

# Research and development costs

## Additional methodological considerations

Financial data: DNDi cost figures contain three types of financial data:

- Real costs that describe past expenditures that have already occurred (known figures) and which are also used for future estimated and projected costs. They include:
  - direct costs of projects
  - and indirect costs which are part of the DNDi social mission and business model (R&D coordination, capacity strengthening, advocacy, fundraising, overhead costs)
- Estimated costs (for the treatments which are still in development), to assess the expenditures required to reach registration of the treatment (upon budgets and DNDi experience with similar activities).

Types of collaboration:

- Service providers: As a virtual R&D organization, DNDi externalizes most activities to service providers and these costs are fully integrated in DNDi expenditures (statement of accounts). Their roles and contribution, under the leadership and coordination of DNDi, are described in the case studies. When their contribution went significantly beyond business terms, we attempt to render this as explicitly as possible. Basic business 'discounts' potentially resulting from negotiation or 'light goodwill' were not considered as specific pro bono services.
- Partners: Beyond service providers, DNDi works with industrial and other partners who bring specific value to the projects under different forms: Free access to their assets (e.g. compound libraries); In-kind contributions (expertise, including from independent/retired experts; active pharmaceutical ingredient (API) or manufactured products for trials; delivery/funding of R&D process, e.g. pharmacokinetic/ pharmacodynamics studies or even a full Phase I; registration activities; Operational role in downstream processes (manufacturing, distribution) as 'implementation partner'. In-kind contributions are not included in the calculation of the development costs but mentioned as additional costs. Audited data shows that, for the period 2006-2017 in-kind contributions from industry averaged 12.5% of DNDi expenses, while in-kind from all public, industry and other private partners amounted to 16%.

Other methodological choices: Some expenditures initially allocated to project costs were considered as investment potentially serving other projects/objectives. Actual costs were thus discounted accordingly. No cost of capital or opportunity costs were included.