

Financing for public Veterinary Services to ensure that they meet international standards

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Summary

It is vital that public Veterinary Services develop the skills to address the challenging questions posed by national Treasury officials, who exercise an important mandate to ensure that expenditures are efficient and effective in serving the public interest. Examples of such questions are considered in this paper, along with systems and strategies for preparing for such reviews, including the use of the Performance of Veterinary Services (PVS) evaluation tools of the World Organisation for Animal Health. Some lessons and observations are drawn from PVS Evaluation and PVS Gap Analysis missions in nine countries.

Keywords

Financing – Investment – OIE PVS Tool – Public Service – Veterinary Services.

Introduction

The challenge of securing adequate financing for public sector Veterinary Services (VS), as defined by the World Organisation for Animal Health (OIE) (12), has long been a problem for many developing countries and countries with economies in transition (7). More recently, it has been shared by a number of developed countries as they face economic restraints in the wake of recent financial downturns.

By adequate financing, the authors mean a level of resourcing (personnel, facilities and operating funds) sufficient to allow VS to provide public goods and services to citizens in accordance with the expectations of their governments. It is an essential component of the 'improving capacity' pillar of the framework of analysis for the governance of national VS set out elsewhere in this volume (4), and is required for public VS to operate in accordance with the standards of the OIE, Codex Alimentarius and the World Trade Organization (WTO).

The importance of securing adequate financing for VS has grown in recent years as governments and international agencies have sought to develop effective and coordinated responses to the emergence of bovine spongiform encephalopathy, new forms of influenza and serious outbreaks of foodborne diseases, as well as the re-emergence of high-impact diseases, such as foot and mouth disease (FMD). In the course of this work, decision-makers have been reminded of the continuing threats from diseases that have long been recognised as transmissible from animals to humans, such as rabies, anthrax, brucellosis, tuberculosis and echinococcosis.

As they prepare to make new investments to strengthen the VS of developing countries, donors and international agencies have sought formal evaluations and action plans through the Performance of Veterinary Services (PVS) Evaluation (14) and PVS Gap Analysis (13) processes developed by the OIE.

It is expected that these evaluations and the follow-up work of setting priorities and preparing action plans will be valuable to OIE Member Countries in securing adequate funding from national sources, and especially their central Treasuries.

This article thus begins with a consideration of the challenging and appropriate questions that public-sector VS face from central government agencies as they seek to justify their required funding levels. It then considers the approaches needed to answer these questions. These include the evaluation, priority-setting, planning and budgeting exercises supported by the OIE. These can be supplemented by additional work in areas such as cost-benefit analysis and the use of specific delivery options (private–public partnerships) and various forms of user-pays or beneficiary funding systems (fees, levies, etc.).

Some lessons and observations are then drawn from PVS Evaluations and PVS Gap Analyses in nine countries (Stemshorn), as well as the authors' combined experience over several decades in the Canadian and international public service. The authors conclude with thoughts on some promising paths forward through global cooperation.

Questions from 'the Centre'

As we consider how best to 'make the case' for adequate funding of VS, let us first look at this issue through the eyes of the public servants and political leaders at the centre of government. An important element of the 'enhancing political accountability' pillar of the framework of analysis being used in the present volume (4) is accounting for the effective use of public funds. Under responsible administrations, officials of central agencies, including finance or Treasury departments, are entrusted to manage the public purse in a prudent manner and to ensure that limited funds are allocated to maximum advantage. Their questions are not to be dismissed lightly or avoided – they are important and deserving of careful consideration.

Canada conducted a government-wide review of programmes as part of a financial restraint exercise from 1994 to 1996. Central agencies (the Ministry of Finance, the Treasury Board and the Privy Council Office) asked six questions as a basis for this exercise (L. Forgues, personal communication, 2011):

- i) Is the programme still in the public interest?
- ii) Is its delivery a legitimate and necessary role for government?
- iii) Is the current federal role appropriate or should the programme be realigned with the provinces?
- iv) Should it be delivered in partnership with the private or voluntary sector?
- v) How can it be redesigned for efficiency?
- vi) Is it affordable, given fiscal constraints?

France adopted similar questions for its 2007 to 2008 review of spending (L. Forgues, personal communication, 2011; P. Wells, unpublished data, 2008):

- i) What are we doing at the moment?
- ii) What are the needs and the collective expectations?
- iii) Should we continue in this way?
- iv) Who should do it?
- v) Who should pay?
- vi) How can we do it better, and more cheaply?
- vii) What should be our programme for change?

