

Director General's financial outlook

Dear Members

WOAH has significantly improved its financial transparency and accountability since the launch of our Seventh Strategic Plan. We have simplified, consolidated and harmonised our financial reporting and actively engaged the Members in an honest dialogue on our Organisation's financial challenges. This short report is a testament to these efforts, with pages 4 - 8 providing you with a short overview of WOA's financial results for 2022 and the financial outlook for 2023 and 2024. I invite you to read this document as a preamble before plunging into comprehensive financial documents available on the 90th General Session [webpage](#).

When reviewing our financial performance, you can clearly see that, over time, Members' statutory contributions have declined as an overall percentage of WOA's consolidated budget. To ensure operational capacity, the balance of funds has been mobilised by voluntary contributions received through the World Fund. Continued interest and growing investments in the World Fund have expedited the WOA's growth rate, expanding our service offering to deliver the mandate and the resolutions adopted by the Assembly. However, the exponential growth rate puts significant additional pressure on the Organisation and, inversely, has not reduced the Regular Budget's budgetary stress in covering fixed and recurring costs as well key investments (e.g., digital transformation), activities (e.g., status recognition), or Regional Offices.

Statutory and extraordinary contributions through the Regular Budget are a fundamental source of funding and are essential for the functioning of the Organisation. They provide a level of funding reliability and allow resources to be assigned and aligned to our activities and strategic plans. They are essential for WOA's financial sustainability. Linked to this, in coordination with the Council and with your support, in 2022, the Assembly accepted the principle of a 30% increase to statutory contributions over the 2023 – 2025 period, with a 15% increase adopted for 2023 and a 7.5% foreseen increase for 2024 and 2025. At that time, the financial outlook to rebound from the pandemic crisis was more optimistic. Consequently, WOA had included the OECD-Total Consumer Price Index (CPI) as provisioned by Resolution No.15 from May 2018 as part of the percentage increase to statutory contributions requested to Members.

Notwithstanding this important gain, WOA's financial outlook remains vulnerable, merging high inflation and low economic growth. In preparing WOA's [2024 Budgeted Work Programme](#), the impact of high inflation across all goods and services, coupled with the energy crisis, has already taken a toll on our capacity to deliver WOA activities. Indeed, the inflation rate will nullify and consume the positive gains from the increased statutory contributions. Consequently, at the March 2023 meeting, the Council unanimously agreed to request the Membership to increase 2024 statutory contributions by 15% to cushion the impact of inflation.

I understand the global financial situation is impacting all Members; I am cognisant of the request being made and thank you for your continued support and investment in animal health and welfare. To support you in your national discussions to approve this increase, further information is available in pages 2 -3.

This forthcoming General Session, our first in person in three years, is a key example of WOA and its Members coming together to discuss solutions, innovations and ideas involving animal health and welfare, including One Health and food systems transformation. Avian influenza, currently ravaging countries around the world, will be at the top of the agenda. The COVID-19 pandemic further underscored the need and importance of strong health systems, and drew attention of all policy makers and highest Authorities to the critical contribution of national Veterinary Services. With your continued support and engagement, I am confident that WOA will continue to deliver measurable impact, be a constant advocate for Veterinary Services, and aid its Membership to make evidence-based policy decisions to face current and future challenges.

