

OIE 88TH

GENERAL SESSION FINANCIAL SUMMARY REPORT



The current document aims to support Delegates' understanding of Documents 88 SG/4, 88 SG/5 and 88 SG/6B and aid their consideration of the financial resolutions to be adopted during the World Assembly this May.



Organisation
Mondiale
de la Santé
Animale

World
Organisation
for Animal
Health

Organización
Mundial
de Sanidad
Animal



Document 88 SG/4 provides a detailed presentation of the income and expenditures related to the Regular Budget, the World Animal Health and Welfare Fund (World Fund) and the Regional and Sub-Regional Representation's Budget.

FINANCIAL REPORT SG/4

94TH FINANCIAL YEAR
1 JANUARY -
31 DECEMBER

2020

At the World Assembly of Delegates in May 2021 and through Resolution No. 3, OIE Members will be requested to approve the Financial Report for the 94th Financial Year of the OIE (2020).

KEY FIGURES FOR 2020

Consolidated Organisational budget

€30.7 million

Total expenditure for the OIE

€29 million

Rate of payment for statutory contributions

83%

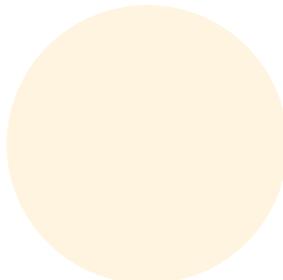
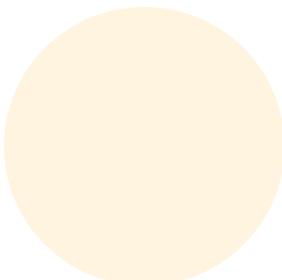
Ranking for World Fund income since its creation in 2004

2nd best year

(1st year 2018, €24.06 million)

Income received by the World Fund

€21.64 million



2020 INCOME

The OIE receives its funding from two main sources:

- Statutory contributions (i.e. annual membership fees paid in accordance with categories listed in Article 11 of the Organic Statutes) and extraordinary contributions (i.e. contributions which include statutory ones) paid by Members through the Regular Budget that are used for the functioning of the Organisation;
- Voluntary contributions from Members through the World Fund (in addition to their statutory contributions) as well as from intergovernmental organisations, philanthropic foundations, the private sector and other sources, each contribution being linked to a specific grant.

In addition to these two main sources, the OIE also receives voluntary contributions from Members who host Regional or Sub-Regional Representations; these contributions can be monetary or non-monetary through the provision of office space.

Members also increase the Organisation's technical capacity and ability to deliver on its objectives by seconding experts to the OIE, a practice the Organisation greatly values.

Members are free to choose the type and value of their financial contributions, be that in terms of the category of their annual statutory contributions, whether they allocate an extraordinary contribution or whether they choose to provide a voluntary contribution through the World Fund.

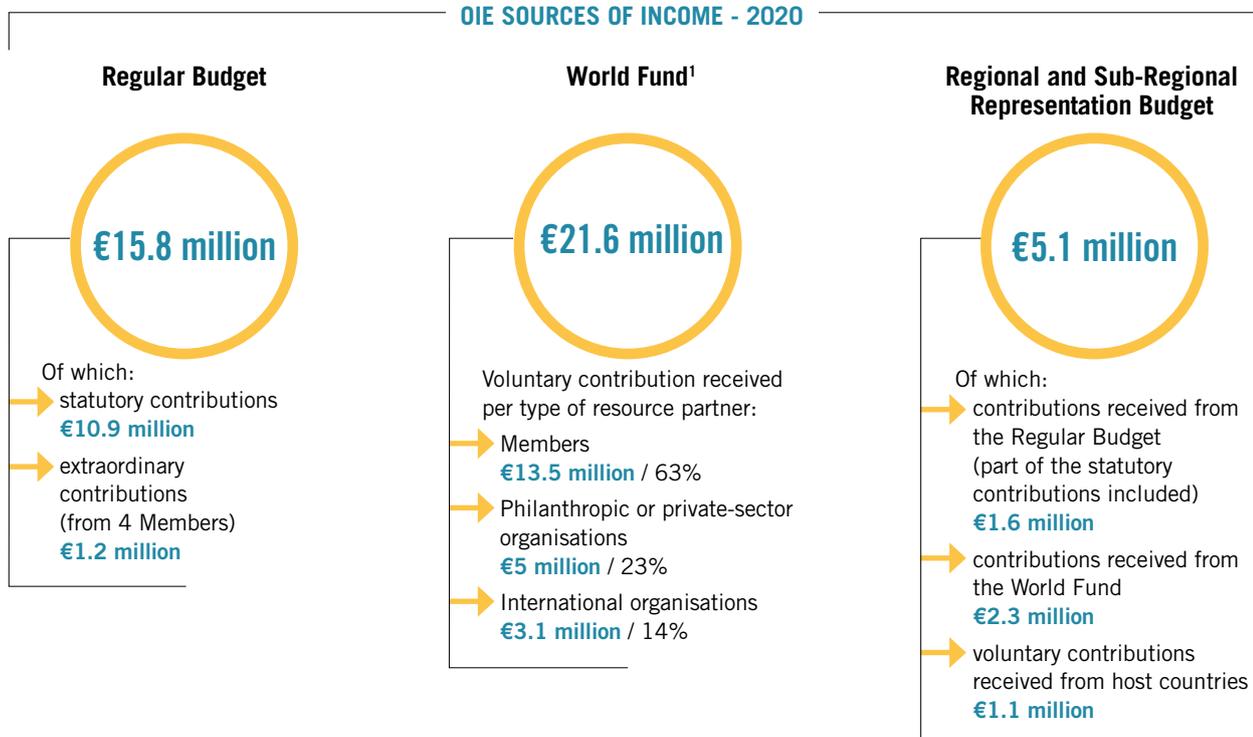
In 2020, the rate of payment for statutory contributions was 83%; the same rate as 2019 and slightly higher than 2018 (82%). Thus, the payment of statutory contributions by Members remains stable.

