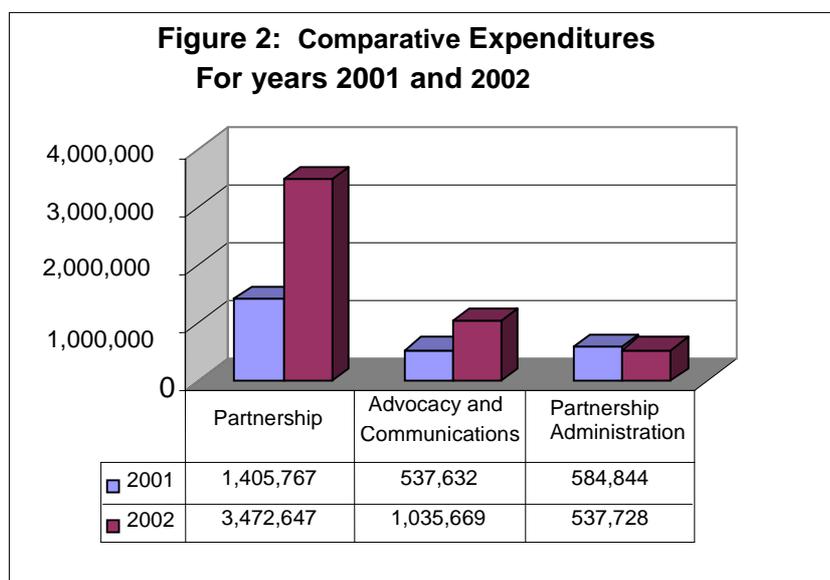


---3. EXPENDITURES

The total expenditures for 2002 were USD 5.0 million as against USD 2.5 millions in 2001, a 100% increase over 2001. A major factor that has contributed to the increase in expenditures was the increase in the staffing costs of the Partnerships brought about by the new recruitments made in 2002. The Secretariat has increased its staff by 9 in 2002 -from 13 staff in 2001 to 22 staff in 2002.

For purposes of reporting, obligations and earmarked funds for the operations have been considered as expenditures.

Please see *Figure 2* and *Table 2* (page 8).



---4. POSITION REPORT

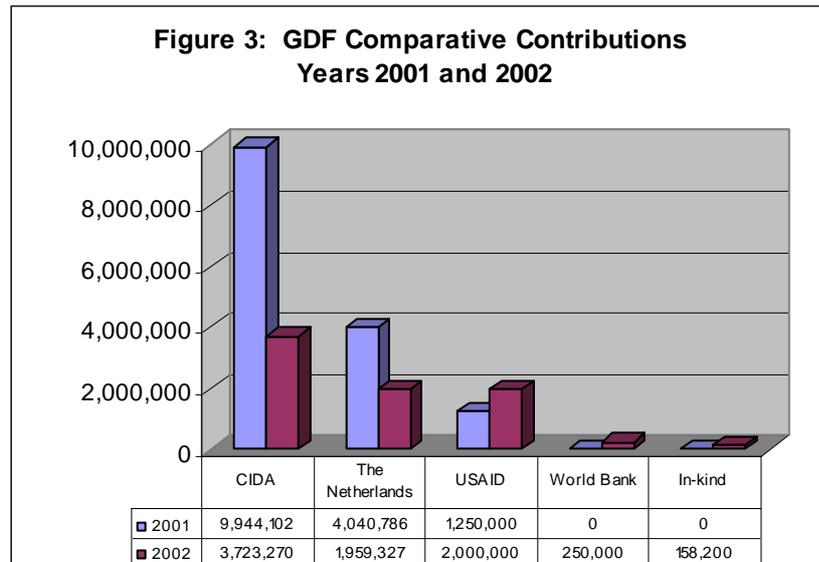
A comparative cash position report for the years 2001 and 2002 is shown in *Table 3* (page 9). It provides information as to the available resources carried over from 31 December 2001 up to 31 December 2002. There was a considerable portion of contributions for 2001 which was received towards the end of the year. This was therefore used to support activities in 2002.

--5. GLOBAL TB DRUG FACILITY (GDF)

For the year 2002, the Canadian International Development Agency (CIDA), the Government of the Netherlands, and the United States Agency for International Development (USAID) have continued providing support to the second year of GDF operations. In addition to this, the World Bank provided contributions for the management of the GDF, the Management Sciences for Health, USA and the Research Institute of Tuberculosis in Japan, have both sent seconded staff to provide technical support to GDF. Overall, despite increased in the number of partners support, there was an overall decrease in contributions received for 2002 by 47% as compared to 2001. See *Figure 3* on the following page.

In 2001, the GDF indirect costs were reported as part of the drugs, including insurance and freight, quality assurance and pre-qualification and technical assistance and monitoring. However, in 2002, these indirect costs are reported separately.

