

Budget 2023 *(extract from Dec'22 Board meeting presentation)*

(in K€)	2023 Budget OC	Brazil in MSF B	Reinvoicing to other OC & MSF entities & Belgian Gaap	2023 Budget MSFB	2023 Budget MSF B
Private income	421.016	23.033	40.891	484.940	484.940
Belgium	47.465			47.465	47.465
OCB sections	190.525	23.033		213.558	213.558
non OCB sections	168.426		40.891	209.317	209.317
<i>Corridor of uncertainty (incomes)</i>	12.100			12.100	12.100
Deferred incomes	2.500			2.500	2.500
Adjustment Final grants					
Public institutional income	2.338			2.338	2.338
Grant from other MSF entities <i>(TIC funding)</i>	6.230			6.230	6.230
Other income	2.221	123	5.500	7.844	7.844
INCOMES Total	431.805	23.155	46.391	501.351	501.351
Programme Expenses (excl MSF Academy)	361.772		40.891	402.663	402.663
Program Support Abroad	6.247			6.247	6.247
HQ program support	35.589	1.347		36.937	35.589
Awareness - Raising	3.149	868		4.018	3.149
Other Humanitarian Activities					
Social Mission Expenses Total	406.759	2.216	40.891	449.865	447.649
Fundraising	7.453	10.132		17.586	7.453
Management, G&A	7.939	2.282		10.221	7.939
Expenses managed by OCB CoDir Total	422.151	14.630	40.891	477.671	463.041
Grants to other MSF sections	5.477	6.459		11.936	5.477
Brazil Expenses under MSF Belgium					23.155
Grant to Lebanon	1.466			1.466	1.466
Contribution IO social mission	1.258	933		2.191	1.258
Contribution IO non social mission	839	622		1.461	839
Grant Brazil > Portugal		511		511	
Non Operational expenses <i>(reinv. to other entities)</i>			5.500	5.500	5.500
International & others Expenses Total	9.040	8.526	5.500	23.065	37.695
MSF Academy - Field related activities	4.851			4.851	4.851
MSF Academy - HQ program Support	919			919	919
MSF Academy Expenses Total <i>(TIC funded)</i>	5.770			5.770	5.770
EXPENSES Total	436.961	23.155	46.391	506.507	506.507
Net exchange gains/losses unreal (+ / -)					
NET RESULTS	-5.155			-5.155	-5.155

Narrative *(extract from Dec'22 Board meeting presentation)*

The 2023 budget shows a sustainable and controlled deficit of 5M€. This deficit is explained by income budgeted to increase at a lower pace than expenses, i.e. 3% vs. 7%.

On the income side, key highlights are :

- A 4% drop in grants from OCB partner sections (excl. FX impacts), driven by deteriorating contribution ratios within the group. Despite encouraging & exceeding expectation results achieved in young branch offices Finland & Taiwan, this deterioration can be explained by:
 - The fact that sections do not project to maintain in 2023 the higher income triggered by the solidarity with the Ukrainian population,
 - Apparently structurally decreasing income in Hong Kong and in Brazil (respectively budgeted to decrease for the 4th & 2nd consecutive year),
 - Average ROI of mature sections on fundraising dropping to 5.6 (-12% vs. 2022 forecast)
 - non FR HQ expenses of OCB mature sections budget an increase at a CAGR of 17% since 2021 (vs. 14% for the OC over the same period). In some cases, this is explained by increased programme support expenses, supporting the idea of the networked OD
- 2023 budget income includes the OCB share of the 2021 excess income. This income requires specific earmarking and bears certain reporting requirements towards the movement.
- As sections and movement still cannot budget for exceptionally large donations or legacies, a corridor of uncertainty of 50M€ at movement level was again assumed this year, meaning 12.1M€ for OCB.

In terms of expenses, we budgeted a 27M€ increase in expenses, of which +18M€ on programmes (+5%) and +6.5M€ (+12%) on HQ expenses (excl. IO and MSF Academy costs).

- Programme expenses growth is to a large extent driven by new activities launched in 2022 and ongoing emergencies that will continue in 2023. This effect, combined with relatively few project closures and exceptionally high levels of budgeted salary adjustments in the field, result in tighter unallocated operational envelopes available. The 5M€ intended envelop is considered "conditional", i.e. will be greenlighted for allocation after 2022 fundraising results are known. Unallocated emergency envelop is also slightly below the 10% target (9%), but when considering the ongoing emergencies (Ethiopia, Nigeria nutrition and Mozambique Cabo Delgado), represents 14% of total Ops envelop. Another point of concern is that this unallocated emergency envelop of 30M€ is in reality already somehow committed without full validation for ongoing emergencies such as Ukraine, Cholera extension in Haiti and Nigeria, leaving only 16M€ totally free. Last but not least, the Ops frame also includes a 4M€ envelop for investments aiming at reducing OCB's carbon footprint.
- HQ expenses increase of the OC are mainly driven by the full year cost impact of staff hired in 2022 and salary inflation. Real growth, corresponding to the hire of 14 new FTE represents 16% of the 6.5M€ expenses growth compared to the forecast 2022 (i.e. 2% of growth in the 12% budgeted).

At the end of 2023, the OC budgets both healthy accountability ratios and levels of reserves that remain within the limits of the reserve policy. Last 5 years HQ expenses growth also remain below programme expenses growth.

Considering all of the above, if in the course of the year 2023 income developments would allow it, combined with operational needs, the executive will most likely reach out to the boards for validation of additional operational budgets.