Statutory and extraordinary contributions through the Regular Budget are a fundamental source of financing for the OIE. They provide a level of funding reliability, helping to minimise dependency on voluntary contributions, and allowing resources to be assigned and aligned to the Organisation's activities and strategic plans. Put simply, the OIE's Regular Budget needs to ensure the Organisation's capacity to operate (i.e. pay its staff) and implement its critical activities.

Since the World Fund was created in 2004, investment through voluntary contributions has increased, with average annual income for 2016–2020 of €19.08 million compared to €11.57 million for the previous five-year strategic period (2011–2015).

This demonstrates the World Fund's capacity to maintain a dynamic portfolio of relationships with resource partners for voluntary contributions as well as investor satisfaction, but increases dependency on voluntary contributions which are, by their nature, unpredictable and tied to a particular purpose.

OIE SOURCES OF INCOME - 2020



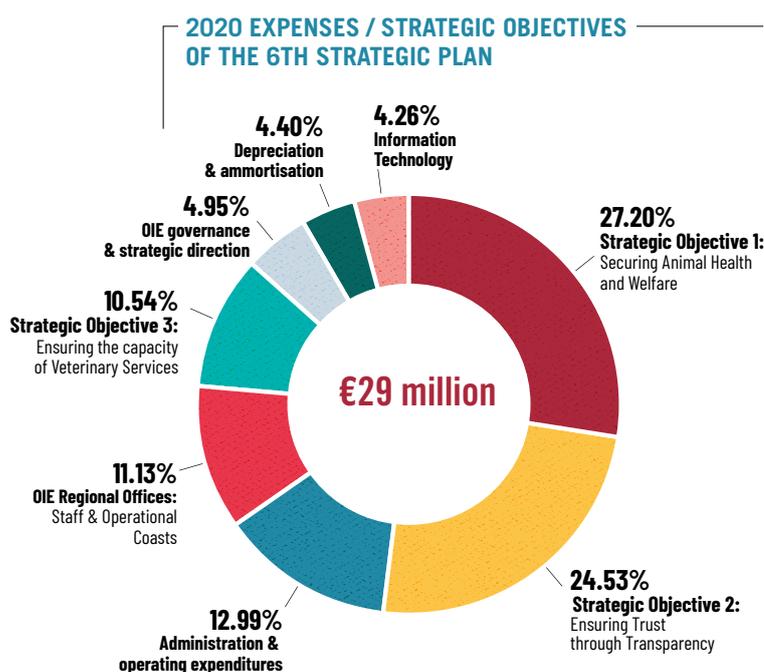
¹ - This figure corresponds to total income received in 2020 by the World Fund from resource partners and does not relate to total income registered by the OIE in 2020 from the World Fund (€15.8 million). The World Fund is a special account of the Organisation and is kept in accordance with the principle that the final financial result for the year is zero (neither a surplus nor a deficit). Annual variances between income received and expenses are recognised in the OIE's accounts as deferred income variation. For this reason, in the consolidated Organisational budget, an accounting adjustment is made to align World Fund income with expenses, rather than register total income received through the World Fund.

2020 EXPENSES

COVID-19 and its associated travel restrictions marked 2020 for the OIE as for everyone else. The pandemic not only continues to impact all aspects of our lives but also to have significant implications on how the OIE implements its objectives and performs its activities. Aiming to ensure business continuity, staff rethought and redesigned their working modalities and approaches, taking advantage of new technologies and adapting methodologies using virtual communication tools, where possible.