More recently, the United Kingdom's Spending Review Framework offered the following questions, 'to prioritise their main programmes against tough criteria on ensuring value for money of public spending' (3):

- i) Is the activity essential to meet government priorities?
- ii) Does the government need to fund this activity?
- iii) Does the activity provide substantial economic value?
- iv) Can the activity be targeted to those most in need?
- v) How can the activity be provided at lower cost?
- vi) How can the activity be provided more effectively?
- vii) Can the activity be provided by a non-state provider or by citizens, wholly or in partnership?
- viii) Can non-state providers be paid to carry out the activity according to the results they achieve?
- ix) Can local bodies as opposed to central government provide the activity?

It is not surprising that there is considerable consistency among these questions. Leaders of VS must be prepared to explain their work in response to such queries.

How to respond?

Develop basic strategic and operational plans with sound budgets

An essential foundation for a coherent response is to develop strategic and operational plans that appropriately address national priorities according to the government of the day. National VS that have been through the OIE PVS processes of evaluation have established a basic foundation that should be helpful for follow-up activities under the PVS Pathway (PVS Gap Analysis and PVS Pathway follow-up missions).

Using a construction analogy, the OIE PVS Evaluation describes the state of the building so that decisions can be taken on what needs to be done. The PVS Gap Analysis Process then draws upon national priorities to guide renovations to be done in the next five years. It draws up plans, schedules and budgets for this work.

Through rigorous preparation of this kind, VS will be able to display mastery of their plans and budgets. In the authors' experience, this makes a considerable difference in the analyses and advice provided to political leaders by central Treasury and finance officials, who are trained and experienced in assessing such matters.

As anecdotal evidence that this work may make a difference, the authors offer the experience of one country where the VS complained during the PVS Evaluation that they were unable to secure funds from their national government, even though other programmes had been successful and the country was enjoying a phase of prosperity due to mining revenues. In a meeting at the end of this evaluation, the Deputy Minister offered a different view of the problem: 'Money is available; indeed, it is easy to find. But the VS has been unable to give me a plan.' Following the PVS Gap Analysis, the authors have been advised that re-investments have begun in the fields of personnel and infrastructure, both of which had been seriously eroded over a number of years.

This is not an isolated case, and the authors dare say that a study of investment levels before and after the combined PVS Pathway missions would reveal considerable improvements in a number of countries. An informal survey of nine countries in which one of the authors (Stemshorn) has had first-hand experience provides the following picture:

- investments directly influenced by PVS Pathway missions: 6
- inadequate information available: 2
- no investments subsequent to a PVS Pathway mission: 1.

As of April 2012, only one country (Vietnam) had reported publicly on a repeat PVS Evaluation (11). This documents significant investments by both the government and external donors, principally to support a high-priority fight against highly pathogenic avian influenza (HPAI). It is not clear to what extent these investments were influenced by the initial PVS Evaluation (one of the first) as long-term planning was already under way for HPAI and FMD programmes.

Unfortunately, the VS in some countries have been so depleted of qualified personnel that they have yet to be able to build upon the recommendations of the PVS evaluations. Instead, they remain dependent on donors for

a less-than-satisfactory, project-by-project approach. In these cases, basic investment in core personnel seems to be required.

Strengthen analytical and management capacities and consider alternative delivery mechanisms

Even in those countries where investments are now being made, further work should be encouraged in a number of areas.

Analytical capacity can be strengthened to demonstrate the value of investments in animal health measures. Most helpful are analyses such as those showing that mass vaccination of livestock for brucellosis in Mongolia (6, 15) and vaccination of dogs for rabies in Chad (15) are cost effective when the combined benefits to human and animal health are considered.

Partnerships and collaboration at national and regional levels offer powerful opportunities for efficient and effective joint actions that provide sustainable benefits to all concerned. This has been demonstrated over many years by the successes of national and regional disease control and eradication campaigns, and was most recently illustrated by the remarkable global eradication of rinderpest.

There is considerable room to further explore specific delivery methods that would improve efficiency and reduce the costs to government, such as public-private partnerships. The possibilities are limited only by imagination. They can include collaboration among government agencies or innovative public-private sector arrangements. Examples of the former are the joint delivery of animal and human vaccination programmes in Chad, with cost savings by sharing infrastructure (8, 9), and the co-location of high-security laboratories for human and animal diseases of the Public Health Agency of Canada and the Canadian Food Inspection Agency at the Canadian Science Centre for Human and Animal Health (2). An innovative, and no doubt cost-saving, public-private collaboration is the establishment of the Canadian Cattle Identification Agency. Operated by the private sector, this agency not only manages identification measures but also collects and manages the resulting data, under a legal mandate and the oversight of the government of Canada (www.canadaid.com).

