



## JOINT FAO/WHO FOOD STANDARDS PROGRAMME

### CODEX ALIMENTARIUS COMMISSION

**36<sup>th</sup> Session, FAO Headquarters**

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### FINANCIAL AND BUDGETARY MATTERS

#### FUNDING OPTIONS FOR SCIENTIFIC ADVICE FOR CODEX ALIMENTARIUS COMMISSION

**Prepared by the sub-Committee of CCEXEC, chaired by Professor Samuel Sefa-Dedeh, Vice  
Chairperson of the Commission**

#### Summary

1. The Food and Agricultural Organization of the United Nations (FAO) and the World Health Organization (WHO) as part of addressing issues on food safety and nutrition offer neutral, international fora for scientific discussions that provides advice to inform and support Codex standard setting process. In doing this the FAO and WHO receives funds through two broad channels, i.e. regular budget and voluntary contributions. There is increasing recognition that the resources available for scientific advice are inadequate to meet the increasing requests. The paper discusses the current state of funding for scientific advice and offers suggestions on funding options that can be considered by FAO and WHO. These include short term actions and long-term actions.

#### Introduction

2. The 35<sup>th</sup> Session of the Commission supported the conclusions of the Executive Committee and agreed with the establishment of a sub-Committee of CCEXEC, chaired by Professor Samuel Sefa-Dedeh, Vice Chairperson of the Commission to consider funding options, for consideration at the next session of the CCEXEC and the Commission with the following terms of reference:

3. Consistent with the FAO and WHO funding policies to support scientific advice and in particular the imperative of maintaining the independence and integrity of the standard setting process of the Codex Alimentarius Commission (CAC), the sub-committee will:

- a. Identify the various funding options and strategies that are and might be available for sustainable support for scientific advice by FAO/WHO for Codex activities.
- b. Propose approaches that could be taken by FAO and WHO to secure the funds in a sustainable manner, through their own allocations.
- c. Examine approaches that Codex, FAO and WHO could take to sustain and increase funding for scientific advice, from Codex members and other government sources.
- d. Make recommendations for possible mechanisms through which FAO and WHO could receive funding from non-governmental sources to support scientific advice.

#### Scientific Advice in the work of Codex

4. Scientific advice is the conclusions of a skilled evaluation taking account of the scientific evidence, including uncertainties<sup>1</sup>. The FAO and the WHO in addressing issues on safety assessment of chemicals and biological agents in foods, assessment of practices and technologies used for the production of foods and

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<sup>1</sup> FAO/WHO 2004. Provision of Scientific Advice in Codex and Member Countries. Report of the Joint FAO/WHO Workshop. WHO Headquarters, Geneva, Switzerland. 27-29 January 2004, Page v.

human nutrition have offered international fora for scientific discussions on these matters.<sup>2</sup> The outputs of these discussions, scientific advice, have been used extensively by Member countries, Codex Alimentarius Commission (CAC) and its subsidiary bodies and specific units within FAO and WHO to inform and support their decision making processes.

5. Sound scientific analysis and evidence, involving the thorough review of all relevant data form the basis for the development of food standards, guidelines and recommendation by the CAC. The advice has wide usage among risk managers, policy makers, food safety regulators and others at the international and national levels. With respect to the global trade in food and agricultural products, the Agreement of the Application of Sanitary and Phytosanitary Measures (SPS Agreement) of the World Trade Organization (WTO) recognizes the relevance of scientific advice.

6. Currently the FAO and WHO provide scientific advice through the following mechanisms<sup>1</sup>:

- The Joint FAO/WHO Expert Committee on Food Additives (JEFCA).
- The Joint FAO/WHO Meetings on Pesticide Residues (JMPR)
- The Joint FAO/WHO Expert Meetings on Microbiological Risk Assessment (JEMRA)
- The Joint FAO/WHO Expert Meetings on Pesticide Specifications (JMPS)
- Joint Expert Meeting on Nutrition (JEMNU)
- Ad hoc expert consultations and meetings organized in response to specific ad hoc requests or emergency situations

7. Decisions on the amount of the Regular Budgets of FAO and WHO allocated for the provision of scientific advice are made within the context the overall budget discussions. Critical to the work of FAO and WHO on the provision of scientific advice is the principle to ensure that all extra-budgetary resources received are utilized in a manner that does not compromise objectivity, independence and transparency of the provision of scientific advice. Discussions on alternate funding mechanisms should therefore be anchored on these principles and the statutes of the CAC.