Although the pandemic affected the total amount of OIE expenditure (decreased from previous years) and the types of expenses sustained, it did not hamper the Organisation's ability to deliver in relation to its 6th Strategic Plan, but it also did not reduce reoccurring organisational costs, such as payroll and building maintenance costs.

The figure below categorises the expenses for 2020 using the Strategic Objectives of the 6th Strategic Plan, or other cost categories where appropriate.



(a) Other cost categories: Administration & operating expenditures groups general functioning costs including office equipment, building renovation & maintenance, administrative/ horizontal staff. OIE Governance & strategic direction captures costs linked to OIE governance structures and meetings as well as OIE senior management. Information Technology includes all IT staff as well as IT infrastructure costs (not including OIE-WAHIS or business IT projects).

Expenses are grouped under the three Strategic Objectives as follows:

- **Strategic Objective 1 'Securing Animal Health and Welfare'**, which includes expenses related to supporting the development of OIE international standards (Specialist Commissions², Working Group and *ad hoc* Group meetings); activities pertaining to status recognition and reconfirmation; the implementation of global strategies (antimicrobial resistance, African swine fever, foot and mouth disease, peste des petits ruminants [PPR], dog-mediated rabies), including through OIE Vaccine Banks. It also includes expenses pertaining to strategic partnerships such as the Tripartite Alliance (FAO-OIE-WHO), the Global Framework for Transboundary Animal Diseases (GF-TADs) and the Secretariat for the International Research Consortium for Animal Health.
- **Strategic Objective 2 'Ensuring Trust Through Transparency'**, which includes expenses incurred principally in supporting the development of OIE-WAHIS and other digital tools or platforms being developed by the Organisation. Efforts to expand and enhance how the OIE communicates are also registered under this Strategic Objective.
- **Strategic Objective 3 'Ensuring the Capacity of Veterinary Services'** includes expenses related to the Organisation's capacity-building efforts, such as regional seminars for national Focal Points, PVS Pathway missions and tool development, as well as activities related to veterinary paraprofessionals, public-private partnerships, and twinning projects. Due to the specific nature of these activities and the COVID-19-related travel restrictions, a significant reduction in costs was noted for this Strategic Objective from previous years. Expenses to support the OIE Observatory were also included in this grouping.

Overall, for 2020, the OIE expended €29 million, less than in previous years (€36 million in 2019 and €30 million in 2018). This is mainly due to a massive reduction in international travel and mission costs as well as the transformation of physical meetings into virtual ones, including the 2020 World Assembly of Delegates.

For the Regular Budget, savings made in 2020 resulted in a positive surplus of €649K. The OIE proposes that this surplus be used in 2021 for numerous information technology investments to enhance the efficiency and effectiveness of the Organisation centred firmly on data and innovation; this investment strongly aligns with multiple Strategic Objectives of the 7th Strategic Plan, in particular, Strategic Objective 2 on "Data Governance".

Accurate, meaningful and timely data are an essential resource for Members to help inform policy and decision making as well as to achieve the Sustainable Development Goals. The Organisation also needs data to measure performance, inform strategic and programmatic decisions, and increase accountability.

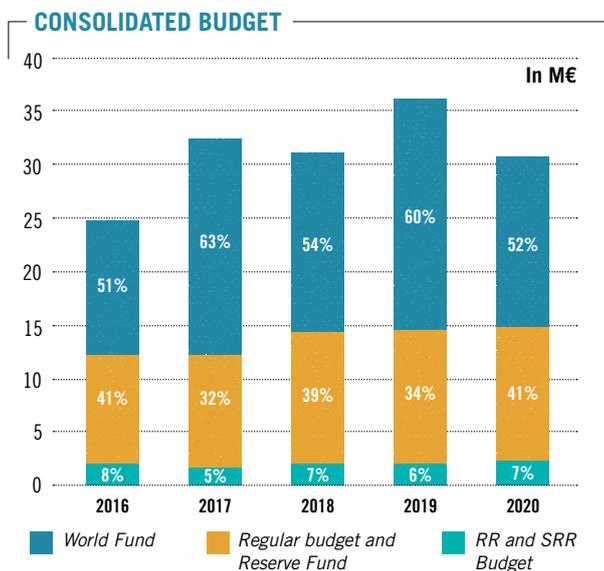
2- The World Fund is a special account of the Organisation and is kept in accordance with the principle that the final financial result for the year is zero (neither a surplus nor a deficit). Annual variances between income received and expenses are recognised in the OIE's accounts as deferred income variation. For this reason, in the consolidated Organisational budget, an accounting adjustment is made to align World Fund income with expenses, rather than register total income received through the World Fund.