Further research and sharing of experiences with user-pays models is needed to explore both the risks and successes in this field. Practices range widely from virtually non-existent fees for services in some countries to over 50% of the operating budget, as in the case of the Belize Agricultural Health Authority (10). While encouraging

client-oriented performance on the one hand, on the other hand a VS that is heavily dependent on fees must avoid assigning a lesser priority to work in the public interest that may be less well funded. Laboratory user fees are widespread and appropriate, but must be managed in a manner that does not undermine the collection and testing of samples for disease surveillance purposes.

An examination of alternative revenue streams should include consideration of the sale of prescription and non-prescription drugs and biologicals by the private component of the VS (private veterinarians). Data collected during PVS Gap Analysis missions have underscored that this represents a significant cash flow. A portion of it supports the maintenance of extensive surveillance networks and the operation of private veterinary practices in many countries where effective veterinary controls exist. However, sometimes this is not the case, due either to the absence of controls or the lack of a private-sector VS. With growing recognition of the animal and public health implications of misuse of such products, it would seem appropriate for a share of the revenues to be allocated to overseeing proper production, distribution and use.

Investments to increase management and leadership skills within the VS will pay dividends in terms of more efficient and effective policy development, planning and implementation of decisions. It is one thing to secure funding, and something completely different to ensure that it is well spent. Nothing undermines the credibility of VS in front of central agencies, national clientele and international partners (trade partners or donors) faster than a highly critical audit or evaluation report showing that funding has been wasted, or worse, improperly spent. It is the authors' experience both with national VS (Stemshorn) and other public service institutions (Zussman) that capable management and leadership are the most important factors in the effectiveness of such agencies.

Developing internal auditing and evaluation capacity assists VS to demonstrate that value has been obtained for the money invested and also enables early identification of areas requiring improvement. Effective use of these self-assessment functions is the hallmark of a mature management regime and builds confidence in VS among the general public as well as within funding bodies, whether they be national Treasuries or donor agencies. This is a key element in the pillar strengthening the demand for better governance of the framework of analysis for governing national VS (4).

Learn from past mistakes

As noted above, lessons learned through audits and evaluations can prove instructive for mature VS that

practise the discipline of continuous improvement. In that spirit, the authors offer the following observations from a series of PVS missions and other management experiences with VS around the world. It is their hope that awareness of these risks will promote future vigilance and prevent repeated mistakes.

Avoid capital investments that exceed requirements or maintenance capacity

It is all too common to find worn-down shells of veterinary laboratories that were either overbuilt or established without adequate maintenance budgets and skills to operate and maintain their facilities and equipment. Many such facilities were funded by donor agencies attracted by a visible 'flagship' project, but in recent years some worrisome large investments that appear to exceed the capacity of the user agencies have been made by governments seeking visible responses to emerging diseases.

A similar pattern is seen at times with other capital investments (vehicles, quarantine stations, border posts) that may come in waves, driven by short-term project funding, without provision for ongoing maintenance and replacement budgets. As a minimum, the receiving institution must exercise due diligence in ensuring that adequate funds and management expertise will be in place to ensure the maintenance and eventual replacement of these important assets.

Beware of inappropriate restructuring decisions (downsize, privatise and decentralise)

Driven, in part, by the pressures described by Schillhorn van Veen and de Haan (7), a number of countries visited during PVS missions showed the negative effects of a triad of policies that, while having value in some settings, were inappropriately applied to public-sector VS. Officials often explained that these decisions were forced upon them under economic structural adjustment programmes as their governments responded to international pressures. It is not possible to ascertain whether this was the result of poor policy advice due to a misunderstanding of the context, or poor implementation of sufficiently balanced advice. By drawing attention to these issues, it is hoped that VS may be able to appreciate and in future explain the impacts of such decisions to senior policy-makers. This policy triad consists of:

- inappropriate downsizing
- excessive privatisation
- inappropriate decentralisation.

Inappropriate downsizing

Some countries have experienced severe reductions in VS personnel who perform crucial functions, with no provision made for alternative services. One clear example

was the elimination of positions that had been responsible for ensuring that controls prevented livestock from moving from areas where a disease was endemic into disease-free zones.