8. The 67<sup>th</sup> Session of the Executive Committee of the CAC<sup>3</sup> in discussing funding for scientific advice acknowledged the severe financial problems both organizations are facing with respect to the provision of scientific advice in food safety and nutrition. The current financial situation no longer allowed response to all requests for scientific advice put forward by subsidiary bodies of the Codex Alimentarius Commission.

9. The Report brought out several issues:

- The critical funding situation was noted as a concern to members and the need to take into account legal constraints and also guarantee the independence and impartiality of the risk assessment<sup>4</sup>.
- In WHO, approximately 80% of the overall budget, including the provision of scientific advice, staff and activity, is provided through voluntary contributions from member countries rather than the regular programme (extra-budgetary resources).
- In FAO however, the budget for the provision of scientific advice in 2012-2013 came from the Regular Programme. With the increasing demand for scientific advice, the FAO continues its efforts to identify extra-budgetary resources, through the Global Initiative for Food-related Scientific Advice (GIFSA) and other mechanisms.
- Due to substantial cuts in the FAO regular budget, from 2012 onwards, a funding gap of more than 40% is expected for JMPR. At the same time, there is a significant increase in demands from members in the Committee on Pesticide Residues for evaluation and re-evaluation of pesticides.
- Since it is difficult for governments to provide additional support, alternate sources of funding should be sought, such as non-governmental organizations or foundations.

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<sup>2</sup> FAO/WHO Framework for the Provision of Scientific Advice on Food Safety and Nutrition, ISBN 978-92-5-105807-7, Rome, 2007

<sup>3</sup> REP12/EXEC2 paragraphs 65-74

<sup>4</sup> CX/CAC 12/35/15-Add.1

### Funding options and strategies available for sustainable support for scientific advice by FAO/WHO for Codex activities.

10. Under the current legal framework, there are two broad options available to FAO/WHO for seeking funds for scientific advice. The first option involves funds allocated from their regular budgets (assessed contributions) and the second are funds received from voluntary contributions (extra budgetary resources).

#### Funding for Scientific Advice through the Regular Budgets of FAO and WHO

11. In the FAO, scientific advice is led by the Nutrition and Consumer Protection Division (AGN), with contributions from other FAO units such as Plant Production and Protection Division (AGP), Animal Production and Health Division (AGA) of the Agriculture and Consumer Protection Department and the Policy and Economic Division of the Fisheries and Aquaculture Department (FIPM). The budget for scientific advice for the period 2010-2013 is summarized in Table 1.

**Table 1**  
**FAO/WHO Budget for Scientific Advice 2010-2013**

YEAR	ORGANIZATION	STAFF COSTS	NON-STAFF COSTS	TOTAL	Staff Cost as % of Total
2012-2013	FAO <sup>5</sup>				
	AGN	2,368,196	1,180,000	3,548,196	66.7
	FIPM			186,325	
	AGP			1,010,000	
	WHO <sup>6</sup>				
	Food Safety	2,640,000	1,500,000	4,140,000	63.8
	Nutrition	2,380,000	1,347,000	3,727,000	63.9
2010-2011	FAO <sup>7</sup>				
	AGN	1,491,413	973,718	2,465,131	60.5
	FIPM			178,781	
	AGP			1,056,000	
	WHO <sup>8</sup>				
			2,600,000		

12. These figures reflect Regular Programme Budget provided in the current FAO Strategic Framework where there is a specific strategic object addressing food safety. From 2014 FAO will operate under a new strategic framework which will include 5 Strategic objectives. In the new strategic framework scientific advice will fall under Strategic Objective 4. As the allocation of resources under the new strategic framework is still under development there is currently uncertainty as to the level of Regular programme funding that will be available for scientific advice in the next biennium. Due to competing demands and a new process for planning programmes of work and budget, a reduction in regular programme funding for scientific advice cannot be excluded. As a result, awareness of the importance of scientific advice

<sup>5</sup> CX/CAC 12/35/15 para 22

<sup>6</sup> CX/CAC 12/35/15 para 25

<sup>7</sup> CX/CAC 11/34/11 para 34

<sup>8</sup> CX/CAC 11/34/11 para 38

programme to the Codex standard setting process must be pursued both internally in the organization but more importantly by FAO Members.