CONSOLIDATED OVERVIEW OF FINANCIAL PERFORMANCE

The Organisation's accounts are kept according to an accrual-based accounting system. This means that all transactions in the OIE's accounts are recorded as and when they occur. And as previously outlined, the consolidation of three budgets (Regular Budget, World Fund, and Regional and Sub-Regional Representations Budget) provides the annual operational budget for the Organisation.

In 2020, the total consolidated budget for the Organisation was €30.7 million (see the graph below for a comparison of the consolidated budget over the years 2016 to 2020), comprising:

- total amount received through the Regular Budget (statutory contributions, other income, World Fund overheads);
- total monies received for the Regional and Sub-Regional Representation Budget;
- total annual expenses registered by the World Fund.²



Over time, statutory contributions have declined as an overall percentage of the consolidated budget for the Organisation. Therefore, to ensure operational capacity, the balance of funds has been mobilised through voluntary contributions received through the World Fund. This has resulted in a growing dependency on the World Fund to cover staff costs and the implementation of critical activities. Previously, the line between activities supported by the Regular Budget and those funded through the World Fund was clear but now this distinction is somewhat blurred. A key example of this is funding for OIE-WAHIS – serving the Organisation's founding mandate – which was entirely funded through the World Fund.

The increasing confidence of resource partners in the OIE and its capacity to deliver results based on its programmes is evidenced through increased voluntary contributions through the World Fund, and is positive and reassuring; particularly because the Organisation's resource partner base is broad and principally comprised of its Members.

However, it is essential that the statutory contributions remain at a sufficient level to enable the OIE to cover fixed and recurring costs as well as the execution of its 7th Strategic Plan. Therefore, the OIE would benefit from an increase in contributions that were not earmarked for specific purposes as they are through the World Fund. Members moving up the scale of statutory contribution categories or increased extraordinary contributions would facilitate this. Thus enabling the OIE to accomplish the ambitious objectives of its 7th Strategic Plan, scheduled for consideration and adoption by Members this May.

The Organisation's resource mobilisation strategy aims to strengthen the OIE's approach to resource mobilisation, which is essential if the Organisation is to fulfil its mandate and achieve its goals. One of the major objectives of the strategy is to diversify the type as well as broaden the resource base of funding that the Organisation receives. Since 2020, a much more specific focus has been placed on encouraging greater flexibility and more predictability, with more emphasis being placed on thematic and strategic funding.





Document 88 SG/5 provides a detailed presentation of the 2021 Regular Budget as well as, among others, the 2021 estimated Budget for the Regional and Sub-Regional Representation Budget and the outstanding monies was owed to the World Fund from multi-year grants already signed with resource partners.

2021 BUDGET SG/5

Implementation of the 7th Strategic Plan entered its first year in 2021. This ambitious and forward-looking plan will be submitted to the World Assembly of Delegates for consideration and adoption in May 2021 and builds upon the Membership's ambition and vision for the Organisation in the years leading up to 2025.

The 2021 Budget will enable the Organisation to forge ahead alongside its 182 Members, with the following strategic approaches underpinning its efforts and actions:

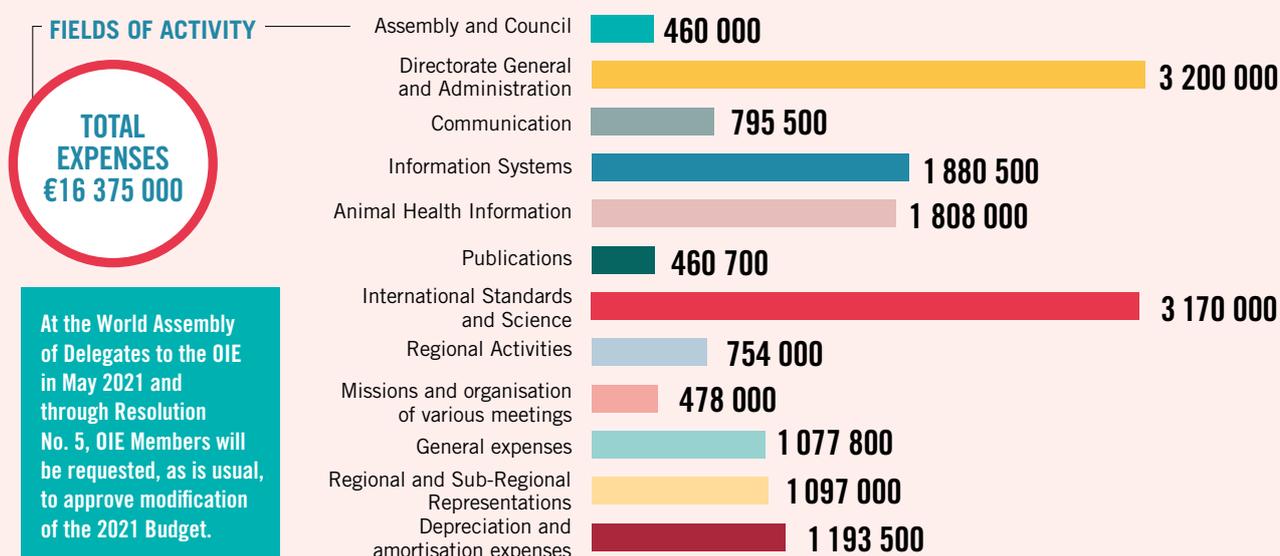
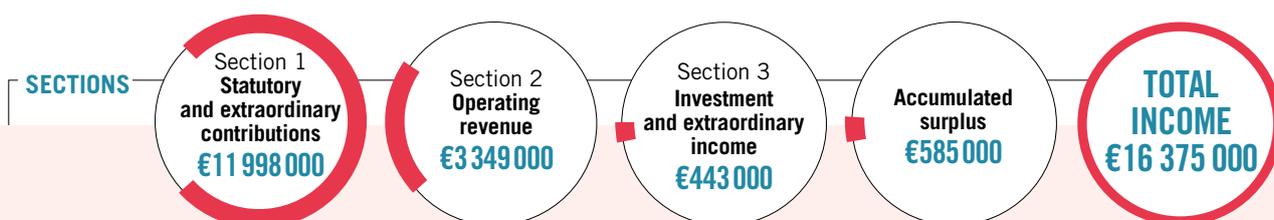
- leveraging scientific expertise to address multisectoral animal health and welfare issues
- undertaking a digital transformation to provide the global community with the best possible insight for making fact-based decisions
- driving high-level support to our Members' needs through fit-for-purpose standards and capacity building
- optimising collaboration with partners to respond to global challenges collectively
- enhancing the agility, efficiency and resilience of the Organisation