I look forward to seeing you in May and thank you for your support,



Monique Eloit
Director General

Why a 15% increase to 2024 statutory contributions

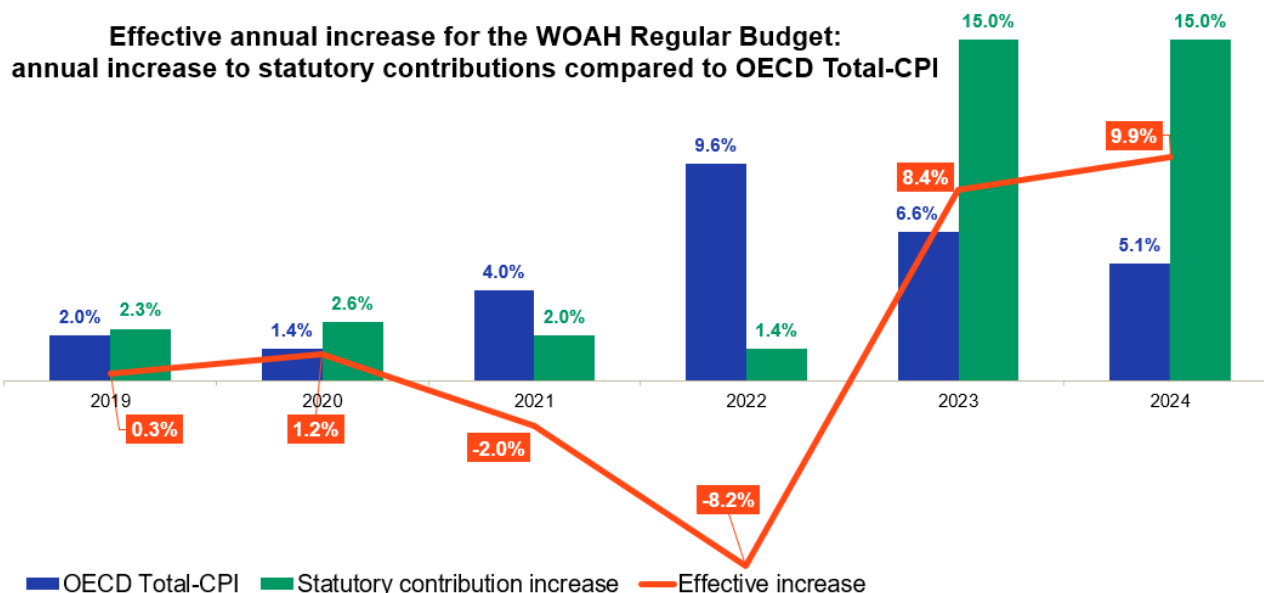
WOAH's longstanding challenge of sustainable financing was presented through dialogue and consultation with its Members on several occasions during 2021-22. This conversation reiterated that the Organisation's ability to make an impact is limited by a funding model where Members are free to choose their category of statutory contributions and where the actual portion of fully flexible and predictable funding continues to shrink compared to voluntary contributions, which are entirely dependent on the generosity and priorities of resource partners. The dialogue furthermore highlighted the stark difference in the level of financial support Members provide to WOAAH compared to other international organisations with similar functions and focus.

Further to the landmark adoption of Resolution No.15 in May 2018, since 2019, WOAAH has applied the annual Consumer Price Index ("OECD-Total" CPI) of the Organisation for Economic Co-operation and Development (OECD) for the previous year when calculating the statutory contributions for the following year. This measure, coupled with cost recovery and cost efficiency policies, has underpinned WOAAH's efforts to counter its financial challenges; with limited positive impact.

During the budget and planning process to develop the 2023 Budget, it was immediately apparent that the financial pressure on the Regular Budget was massive and the associated work programme could only be implemented with an increase to statutory contributions. WOAAH Members supported this request, and in 2022, the Council and the World Assembly approved the principle of a 30% increase to statutory contributions over three years, given the economic turmoil affecting many Members: hence, a 15% increase to statutory contributions in 2023 followed by a 7.5% increase in 2024 and 2025.

WOAH's initial request for a 30% increase over three years was proposed based on a long period of low inflation (an average of 1.7% between 2015 and 2020) and the expectancy that this trend would continue. Unfortunately, WOAAH has not been spared by the global economic situation merging high inflation and low economic growth. This situation has already taken its toll, particularly over the last two years.

The below graph compares annual increases to statutory contributions compared to OECD-Total CPI and provides the effective yearly increase for the WOAAH Regular Budget (in orange) over the 2019 – 2024 period¹.