13. The program and budget planning process for 2014-15 is on-going in WHO. As part of the WHO reform process the new Global Program of Work will be developed along the lines of 5 Categories, with several program areas within each Category. Food safety and nutrition, previously under the same Strategic Objective, will fall under different Categories in the new GPW. The budget allocation for each Category and program is under development, and actual budget allocation for scientific advice is under discussion.

14. The inadequacy of the resources from the regular budget to support scientific advice has been identified as a critical issue by both FAO and WHO. It is important to note that over 60% of the budgeted amounts are for staff costs and that staff cost are not covered by regular budget.

15. The data given in Table 1 covers 2010-2011 and 2012-2013, it will be useful to have complete data delineating the estimated budget for scientific advice per year; the actual cost for each year and the corresponding information on staff costs, available resources (from both regular budget and extra-budgetary resources) and the estimated funding gap. This can be summarised in form shown in Table 2 for further discussion.

**Table 2**

YEAR	TOTAL ESTIMATED COST <sup>9, 10</sup>	ACTUAL EXPENDITURE	STAFF COSTS	RESOURCES		
				REGULAR BUDGET	VOLUNTARY CONTRIBUTIONS	TOTAL
2012	2,450,000					
2011	1,140,000					
2010	2,070,000					
2009	2,300,000					
2008	2,380,000					
2007	1,820,000					
2006	1,715,000					
2005	4,245,000					

Funding for Scientific Advice through Voluntary Contributions (Extra-budgetary resources).

16. With respect to extra-budgetary resources, these are usually provided through national governments and are normally linked to specific activities. It could be in-kind contributions in the form of secondment of Experts from Governments, Scientific or Academic Institutions to FAO and WHO to participate in meetings. It also relates to staff time (salary) in preparation of and during the expert meetings. An additional source for extra-budgetary funds is from non-governmental agencies, foundations and the private sector.

17. In general, the range of contributors to funding of scientific advice has been very narrow. The FAO in reporting on scientific advice support for Codex indicated that from February 2008 until April 2010, financial and/or in kind contributions were received from Australia, Italy, Japan, New Zealand, Norway,

<sup>9</sup> Excluding Staff Costs

<sup>10</sup> Data from CX/CAC 12/35/14, Page 5, Annex 1; CX/CAC 11/34/15, Table 1; CX/CAC 10/35/15, Table 1; ALINORM 09/32/9F, Page 11, Table 1; ALINORM 08/31/9G, Page 8, Table 1; ALINORM 07/30/9G, Page 10, Table 1; ALINORM 06/29/9F, Page 8, Table 1; ALINORM 05/28/9G, Page 12, Table 1.

Thailand and the United States of America<sup>11</sup>, whilst from March 2010 until May 2011 it received financial and in-kind contributions from Australia and the United States of America<sup>12</sup>. For the 2008-2009 biennium, WHO received resources from Canada, Ireland, Japan, Luxembourg, Republic of Korea, Thailand and the United States<sup>13</sup>. The WHO indicated that at the end of April, 2010 it had received contributions from Canada, European Union, Japan, Luxembourg, the United States of America, FANTA 2, Academy of International Development (AED) and the Micronutrient Initiative<sup>14</sup>.

18. For the past four years therefore financial and/or in-kind contributions for scientific advice has been received from only 13 member countries, 1 member organization, the European Union and 3 entities. For a 186-member organization as Codex, (194 for WHO), the burden of providing extra-budgetary resources for scientific advice is therefore only on a few members.