To implement this 7th Strategic Plan, the OIE has developed an iterative roadmap — aligned with change management

principles — to enable team-level coordination and resource management; conduct and learn from monitoring and evaluation; and report on performance and accomplishments. A key focus during this strategic five-year period will be to put into place robust methodologies to improve budgeting, financial management and reporting of the Organisation's work programme, considering all OIE sources of income in a multi-year approach. The Organisation will continue to ensure value for money using the measures of cost-effectiveness, cost-efficiency and economy.

Statutory and extraordinary contributions remain the principal source of income for the OIE Regular Budget. Statutory contributions for 2021 have been calculated based on Resolution No.4 'Financial contributions from OIE Members for 2021' adopted under an adapted procedure by OIE Members in May 2020.

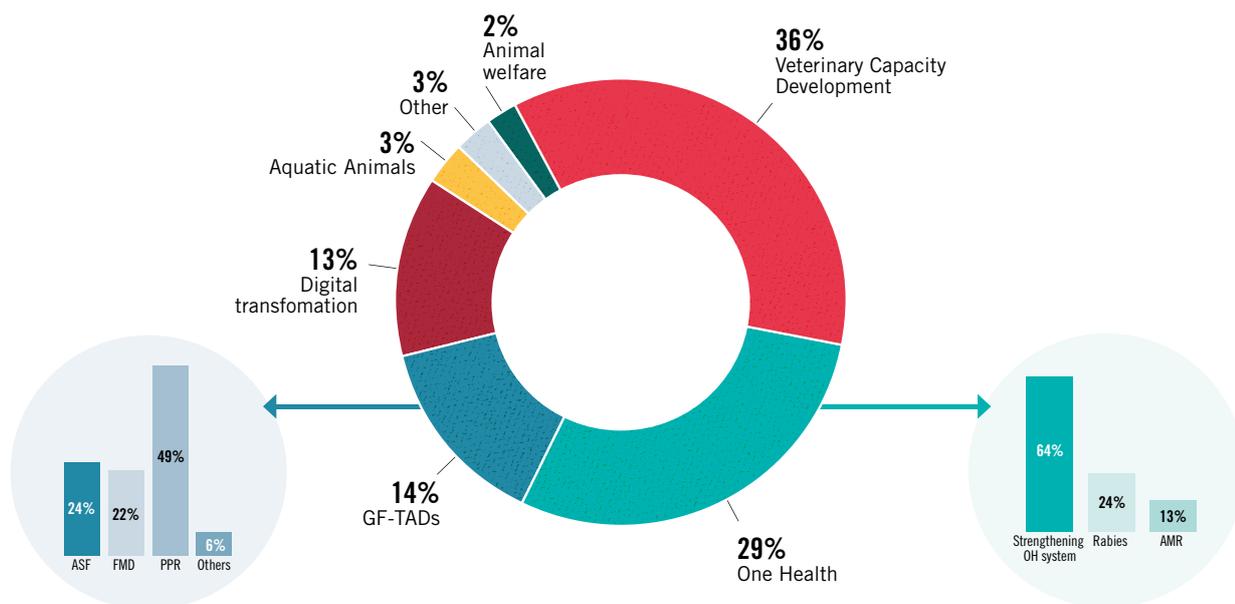
The 2021 Regular Budget captures the financial costs for the Organisation and covers the first year of activities under the 7th Strategic Plan. Actions in 2021 will centre on consolidating the OIE's existing work and efforts, while prioritising quick wins to galvanise buy-in from Members, stakeholders and staff on the longer-term value and impact of the 7th Strategic Plan.