¹ OECD-Total CPI for years 2023 and 2024 are based on March 2023 estimates.

The graph depicts how, notwithstanding consistent increases to statutory contributions since 2019, inflation has nullified the effective annual increase to statutory contributions for financial years 2021 and 2022. Thanks to the 15% increase to statutory contributions voted in 2022 for the 2023 financial year, the effective increase amounted to +8.4%.

Should WOA's initial request of a 7.5% increase to 2024 statutory contributions have been submitted to Members, inflation would have almost consumed it, resulting in an effective increase of +2.5%. With this increase, WOA could not have implemented all the activities in the 2024 Budgeted Work Programme funded by the Regular Budget. For memory, the Regular Budget covers human resources, building and digital infrastructure maintenance and recurring costs, as well as the meetings of WOA Specialist Commissions and Groups, Regional Conferences and General Sessions. This would have a detrimental effect on WOA and its financial sustainability.

In this context and further to unanimous support from the Council, WOA has submitted to its Members a balanced 2024 Regular Budget by applying a 15 % increase to 2024 statutory contributions (see SG/6 [2024 Budgeted Work Programme, Income Estimates and Related Contributions Scale](#)). The 15% increase to 2024 statutory contributions will ensure all costs are covered without negatively impacting the delivery of the 2024 Work Programme, corresponding to an effective increase of +9.9%.

This would correspond to an actual increase of +18.2% for the financial years 2023-2024, or +9.6% increase over the period 2019-2024. The stark difference in the actual gains between these two different timeframes accurately depict the impact of inflation on the Organisation's Regular Budget. On par, it also explains WOA's growing dependency on voluntary contributions to address the evolving needs of its diverse Membership.

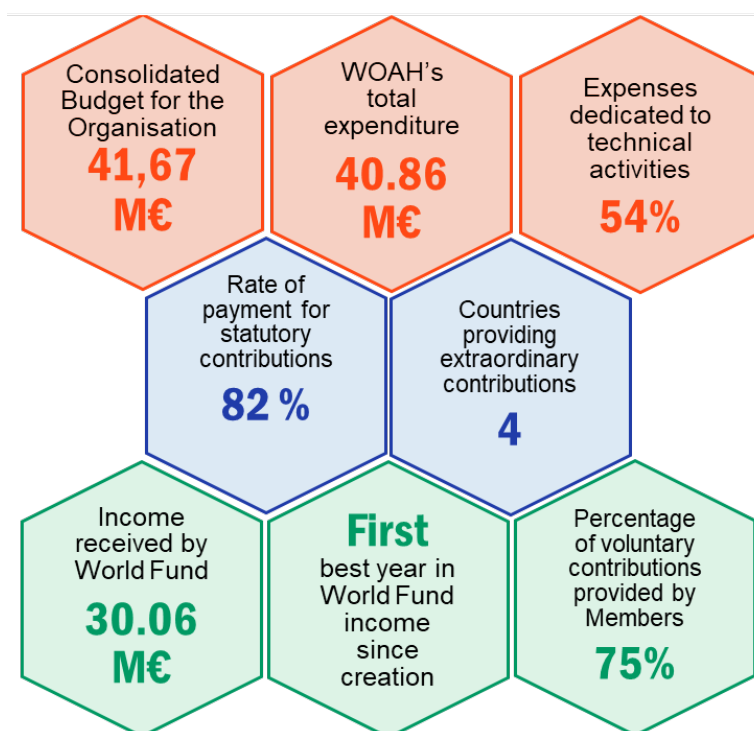
WOA remains committed to continuing support its Members. To meet the challenges of today and tomorrow, the Organisation needs to be sustainably financed and equipped. Appropriate investments to the Regular Budget are the only sustainable and predictable income stream, allowing resources to be assigned and aligned to the Organisation's mandate and to the delivery of the Seventh Strategic Plan.