### **Approaches to be taken by FAO/WHO to secure funding in a sustainable manner through own allocations**

#### Global Initiative for Food-related Scientific Advice (GIFSA)

19. This initiative was established by the FAO and WHO to provide extra-budgetary resources for the provision of scientific advice. The specific objectives of GIFSA<sup>15</sup> are:

- a. To increase awareness of the FAO/WHO programme of work on the provision of scientific advice
- b. To mobilize technical, financial and human resources to support the provision of scientific advice in food safety and nutrition
- c. To promote the timeliness of the provision of scientific advice by WHO and FAO while ensuring the continuation of the highest level of integrity and quality

20. A Committee manages GIFSA with procedures developed to ensure that resources are allocated to activities in an independent and transparent manner, taking into account the criteria for prioritization of activities already agreed by Codex, FAO and WHO and the specific needs of FAO and WHO Member Countries<sup>6</sup>. Under GIFSA funds should not be sought or accepted from entities that have a direct commercial interest in the outcome of the activity towards which they are contributing. This ensures that the legal constraints and the independence and impartiality desired are attained.

21. To date support to GIFSA has only been provided by national governments from a few Member countries. In general this funding has been earmarked, i.e. support to JECFA, support to JMPR etc. The support FAO has received through GIFSA (through multi donor or single donor trust funds or in-kind contributions) is in Table 3. (Note: since the majority of resources for WHO are received as voluntary contributions from Member States these have not been listed as contributions through GIFSA)

**Table 3**  
**Support received through GIFSA, 2009-2013<sup>16</sup>**

<b>Year</b>	<b>Funds</b>	<b>In-kind support</b>
2009	US\$ 271,802	
2010	US\$ 293,545	
2011	US\$ 4,500	
2012	-	4 months senior level seconded officer
2013	US\$ 130,000	

<sup>11</sup> CX/CAC 10/33/9, para.45

<sup>12</sup> CX/CAC 11/34/11, para. 36

<sup>13</sup> CX/CAC/10/33/9, para. 46

<sup>14</sup> CX/CAC 11/34/11, para. 38

<sup>15</sup> <http://www.who.int/foodsafety/codex/gifsa/en/index.html> accessed 26/1/2013

<sup>16</sup> FAO, comments on first draft of this paper.

22. The total financial contribution through GIFSA over the last five years is US\$699,847. This is rather low for an initiative that is to provide extra-budgetary resources for the provision of scientific advice. There is the need to do a critical review of GIFSA and identify further options for accepting funds from organizations and foundations. It is also time for FAO/WHO to pursue an active fund raising strategy within the framework of GIFSA to support the provision of scientific advice for Codex related work

23. While FAO has a multi-donor trust fund through which funds can be provided for the provision of scientific advice, regular donors have recently indicated that in order to meet their current requirements in terms of reporting, such a mechanism is not adequate and thus other mechanisms such as single donor trust funds are also being used.

**Approaches that Codex, FAO and WHO could take to sustain and increase funding for scientific advice from Codex members and other government sources.**

24. Two approaches can be used, i.e. an expansion of the donor base from Codex members and the use of un-earmarked extra-budgetary funds.

Expand the Donor Base

25. It is crucial that the donor base for scientific advice is expanded with more Members committing to provide funds on a regular basis. To accomplish this, there will be the need to increase awareness of the importance of scientific advice programme to the Codex standard setting process. In this respect, a communications package should be developed by Codex through FAO and WHO to explain to potential donors the expert bodies' vital role in the development of Codex standards, and hence their valuable contributions in promoting the safety of the world food supply.

26. The occasion of the 50<sup>th</sup> anniversary of Codex can be used to re-launch a special fund to support scientific advice. Contributors will be Member countries, observers and entities currently associated with FAO, WHO and is expected to be voluntary contributions. This should be done through GIFSA taking into account the current financial and legal requirements of FAO and WHO.