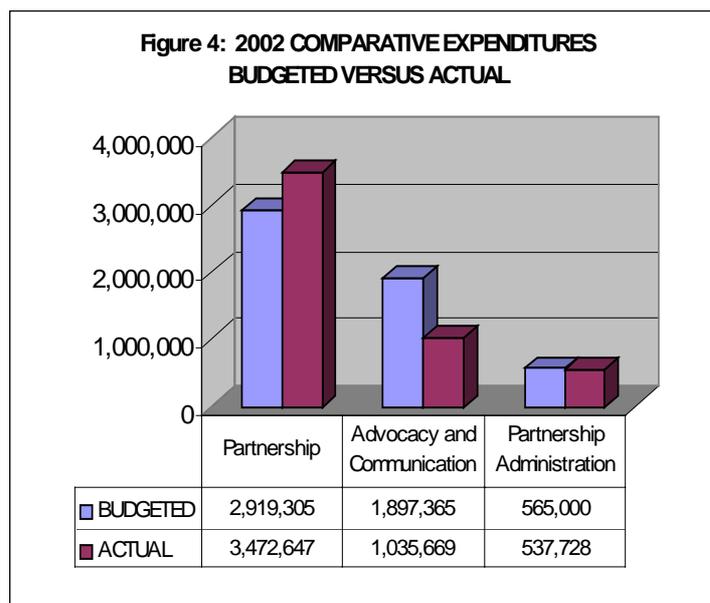
Please refer to the comparative contributions of GDF for years 2001 and 2002 in *Figure 3* and the comparative cash position report for years 2001 and 2002 is in *Table 4* (page 10).



--6. 2002 BUDGET VERSUS ACTUAL EXPENDITURES

For the 2002 operations of the Stop TB Partnership Secretariat as a whole, there was an overall decrease of 6% in expenditures. From the three sub-teams, only the partnership sub-team has increased its expenditures over its budget by 19%. The advocacy and communications team and the administration have both spent less than their budgeted amount by 45% and 5%, respectively.

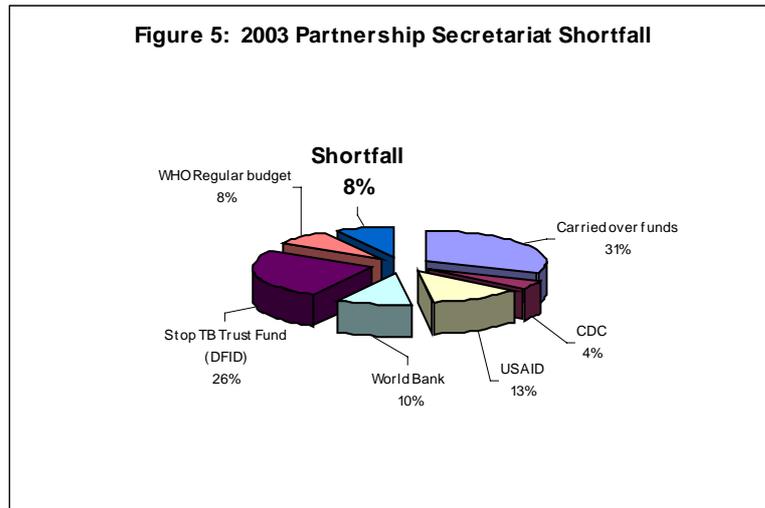
The comparative budgeted figures versus actual expenditures can be seen in *Figure 4* and *Table 5* (page 11).



-- 7. PROJECTED FUNDING REQUIREMENTS

The 2003 projected funding requirements for the STOP TB Partnership Secretariat is available in *Table 6* (page 12). Out of the USD4.5 million requirements for 2003, there is still a shortfall of USD0.4million.

Figure 5 shows that the shortfall is 8% of the total requirements. This needs to be mobilized to finance partnership activities for 2003 as outlined in the workplan.



For the GDF, the projected 2003 funding requirements are in *Table 7* (page 13). Out of the USD25.5 million requirements for the year, only USD8.2 million is available. There is a shortfall of USD17.3 million(68%). This shortfall represents the cost of the drugs to be provided to countries which have approved GDF grants.

Figure 6 shows the 68% shortfall of the total requirements for the GDF which needs to be mobilized to provide continuing support to countries who have been approved for TB drug grants for 2003.