The following pages provide Members with an abridged version of WOA's financial results for 2022 and the financial outlook for 2023 and 2024. They aim to help the Members better understand the Organisation's financial situation and how WOA makes use of all its income streams to comply with Member's expectations and needs.

Financial Report SG/4: 96th Financial Year (1 January – 31 December 2022)

At the 2023 General Session of the World Assembly of Delegates and through Resolution No.3, WOHAMembers will be requested to approve the Financial Report for the 96th Financial Year (2022).

Key figures for 2022



WOHAM invites Members to read the complete [96th financial report](#), which provides a comprehensive overview of financial performance using harmonised budgetary chapters and key financial performance indicators, as well as the certified financial statements.

2022 Income

WOHAM receives its funding from two main sources:

- **Statutory contributions** (i.e. annual membership fees) 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, and the private sector.

In addition to these two main sources, WOHAM also receives voluntary contributions from Members who host Regional or Sub-Regional Offices; these contributions can be monetary or non-monetary

through the provision of office space. Members also increase the WOHAM's technical capacity by seconding experts, a practice the Organisation greatly values.

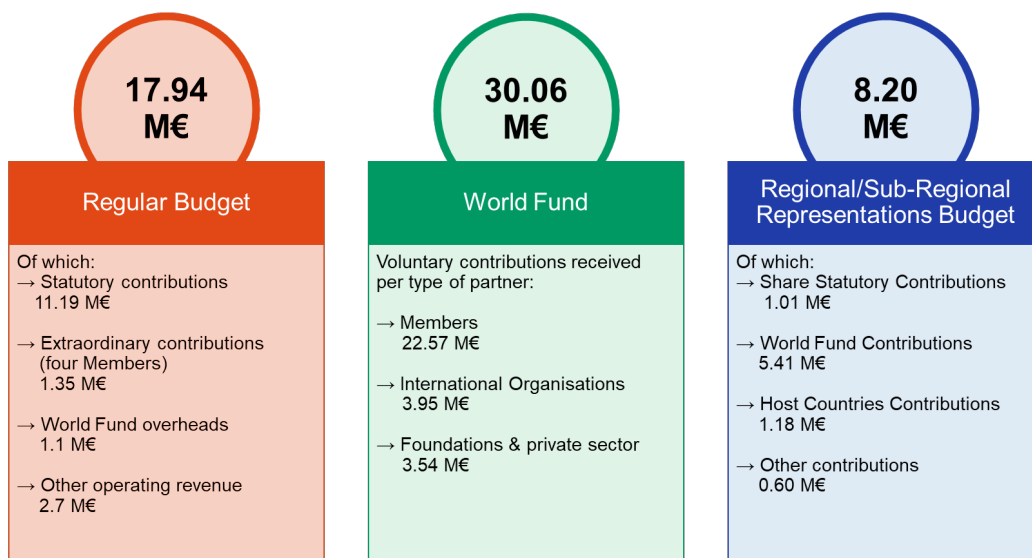
In 2022, the rate of payment for statutory contributions was 82%; slightly lower than 2021 (84%). Thus, the payment of statutory contributions by Members remains stable.

Despite economic challenges, in 2022 WOHAM Members and resource partners rallied to provide generous support to WOHAM's growing work programme. 2022 signals a record year for income received for the World Fund (30.06 M€).

This positive result, coupled with new grants signed in 2022 (25.56 M€), demonstrates confirmed interest and investment in the World Fund.

encouraging fully-flexible voluntary contributions. Overall, non-earmarked investments are insufficient to efficiently deliver programmatic activities across the Organisation.