Un-earmarked extra-budgetary funds

27. This was proposed as an additional option by the Representative from WHO at the 60<sup>th</sup> Session of the Executive Committee of the CAC<sup>17</sup>. The proposal was to delete the word "Regular" in front of "Budgets" in the second sentence of Article 9 of the Statute of CAC in order to allow the use of extra-budgetary funds for the work of Codex. This option would require the amendment of Article 9 of the Statutes of the Commission. The 31<sup>st</sup> Commission agreed to request FAO and WHO to prepare a discussion paper to explore the legal, financial and other implications of an amendment to Article 9 of the CAC Statutes<sup>18</sup>.

28. At the 62<sup>nd</sup> Session<sup>19</sup> of the Executive Committee of CAC, the Representative of FAO Legal Counsel indicated that although this seemed to be a simple proposal, it involved legal and policy implications which were still the subject of consultations between FAO and WHO Legal Offices. While stressing that extra-budgetary funding had been used in the past for a number of *ad hoc* scientific advice activities, the Representative recommended that the Executive Committee should wait for the conclusions of these discussions before making recommendation to the Commission.

29. The FAO in contributing to this paper indicated that this issue has already been discussed by the legal offices of both FAO and WHO. In 2012 FAO and WHO have agreed that there was no need to amend Article 9 and it should not be considered as an impediment to the receipt of extra budgetary funds.

30. The Executive Committee may discuss this matter further and make recommendations to the Commission..

**Possible mechanisms through which FAO and WHO could receive funding from non-governmental organizations and private funding sources to support scientific advice.**

31. The rules of FAO and WHO do not allow receiving funds from private sector entities that have a direct interest in the outcome of scientific advice but taking into account the current grave funding situation,

<sup>17</sup> ALINORM 08/31/3 Paragraph 45

<sup>18</sup> ALINORM 08/31/REP, paragraphs 122-124

<sup>19</sup> ALINORM 09/32/3, paragraph 96

all avenues should be explored on whether it is possible to accept funding from these sources while at the same time ensuring the independence of scientific advice.

#### Non-governmental Organizations and foundations

32. There may be several opportunities to receive funding from non-governmental organizations, especially the private sector but it is important to keep in view the legal constraints and the non-negotiable need for independence and impartiality in offering scientific advice. The United Nations has increased its efforts to foster partnerships with private foundations. With the establishment of the UN Foundation, several innovative and high-impact initiatives have been undertaken to achieve the Millennium Development Goals. There may be lessons for FAO and WHO in this respect.

33. The strategy is to have clarity on the type of partnership that will not compromise the already established integrity in the scientific advice. This will require due diligence on the proposed partners and concurrence from FAO and WHO Legal Offices. Furthermore a legal review of the current statutes, rules and policies of FAO and WHO as well as the Commission will be required for the acceptance of contributions from non-governmental organizations and the private sector and to ensure that the scientific advice will not be compromised as a result of funding by outside sources. It will also require a clear communications strategy on the proposed partnerships for fund raising. The communications package should detail out to potential donors the vital role of the scientific advice in the development of Codex standards, and hence their valuable contributions in promoting the safety of the world's food supply and preventing food-borne diseases.

#### *Proposed operational and inclusion criteria for consideration by FAO/WHO .*

34. It will be important for the FAO/WHO to set clear guidelines on operational and inclusion criteria for receiving donations from non-governmental organizations, foundations and the private sector to ensure that their legal and internal financial regulations are not infringed and increase donor confidence. The following are proposed:

1. Donated funds should generally be un-earmarked and given to FAO or WHO to support the work on scientific advice.
2. A donor who has no commercial interest on the outcome of the scientific advice work but may be interested in specific areas of food safety and nutrition may offer ear-marked donation.
3. A legally binding performance agreement to ensure cost-effective use of resources should be set.
4. A transparent financial reporting system be established
5. FAO and WHO may examine the profile of potential donors who have interest in at least one of the following areas:
  - improvement and strengthening of nutrition and food security policies,
  - improvement of the health and well-being of vulnerable groups
  - maternal and child health and nutrition in development and emergency contexts,
  - food security and livelihood strengthening,
  - agriculture and nutrition linkages,
  - emergency assistance in nutrition crises.
  - global and regional food trade
  - food quality and safety