Excessive privatisation

Pressures such as those described previously (7) have driven many countries to restrict the roles of public-sector VS in recent years; in particular, to cease the delivery of clinical and other non-regulatory services in the hope that this would allow the emergence of private-sector services. Unfortunately, in many cases, the economic realities of livestock production were such that, in the absence of a supportive policy framework, markets were unable to support the emergence of replacement private services, with the result either that:

- such services went unmet, and an accompanying degree of passive disease surveillance was lost, or
- government veterinarians continued to provide these services ‘under the table’ as the employer turned a blind eye.

Inappropriate decentralisation

Perhaps viewing VS as akin to medical services (which it may be appropriate to decentralise), many countries transferred the responsibility for programme delivery to local governments, thus breaking a vital chain of command required for key functions of a national regulatory agency, including early detection, rapid response, and effective measures for the control and eradication of animal disease outbreaks (1). When parallels are drawn between national VS and a border control agency, the customs and revenue service, or the military (in the case of a response to a major epizootic), political and senior policy officials quickly realise that decentralisation of VS makes little sense and some have begun to reverse the process. Nevertheless, much damage has been done.

The tale of one country will serve to illustrate the impact. The three policy decisions described above were taken, one after another, with the result that the VS’ ability to prevent FMD and contagious bovine pleuropneumonia (CBPP) from moving into and throughout the country was seriously compromised (‘on its knees’, in the words of one official). Then a further decision was made to agree to an international request that refugees from a neighbouring war-torn country be allowed to bring their livestock with them. A few years later, as both FMD and CBPP had spread across important and previously free regions, a senior official wondered if he should blame the Chief Veterinary Officer – whose ‘hands had been tied’ by decisions beyond his control.

Conclusions and thoughts on a path forward

Public-sector VS, like other science-based regulatory agencies, need to develop and hone their abilities to make a case for adequate funding of their services to central government officials and political leaders.

This requires an ability to demonstrate and communicate that their services address a global public good as well as national priorities and are a core function of government that cannot be delegated, except in part and under well-controlled conditions.

Their challenges do not end there. They must also demonstrate that their work is effective and efficient, socially appropriate and sustainable, and that they do not duplicate or supplant a role that might be better played by the private sector or others. To do so requires sound strategic plans, operational plans and budgeting.

The challenges continue with the requirement to show a track record of good performance, not only in achieving the desired goals, but of doing so through careful management of human resources, capital infrastructure and operating funds. This is best done by fostering an effective programme of internal and independent audits and evaluations.

These and other elements needed for an efficient and effective national Veterinary Service should be drawn together in a cycle of continuous improvement in the development, implementation and evaluation of policies and programmes of public VS, as depicted in Figure 1, for regulatory functions (5).

The skills required to perform these roles are not taught in veterinary schools, but they are essential for the management of VS. Investments are needed to develop these abilities.

As a closing thought, the authors suggest that there are important opportunities for a constructive path forward through global cooperation amongst Members of the OIE.

There are at least three topics on which OIE Members could collaborate. They are not in competition with each other in these matters – quite the contrary; their successes can be mutually reinforcing:

- National VS can support each other in sharing arguments and strategies for funding. This needs to go beyond assertions that VS constitute a global public good to bolster the case with evidence from cost-benefit analyses and rigorous third-party analyses of the value obtained for the money invested in their programmes.