WOAH will continue to engage with existing and new resource partners in the future, including

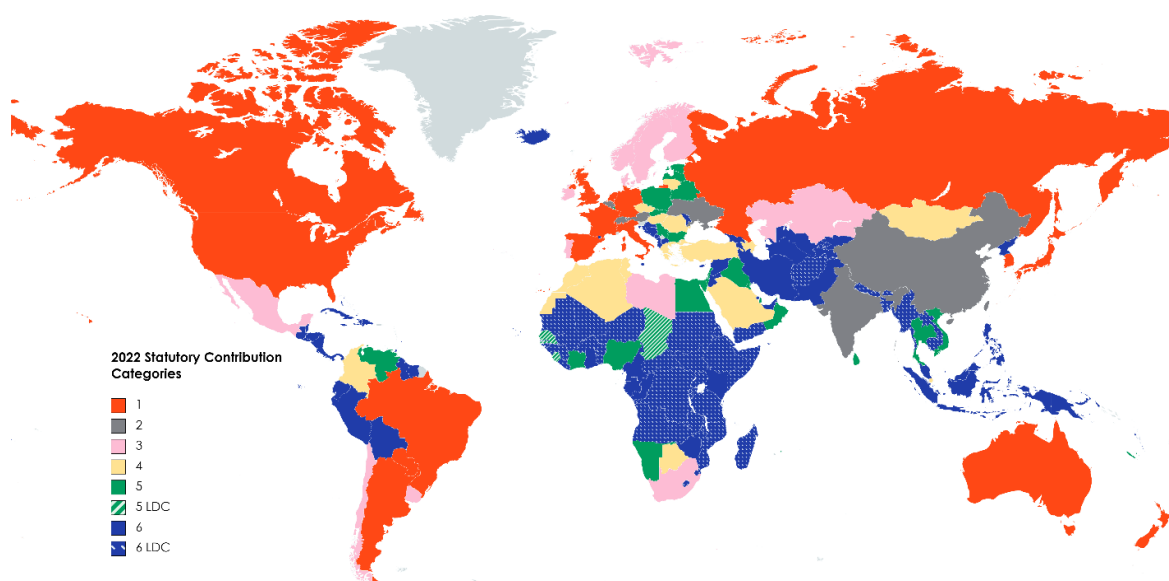


Spotlight on Statutory Contributions

The map below illustrates the distribution of 182 Members per statutory contribution category in 2022. In 2022, 72% Members provided statutory contributions for categories 5 and 6 (132/182). Hence, only 13% of countries provided statutory contributions for categories 1 and 2, and 15% for statutory contributions categories 3 and 4.

During this year, one Member changed its contribution category, choosing a lower category (category 3 instead of category 1), resulting in a decrease of income of 89 K€. One Member was no longer considered as a LDC by the Economic and Social Council of the United Nations, passing from 6 LDC to 6.

Hence, the Regular Budget's financial outlook is dependent on the smallest percentage of Members paying their statutory contributions.



2022 Expenses

The [Director General's Report on 2022 WOAAH Activities \(SG1\)](#) describes progress made in 2022 in detail, highlighting a dynamic “return to normal” with activity delivery aligned to pre-COVID times, as well as the achievement of key organisational accomplishments.