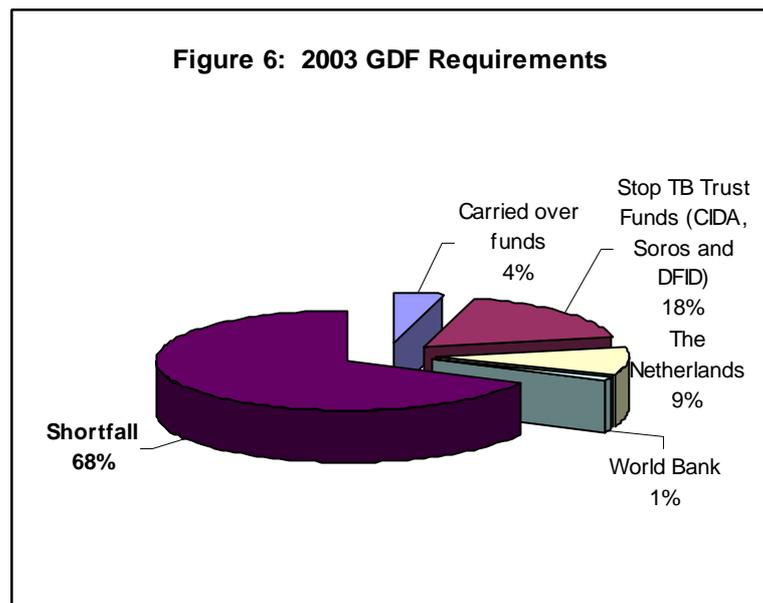


Table 1

**STOP TB PARTNERSHIP SECRETARIAT
COMPARATIVE CONTRIBUTIONS RECEIVED
FOR THE YEARS 2001 AND 2002
(in US Dollars)**

	2001	2002
Specified		
Japan Health Sciences Foundation	24,770	0
Procter and Gamble	0	23,470
Netherlands	365,000	979,664
Rockefeller Foundation	78,820	0
USA-CDC	250,000	200,000
USA-USAID	1,100,695	575,000
World Bank	700,000	450,000
Sub-total	2,519,285	2,228,134
Unspecified		
Japan	300,000	300,000
Luxembourg	106,209	106,209
Netherlands	320,084	191,000
Norway	337,602	322,602
Research Institute of Tuberculosis, Japan	0	14,040
Switzerland	185,185	145,000
United Kingdom	0	352,913
Miscellaneous	0	7,228
Sub-total	1,249,080	1,438,992
WHO Regular budget	320,296	347,991
In-kind contributions		
Services (seconded staff)		
Netherlands	56,000	163,000
Procter and Gamble	35,750	30,511
Research Institute of Tuberculosis, Japan	22,000	17,400
Others support services		
American Lung Association	1,000	2,100
American Thoracic Society	15,000	
DFID-UK	0	93,000
IUATLD	0	5,022
Japan	0	100,000
Open Society Institute	95,000	100,000
Partners in Health	0	20,765
Rockefeller Foundation	7,500	0
Task Force for Child Survival and Health	44,375	0
USA-CDC	1,000	3,250
USAID	100,000	0
Sub-total	377,625	535,048
TOTAL CONTRIBUTIONS RECEIVED	4,466,286	4,550,165

Table 2

**STOP TB PARTNERSHIP SECRETARIAT
COMPARATIVE EXPENDITURES
FOR THE YEARS 2001 AND 2002
(in US Dollars)**

	2001	2002
Expenditures		
Partnership	1,405,767	3,472,647
Advocacy and Communications	537,632	1,035,669
Partnership Secretariat Administration	584,844	537,728
Total expenditures	2,528,243	5,046,044

Table 3

**STOP TB PARTNERSHIP SECRETARIAT
CASH POSITION REPORT
FOR THE YEARS 2001 AND 2002
(in US Dollars)**

	2001	2002
Beginning balance, 01 January	(39,810)	1,898,233
Income		
Extrabudgetary contributions		
- Unspecified	1,249,080	1,438,992
- Specified	2,519,285	2,228,134
In-kind contribution	377,625	535,048
WHO Regular budget	320,296	347,991
Total income for the year	4,466,286	4,550,165
Total available contributions	4,426,476	6,448,398
Less: Expenditures	2,528,243	5,046,044
Balance available, 31 December	1,898,233	1,402,354

Table 4

**GLOBAL TB DRUG FACILITY (GDF)
CASH POSITION REPORT
FOR THE YEARS 2001 AND 2002
(in US Dollars)**

	2001	2002
Carried over funds, 01 January	0	6,011,751.00
Income		
Contributions received from:		
CIDA	9,944,102.00	3,723,270.00
The Netherlands	4,040,786.00	1,959,327.00
USAID	1,250,000.00	2,000,000.00
World Bank	0	250,000.00
In-kind	0	158,200.00
Total income for 2002	15,234,888.00	8,090,797.00
Total available contributions	15,234,888.00	14,102,548.00
Expenditures		
Contributions used for:		
Drugs, including insurance and freight	7,843,137.00	10,753,382.35
Quality assurance and Pre-qualification	708,500.00	280,563.25
Technical Assistance and Monitoring	671,500.00	964,950.97
Advocacy and Communications	0	79,822.07
Indirect costs	0	933,684.00
Total expenditures	9,223,137.00	13,012,402.64
Balance, 31 December	6,011,751.00	1,090,145.36