At the World Assembly of Delegates to the OIE in May 2021 and through Resolution No. 5, OIE Members will be requested, as is usual, to approve modification of the 2021 Budget.

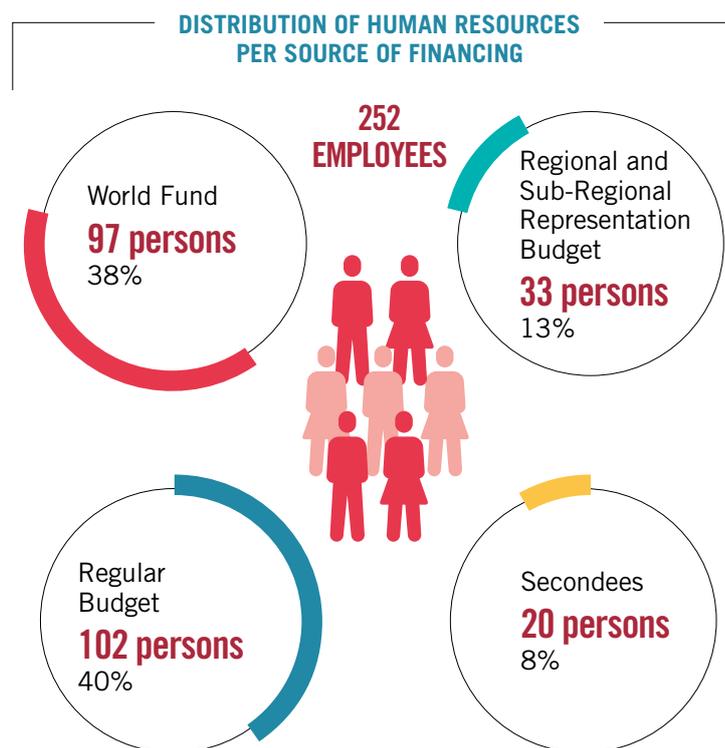
The World Fund will also provide important financing for the Organisation in 2021. Owing to its multi-donor and pluri-annual nature, it is not possible to provide an annual budget for the World Fund. For this reason, and as shown in Doc. 88 SG/5, as of 31 December 2020, a total of €33.8 million of outstanding monies was owed to the World Fund from multi-year grants already signed with resource partners. This figure corresponds to an initial estimation of the minimum amount of income to be received through the World Fund in the coming years for active grants signed prior to 2021.

Of this €33.8 million, as of 31 December 2020, a total of €22.15 million in voluntary contributions was scheduled to be received through the World Fund in 2021. Although investments received from resource partners support OIE activities and its strategic plans, these funds are earmarked to support predetermined actions or strategies. Below the resource partner investment priorities for 2021 are illustrated.



Through enhanced resource mobilisation and continued dialogue with existing and new resource partners, the Organisation is confident that there will be sustained investment in the World Fund. These voluntary contributions will complement the statutory and extraordinary contributions received from Members to enable the Organisation to deliver against its mandate and accomplish the aims of its 7th Strategic Plan.

Human resources are an essential component of the strategy to ensure the Organisation's capacity to be the leading organisation and driving force to lead and coordinate efforts across the global animal health arena. Through its staff, the Organisation develops science-based standards and guidance, and provides technical expertise and targeted support to its Members. Technical experts seconded by Members constitute a critical resource bringing forth specific technical expertise coupled with a heightened understanding of national and regional specificities. Maintaining this critical human resource will be fundamental in implementing the 7th Strategic Plan and will require making use of all possible sources of financing as captured to the right.



SPOTLIGHT ON DIGITAL TRANSFORMATION

Through Strategic Objective 2 'Data governance' of the 7th Strategic Plan, the Organisation will put into place a strong digital culture and drive innovative data use to digitally transform how it works. The Organisation aims to leverage the real opportunities that information technology offers to achieve concrete results in order to enhance the services it provides to its Members.

Building on the already significant investments made, in 2021 and throughout the term of the 7th Strategic Plan, the Organisation will consolidate and standardise the core referential data that connects the different Organisational workstreams, expand and/or create new data collection and analysis tools and integrate this into a comprehensive data ecosystem. This will have multiple positive long-term effects, including improving accessibility and visibility of data for Members and other stakeholders, supporting decision making and the performance of aggregated analyses, enhancing the monitoring of the implementation of OIE standards, and increasing learning and adaptability to identified challenges and evidence-based management. Digitising internal processes is also an opportunity to reduce transaction costs and improve efficiency.