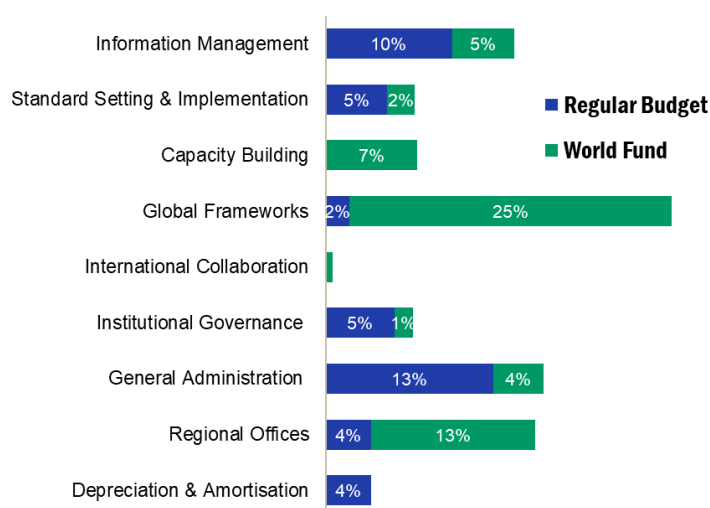
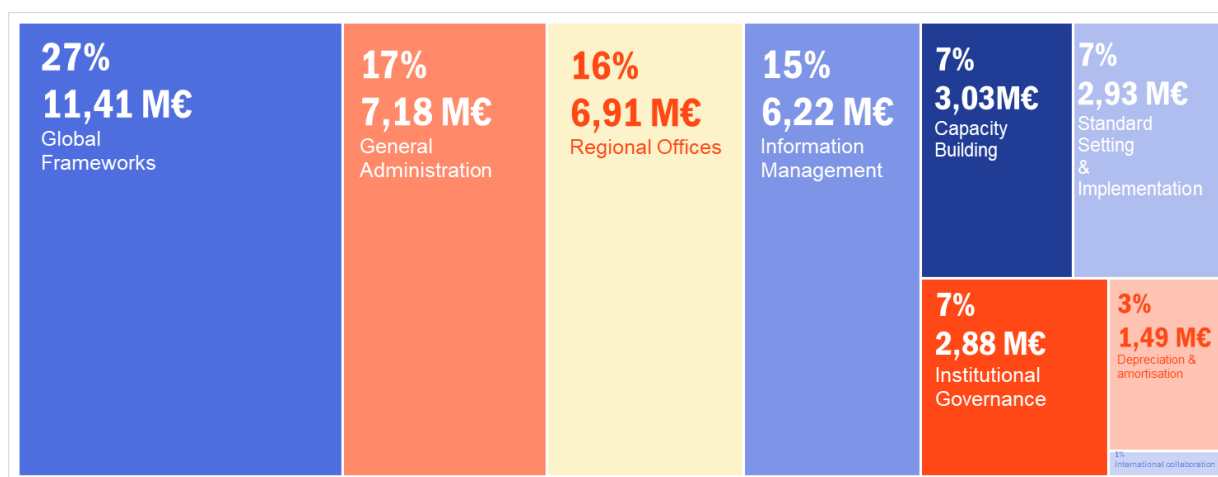
The graph below provides the repartition of the Organisation's activities consolidated per budgetary chapter². In 2022, 54% of expenses supported implementation of technical activities linked to the delivery of the Organisation's mandate and the Seventh Strategic Plan. In pole position, critical resourcing was made available to deliver global strategies or initiatives, including global strategies on the [prudent and responsible use of antimicrobial agents](#), [dog-mediated rabies](#), [African swine fever](#), and [peste des petits ruminants](#), among others.

The second largest investment was dedicated to digital transformation – principally towards modernising [WAHIS](#), but also for developing [ANIMUSE](#), the Delegates Portal, and others.

This was followed by investments to support building the capacity of WOAAH Members to comply with our standards, developing international standards and the [WOAH Observatory](#).

General administration and Institutional governance constitute only 24% of the consolidated budget, followed by 17% dedicated to support WOAAH Regional Offices.

In 2022, WOAAH maximised efforts to limit expenses and reduce costs, considering the overstretched and under-resourced Regular Budget, also due to rising inflation. Numerous measures were put into place, including organising virtual meetings, including key governance meetings such as the General Session, Specialist Commissions and Conferences of the Regional Commissions. Although virtual meetings offer cost savings, the human resource and associated service costs remain significant, coupled with the restrained engagement from the attendees.



This graph demonstrates the source of funding for each of the budgetary chapters, providing a more comprehensive understanding of the complementarities and synergies of the Regular Budget and the World Fund. There is a growing reliance on the World Fund to cover staff costs and the implementation of critical activities to deliver the mandate and to achieve strategic organisational objectives.