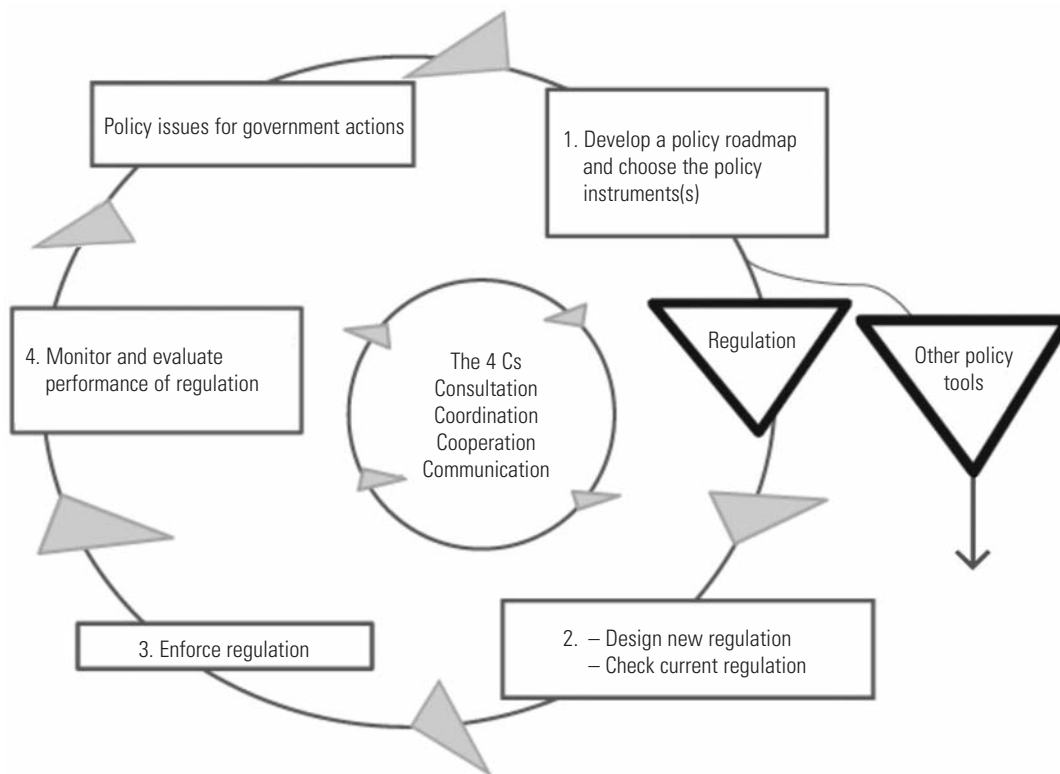


Fig. 1
A cycle of continuous improvement (5)

Source: OECD Secretariat

– The OIE tools for PVS Gap Analysis and, in particular, the Excel-based budget spreadsheets and calculations should be shared with the national VS of Member Countries. There would be several significant benefits from this approach. First, the tools would have a greater impact since budgets could be updated as decisions are made and situations evolve, without having to call upon another OIE mission. Secondly, the budget estimates could be refined over time to a much greater level of precision than is possible to obtain during a two-week mission. Thirdly, by using common budgeting processes, national VS could compare their costs and investments with each other on an ‘apples-to-apples’ basis.

– As the programme of PVS Gap Analysis advances to include most of its Member Countries, the OIE will be in a position to provide a global picture of the investments required to operate a national VS that meets international

standards. Even treated with anonymity, an analysis of the range, mean and average of the required investment, expressed as a percentage of national agricultural or livestock gross domestic product, would be useful information as each country considers its situation. These data could become even more useful when broken down to consider livestock export or import statistics.

The authors look forward to progress in the performance of national VS, which is already taking place, as a result of this important work.



Financer les Services vétérinaires publics afin de s'assurer de leur conformité avec les normes internationales

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Résumé

Il est de la plus haute importance que les Services vétérinaires développent des compétences permettant de relever les défis imposés par les responsables des Finances publiques, qui ont l'importante mission de s'assurer que les dépenses publiques sont affectées de manière efficiente et efficace au bénéfice de l'intérêt public. Les auteurs examinent plusieurs exemples illustrant cette problématique, ainsi que les systèmes et les stratégies permettant de préparer une telle mise à niveau, y compris en recourant aux outils d'évaluation des performances des Services vétérinaires mis en place par l'Organisation mondiale de la santé animale (Outil d'évaluation PVS et Outil d'analyse des écarts PVS). Les enseignements et les constats mis en avant lors des évaluations et des analyses des écarts PVS conduites dans neuf pays sont présentés et commentés.

Mots-clés

Financement – Investissement – Outil PVS de l'OIE – Service public – Services vétérinaires.



Financiación de los Servicios Veterinarios públicos para lograr que se ajusten a las normas internacionales

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Resumen

Es esencial que los Servicios Veterinarios públicos adquieran la competencia necesaria para responder a los espinosos interrogantes que plantean los funcionarios del Tesoro de cada país, cuyo importante mandato consiste en velar por que los gastos sean eficientes y eficaces y sirvan al interés público. Los autores examinan algunos ejemplos de este tipo de interrogantes, así como sistemas y estrategias para prepararse ante ese tipo de estudios, en particular el uso de las herramientas para evaluar la eficacia de los Servicios Veterinarios (PVS) (Evaluación PVS, Análisis de brechas PVS) de la Organización Mundial de Sanidad Animal. De las misiones de evaluación PVS y de análisis de brechas realizadas en nueve países los autores extraen una serie de enseñanzas y observaciones.

Palabras clave

Financiación – Herramienta PVS de la OIE – Inversión – Servicio público – Servicios Veterinarios.



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