In addition to further expanding work on OIE-WAHIS, the Organisation will make an additional investment of €1.52 million in 2021 to digitally transforming several business streams.

The costs associated with the OIE's digital transformation will be funded by both the Regular Budget and the World Fund. Notwithstanding, the recurring costs (licences, maintenance costs) of IT infrastructure will need to be financed through the Regular Budget. For the IT projects scheduled for 2021, the estimated maintenance costs for the Regular Budget corresponds to c. €440K (starting in 2022) and is to be coupled with the recurring annual costs for OIE-WAHIS (c. €1.2 million). The recurring costs linked to all IT projects are forecast to be a stable and are important annual costs in the Organisation's Regular Budget.

Interactive Antimicrobial Use (AMU) System to collect data from Members through the OIE Annual Data Collection. This will alleviate the existing reporting burden on Members, use business intelligence to reduce errors and enhance data accuracy, ensure country data privacy and security, increase national data ownership, among others.



Online Commenting System

to organise how comments received from Members on OIE standards are collated, formatted and addressed by the relevant Specialist Commission. The System will also improve how the response to these comments is communicated back to the Members.



Official Status Management Platform

to create a centralised repository and management system for all relevant dossiers related to the official recognition and maintenance of disease status submitted by Members.

OIE Training Portal to enhance the delivery of e-training sessions with an enriched service, including the creation of participant dashboards and an e-calendar of upcoming training.



OIE Disease Name Standardisation

to create standardised electronic codes for certain elements of the OIE-WAHIS database (animal disease names, causal agents and species) and to facilitate the future exchange of information on animal health data between OIE-WAHIS and interoperability actions with other platforms. The Organisation will also develop guidelines that Members and other stakeholders can use as a reference when developing/updating their animal health information systems.



OIE Observatory will collect evidence on the implementation of OIE standards to identify Members' capacity-building needs and successful practices in implementing OIE standards as well as to enhance the standard-setting process through evidence-based assessments of the actual use of OIE standards.



Digitalisation of OIE Standards

will transform the way the OIE standards are published, digitising them from text format to data and integrating them into the OIE Data governance framework. This will allow for effective interoperability across datasets related to the OIE standards and the development of more dynamic ways for internal and external users to access, consult and use OIE standards.



PVS Pathway Information System

to increase effectiveness and efficiency in the management and delivery of this flagship capacity-building programme. It will also aim to provide a framework for monitoring and evaluation and enable the Organisation to capitalise on the PVS Pathway data to develop relevant and new support tools for its Members.





Document 88 SG/6B provides a detailed presentation of the expenditure and income estimates for 2022, the 2022 Regular Budget estimates and the proposed statutory contributions scale for 2022.

2022 BUDGET SG/6B

The 2022 Budget captures the financial costs for the OIE and includes the second year of activities under the 7th Strategic Plan. During 2022, the Organisation will continue to shape the framework for its modernisation through continued roll-out of business-focused digital projects as well as other efforts to enhance organisational transversality, foster horizontal collaboration and increase efficiencies.

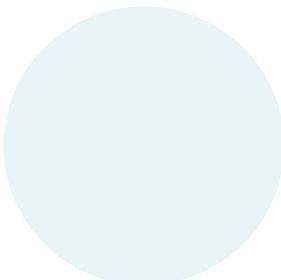
Income for the OIE Regular Budget is mainly comprised of statutory contributions calculated on the basis of draft Resolution No. 7 on contributions for 2022. The proposed annual contributions from OIE Members for the 2022 Financial Year are captured to the right.

