

Narrative Annual Financial Report 2010 for the Coordinating Board

A. INCOME

The overall income of the Partnership in 2010 was a 17% increase over the previous period, giving it a compound annual growth since 2000 (at inception) of 33%.

This continued growth, as in previous years, was driven by increased contributions from Governments and their Agencies, which increased to US\$ 66.7 million, a 17% increase over the preceding year (US\$ 56.9 million), and provided the largest share of income to the Partnership in 2010.

During 2010, additional funding of more than US\$ 12 million was provided by the UK government's development agency, DFID, for WHO (India) for drug procurement and technical assistance to its Revised National Tuberculosis Control Program. As part of its long-term agreement for the period 2009 to 2016 to support the Partnership's innovative and new initiative to increase case detection amongst isolated populations, TBREACH, CIDA gave US\$ 19.7 million during the year. CDC funding increased to US\$ 541 thousand compared to 2009 (US\$ 191 thousand) due to special funding of US\$ 350 thousand for the Global Laboratory Initiative.

Contributions from multilaterals provided US\$ 22.4 million of overall total Partnership income in 2010 (US\$ 24.0 million in 2009), due to contributions from UNITAID.

Of particular note, the online donation portal hosted by UNF contributed US\$ 96 thousand in 2010. During the year, preparations for a further two-year amendment were also launched to extend the current arrangement with UNF into 2013.

Within the framework of the current Memorandum of Understanding, contributions received from the Global Fund were US\$ 2.9 million (US\$ 1.9 million in 2009) in support of the country-based work of the Green Light Committee in 41 countries.

Novartis increased in-kind drug contributions from US\$ 1.7 million in 2009 to US\$ 2.0 million.

B. EXPENDITURE

Significant increase in expenditure was incurred in two major initiatives of the Partnership: TBREACH and GDF. With the first wave of 30 grants awarded in 2010, TBREACH expenditures increased to US\$ 10.4 million for the year (US\$ 74 thousand in 2009), this represents partial disbursement of grants from wave 1, the total value of which was US\$ 18 million. GDF expenditure also rose to US\$ 52.0 million, a 84% increase on the previous year (US\$ 28.3 million in 2009).

Partnership building expenditure increased by 10% to US\$ 14.4 million. This comprises:

- **Direct Expenditures of the Partnership Secretariat:** US\$ 3.2 million (US\$ 3.1 million in 2009). Expenditures increased for national partnership coordination due to restructuring of the Partnership Building team to include country-level ACSM, which required hiring of staff in 2010, and increased levels of advocacy, communications and social mobilization activities. Governance expenditures dropped to normal levels in 2010 to US\$ 459 thousand off of their highs of US\$ 1.1 million in 2009 due to the 3rd Partners' Forum held in March 2009.

Transfer payments, amounting to US\$ 11.3 million, comprises:

- **Transfers to Working Groups:** US\$ 1.2 million in transfers to the seven Working Groups of the Partnership, or roughly half of the amount Working Groups had budgeted for during the current biennium 2010/11 (US\$ 1.8 million in 2009).
- **Transfer of funds to WHO:** US\$ 5.9 million in transfers of funds received by the Partnership for WHO (US\$ 4.2 million in 2009). This comprised funds received and transferred to WHO (India) of US\$ 2.9 million, as well as the Global Fund's contribution to the Green Light Committee (US\$ 2.7 million).
- **Transfers of funds from TB TEAM resources:** US\$ 689 thousand transferred to partners, including KNCV, the Union, GLRA, Project HOPE, GIP ESTHER, RIT/JATA, and PATH, from TB TEAM. TB TEAM activities, including transfers to WHO regions were \$ 2.0 million (US\$ 2.2 million in 2009).
- **TBP Contributions to WHO Offices (Regional and HQ):** US\$ 1.4 million (US\$ 1.1 million in 2009) was made available to WHO Stop TB Department from the Partnership Secretariat, of which US\$ 398 thousand were directly for human resource costs, and departmental work related to TBTEAM, TB Monitoring and Evaluation work, analysis of the social determinants of health, and ACSM activities in the Eastern Mediterranean and European regions.

Advocacy and Communications expenditures fell in 2010 to US\$ 1.7 million, a 34% decline from the preceding year (US\$ 2.6 million) due to restructuring of the ACSM team when certain activity and staff positions and related costs were relocated to the Partnership Building team. General management and administrative expenditures by the Secretariat of US\$ 836 thousands showed a decline of 15% over 2009 (US\$ 982 thousands); this decline is due to activity costs related to the External Evaluation not being incurred in 2010, however, Overall WHO Programme Support Costs, rose from US\$ 1.9 million in 2009 to US\$ 2.9 million in 2010 due to higher overall spending.

C. RESERVE POSITION AND SURPLUS

The reserve position was strengthened in 2010, in line with the Coordinating Board's decision at its 19th meeting in Johannesburg, South Africa, with an additional US\$ 0.9 million set aside, providing a cumulative reserve position for the Partnership of US\$ 2.5 million.

The surplus income over expenditure was US\$ 27.0 million (\$46.6 million in 2009). Sixty-three percent of this (US\$17.1 million) comprises funds for GDF with the bulk (US\$14 million) being received from UNITAID in December 2010. A further 32% of the surplus (US\$8.5 million) relates to specified funding for TBREACH, these funds are scheduled for disbursement in 2011. Surplus attributable to the Stop TB Partnership Secretariat amounts to 5% (US\$1.4 million).

D. IMPLEMENTATION RATES AS OF 31 DECEMBER 2010

Implementation rate for the year ending 31 December 2010 for activities for the Partnership Secretariat was 60% of planned costs and for the Global Drug Facility it was 80%. These implementation rates have been normalized for the year 2010 by taking half of the biennium 2010-2011 planned costs.

E. RESOURCE MOBILIZATION

It will be important for the Partnership Secretariat to secure new and continued funding from donors as a number of critical donor agreements will be expiring in the coming years: DFID

(expires 2011); USAID (expires 2013) and the Netherlands (expires 2013). Taken together these three donors make up the largest share of core contributions for the work of the Secretariat. Eli Lilly's contribution will also need to be renegotiated during 2011 as it expires at the end of the year. The World Bank has reduced funding by 15% in 2011, which also provides core support to the Secretariat. Funding from Spain will end in 2011, pointing to the need to continue to explore with potential future donors, including governments of the Gulf states, foundations and the BRIC countries to make up for this shortfall.

An external evaluation of the Partnership will need to be launched in 2012, which should assist in resource mobilization efforts, but will be an additional activity and resources will need to be mobilized for it.

These resource mobilization efforts are vital not only for the continued functioning of the Secretariat, but also for supporting the Working Groups and other partners which receive funds from it.

Funds will also be needed for launching new initiatives to give a boost to the Partnership's advocacy, communications and social mobilization efforts by making the Partnership more inclusive and building and maintaining a more robust and responsive IT system to facilitate greater inclusiveness of all partners; tracking resources, managing risk and both management and external reporting.