It is essential that WOAAH has sufficient resources to cover the cost of its human resources through the Regular Budget given that World Fund resourcing is unpredictable and tied to a particular purpose, requiring constant resource mobilisation.

² The graph considers aggregated Regular Budget and World Fund figures.

SG/5: 2023 Revised Budget

2023 marks a significant step forward in the implementation of WOA's Seventh Strategic Plan and accomplishment of its five strategic objectives as well as the continued delivery of the Organisation's mandate.

Building on 2022 performance, the proposed 2023 Revised Budget aims to turn the ambitious work programme approved by the Assembly last year into reality.

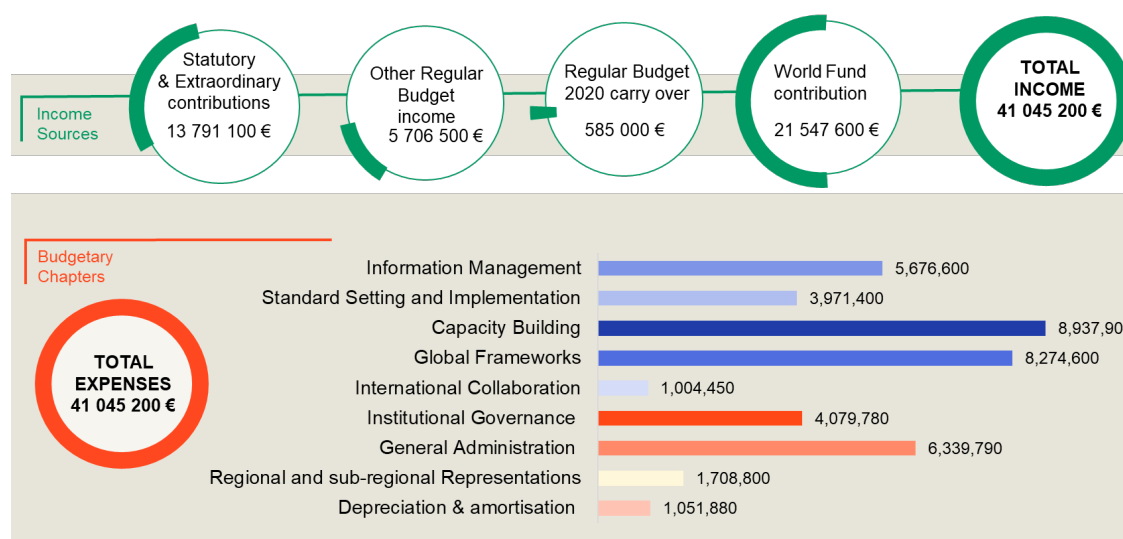
For the first time, a budgetary framework outlining the Organisation's strategic and budgetary orientations underpinned and guided the budget development process. The outcome of this process is captured in below graph, representing 2023 income and projected expenses.

In line with strategic objective five relating to efficiency and agility, the budgetary framework constitutes a major advancement towards increasing efficiency gains and synergies across all WOA's sources of income (Member's statutory contributions, voluntary contributions and additional sources of revenue) against nine harmonised budgetary chapters as introduced in 89 SG/6, ensuring that the financial request to the Members is based on a strengthened approach for priority-setting.

A prioritised approach is essential for WOA to invest its limited resources in areas of maximum impact while contributing towards better governance and transparency. The budgetary framework furthermore positions operational planning and budgetary monitoring as key elements of a management control and performance management dialogue across the Organisation, enhancing the quality of reporting to the Membership and positioning outcomes as the primary focus of WOA's accountability.

WOAH invites Members to read the complete [2023 Revised Budget](#) available on the WOA website. The document presents WOA's consolidated 2023 budget, revised income and expenditures for financial year 2023 for the Regular Budget as well as, among others, the World Animal Health and Welfare Fund (World Fund) and all Regional and Sub-Regional Representations.