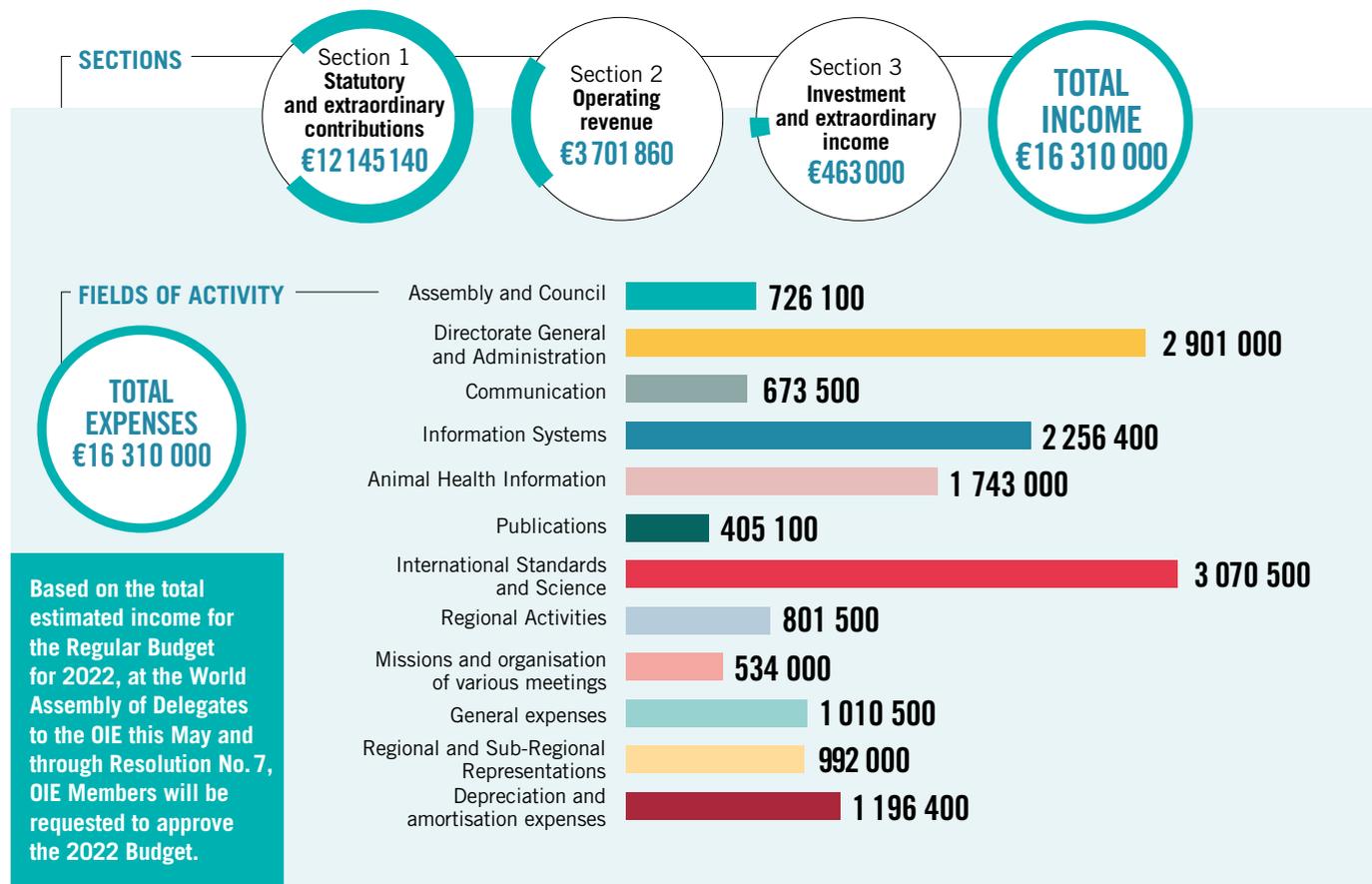
Should they wish, Members can choose to pay an extraordinary contribution to the OIE. If a Member does so, it would retain its choice of statutory contribution category but would be exempt from paying its statutory contribution for that year. There are two extraordinary categories which correspond to a minimum lump sum of €500,000 for Category A and a minimum lump sum of €300,000 for Category B.

At the World Assembly of Delegates to the OIE in May 2021 and through Resolution No. 7, OIE Members will be requested to approve the financial contributions from OIE Members for 2022.

Category	Total annual statutory contribution amount
1st category	€223 075
2nd category	€178 460
3rd category	€133 845
4th category	€89 230
5th category	€44 615
6th category	€26 769

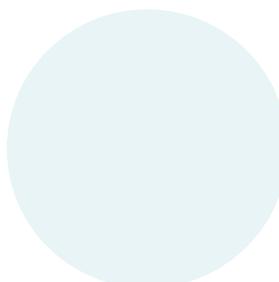
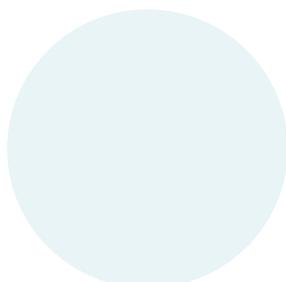
The OIE will call for only 50% of the total contributions due, in accordance with the six-category scale, from the Members classified as least developed countries (LDCs) by the Economic and Social Council of the United Nations.





The World Fund will also complement the Regular Budget in 2022. As of 31 December 2020, a minimum of €9.11 million in voluntary contributions will be received through the World Fund in 2022. The OIE will continue to mobilise resources with existing and new resource partners

to ensure that the necessary investments are in place – be they statutory, extraordinary or voluntary contributions – to enable the Organisation to deliver against its mandate and accomplish the objectives of its 7th Strategic Plan.





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