Table 5

**STOP TB PARTNERSHIP SECRETARIAT
COMPARATIVE EXPENDITURES FOR 2002
BUDGETED VERSUS ACTUAL
(in US Dollars)**

	<u>2002 EXPENDITURES</u>		Increase
	<u>BUDGET</u>	<u>ACTUAL</u>	(Decrease)
Expenditures			
Partnership	2,919,305	3,472,647	553,342
Advocacy and Communications	1,897,365	1,035,669	(861,696)
Partnership Secretariat Administration	565,000	537,728	(27,272)
Total expenditures	5,381,670	5,046,044	(335,626)

Table 6

**STOP TB PARTNERSHIP SECRETARIAT
PROJECTED CASH FLOW REQUIREMENTS
FOR THE YEAR 2003
(In US Dollars)**

2003 Stop TB Partnership Workplan requirements		4,531,300
Carried over funds from 31 December 2002		1,402,354
Add: Expected contributions (firm pledges)		
- CDC	200,000	
- USAID	575,000	
- World Bank	450,000	
- Stop TB Trust Fund (DFID)	1,200,000	
- WHO Regular budget	347,991	2,772,991
Projected available funds		4,175,345
Balance(Shortfall)		(355,955)

Table 7

**GLOBAL TB DRUG FACILITY
PROJECTED CASH FLOW REQUIREMENTS
FOR THE YEAR 2003
(In US Dollars)**

2003 GDF Workplan requirements	25,536,587.00
Carried over funds from 31 December 2002	1,090,145.36
Add: Expected contributions for 2003 (firm pledges)	
Stop TB Trust Funds (CIDA, Soros and DFID)	4,500,000.00
The Netherlands	2,368,373.00
World Bank	250,000.00
Sub-total	7,118,373.00
Total projected available funds	8,208,518.36
Balance (Shortfall)	(17,328,069)

**STOP TB PARTNERSHIP SECRETARIAT
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2002**

General

1. All contributions received through WHO are recorded in US Dollars. The UN conversion rates are used when the contributions are received in other currencies.
2. The data available in the Administration and Finance Information (AFI) system of WHO as at 31 December 2002 were used in these reports as far as possible. However, deviation from the use of data is further explained in this report. The data contained herein may have some discrepancies with AFI data due to some information available after the cut-off date and other considerations made to bring clarity to the report. Note that this is an interim report.

Contributions

3. In 2001, some of the income intended for the same year were received in early 2002, the same with 2002 and 2003. Partners whose contributions were recorded in subsequent years were:
 - (a) USAID – contributions for 2000 and 2001 received and recorded in 2001
 - (b) United Kingdom – contributions for 2001 and 2002 recorded in 2002
 - (c) Switzerland – contributions for 2002 received in 2003 but was included in this 2002 report.
4. The World Bank contributions is at the same level as 2001. However, for 2002, USD250,000 was specified for GDF activities and therefore was reported as GDF income in Table 4.
5. Specified contribution received from The Netherlands for 2002 in the amount of USD979,664 (as recorded) was intended to be provided to the Global Alliance for TB Drug Development(GATB). However, at the time when the transfer was made, the USD value of the contributions has gone down due to exchange loss between the Euro and USD. This has caused the Partnership a considerable exchange loss (equivalent to USD115,368) as the contract with GATB was in Euros.
6. Contributions in-kind were estimates based on WHO budget costs and/or best estimates that are possible.

Expenditures

7. Unspecified contributions were also used to partly support staff at the Director's office as part of the administration costs.

Cash Position Report

8. There was a negative balance at the beginning of 2001 for the Stop TB Partnership due to some unrecorded income at the time which were recorded in 2002. This is related to No. 3 above.

9. For the GDF cash position report, there were additional expenditure items which were not reported in 2001, i.e. Advocacy and Communications and Indirect costs. GDF started operations in 2001 and the advocacy and communications and indirect costs were reported as part of the three main expenditure categories as reported in Table 4. However for 2002, these expenditures were segregated, especially the indirect costs which represent the programme support costs or administrative costs charged to contributions received through WHO. WHO charges 13% of the contributions for regular activities and if more than 80% of the contributions will be used for the procurement of drugs, WHO charges 6%.

Projected Cash Flow Requirements

10. A Stop TB Trust Fund was established in the World Bank in November 2002. The Trust Fund was established as a mechanism for partners to place their contributions to fund the activities and objectives of the Stop TB Partnership Secretariat and GDF. At present, the World Bank is charging a 3% service fee. Since its establishment, the following partners have deposited contributions to this account:

(a)	OSI/Soros	USD 250,000
(b)	DFID (GBP900,000)	USD1,440,000
(c)	CIDA (CAD6,000,000)	USD4,000,000
	Estimated total	USD5,690,000