For memory, the Assembly adopts the Regular Budget and is provided with information for the World Fund and Regional and Sub-Regional Representations.



SG/6: 2024 Budgeted Work Programme, Income Estimates & Related Contribution Scale

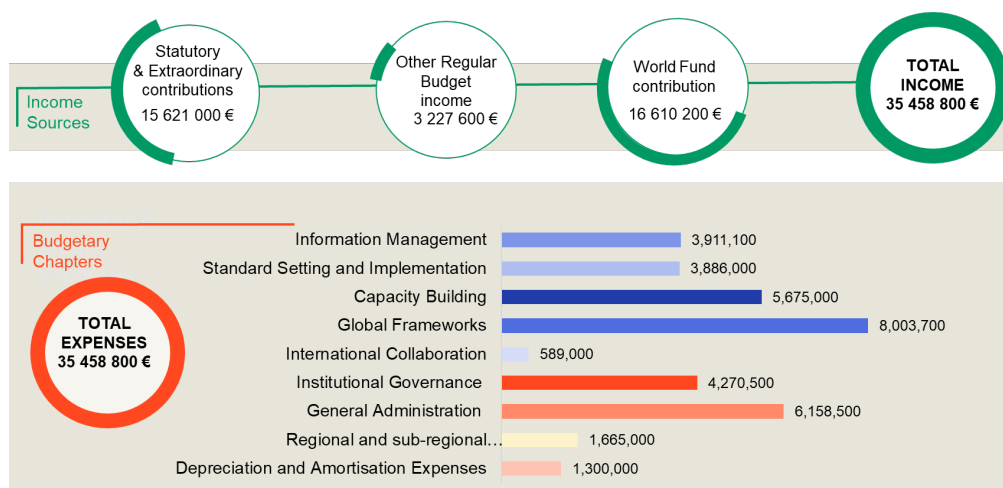
The [2024 Budgeted Work Programme, Income Estimates and Related Contributions Scale](#) is available online and describes in detail the Organisation's ambitious work programme for 2024.

2024 Work Programme

The 2024 Budgeted Work Programme amounts to 35.46 M€, of which 53% derives from the Regular Budget and 47% from the World Fund. The Regional and Sub-Regional Representations' budgets are not included in this figure and will be provided once the 2024 Budget has been established (end of 2023).

Voluntary contributions in the pipeline and prospects based on project ideas and positive contacts with resource partners are not included in this estimate. Consequently, the total World Fund estimates will continue to evolve upwards throughout the year.

The 2024 Work Programme builds upon the prioritization exercise spearheaded by the 2023-2024 budgetary framework, factoring in the interests and needs of the Members as key beneficiaries. The budgetary exercise considers experiences gained and lessons learnt from implementing previous work programmes and budgets. Efforts have centred on efficiency measures, productivity gains and prioritization to meet the Strategic Plan's objectives. Budgetary adjustments were made to address growing inflation and financial vulnerabilities.



Income Estimates and Related Contribution Scale

Members' annual statutory contributions are WOA's main and sustainable source of funding. Other income to the Regular Budget principally comprises receipt of fees from official disease status recognition and overheads from the World Fund.

The proposed annual contribution from Members for 2024 financial year are captured to the right and include a 15% increase compared to year 2023.

Should they wish, Members can choose to pay an extraordinary contribution to WOA. 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 contribution categories: a minimum lump sum of 500 000 € for category A and 300 000 € for category B.

At the World Assembly in May 2023 and through Resolution No.7, Members will be requested to approve the financial contributions for 2024.

Category	2024 statutory contribution amount
1st	295 025 €
2nd	236 020 €
3rd	177 015 €
4th	118 010 €
5th	59 005 €
6th	35 403 €

WOAH will only call for 50% of the total contributions due per the six-category scale, from Members classified as least developed countries by the Economic and Social Council of the United Nations. Currently, 43 Members falls under this classification.