#### *Examples of Foundations and Non-governmental Organizations to be considered as Donors for Scientific Advice.*

35. The following are examples of non-governmental organizations and private sector entities which can be considered

- The Bill and Melinda Gates Foundation
- Winrock International
- Food and Nutrition Technical Assistance III (FANTA Project).
- The Centre for Counselling, Nutrition and Health Care (COUNSENUTH);
- Helen Keller International (HKI);
- Instituto de Nutrición de Centro América y Panamá (INCAP);
- The International Food Policy Research Institute (IFPRI);

- Media for Development International (MFDI);
- Micronutrient Initiative (MI);
- Social Sectors Development Strategies (SSDS);
- Technical Assistance for NGOs International (TANGO International);
- Universities and Research Institutions
- Centre for Agricultural Bioscience International (CABI)
- Regional Economic Communities (RECs)
- Consultative Group on International Agricultural Research (CGIAR)
- Common Markets, Economic and Monetary unions.
- National and Regional food control/regulatory Authorities
- The World Bank

### International Funding Institutions

36. International funding institutions with priorities on agricultural development, sustainable development and food security can be principal partners in funding for scientific advice. These include:

- a. multilateral organisations,
- b. bilateral donors and
- c. non-governmental organization including foundations

37. The dominant issues for the donor community include achievement of the Millennium Development Goals. This changing situation points to the need for FAO/WHO to link their work on scientific advice to the attainment of Millennium Development Goals (MDGs). The MDGs of relevance to FAO and WHO in respect of food safety are:

- a. Goal 1 Eradicate extreme poverty and hunger
- b. Goal 7 Ensure environmental sustainability
- c. Goal 8 Develop a global partnership for development

38. It is imperative that Codex through the parent organizations, FAO/WHO, raises awareness about its work within this constituency and articulates the relationship between its work and the attainment of the Millennium Development Goals. The Monterey Consensus adopted by Governments in 2002 sought to mobilize resources to achieve the Millennium Development Goals. The United Nations General Assembly reviewed the implementation of the Monterey Consensus at the 2005 World Summit and adopted a Resolution which in part recognized the value in developing innovative funding sources<sup>20</sup>. It is important to develop institutional strategies for each key multilateral institution to ensure that funding is aligned with FAO/WHO priorities for scientific advice. Where the institution already supports the parent organization, the strategy will be to seek permission from FAO/WHO for targeted increased donation to cover scientific advice.

39. Examples of International funding institutions who could partner and support FAO/WHO in funding scientific advice

- a. African Development Bank (AfDB)
- b. Asian Development Bank (ADB)
- c. Caribbean Development Bank
- d. Global Environment Facility (GEF)
- e. Inter-American Development Bank
- f. International Fund for Agricultural Development (IFAD)
- g. World Food Programme (WFP)
- h. The World Bank Group (WBG)

### Global Fund

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<sup>20</sup> Report of the Secretary General on "Follow-up to and implementation of the outcome of the International Conference on Financing for Development" (A/60/289). Report of the Secretary General on "Multi-stakeholder consultations on Financing for Development", Summary by the President of the General Assembly of the High-level Dialogue on Financing for Development, New York (A/60/219), Report of the Secretary General on "Monterey Consensus status of implementation and tasks ahead" (A/59/822). All available at <http://www.un.org/esa/ffd>.



40. It is generally agreed<sup>15</sup> that, even when set at a low level, a global fund can raise billions of dollars in a year. In the long term, this financing mode serves as a bridge between needs and availability funds to ensure stability and predictability of resources. This may be an option for FAO/WHO to consider taking into account the legal constraints and the need to ensure independence and impartiality. The approach, modalities and the legal framework need to be positioned with the current regulations of FAO and WHO. If found to be feasible Codex can propose to FAO/WHO the establishment of a **Global Fund for Quality and Safety in Food Trade** in partnership with the three sisters (Codex, OIE and IPPC). The practicalities of setting up a global fund dedicated to supporting work related to food safety need to be examined by FAO and WHO.

#### Multi-Partner Trust Fund and Joint Programmes

41. In the context of humanitarian, transition, reconstruction and development programmes, the United Nations system, national authorities and Contributors/Partners are establishing “Multi-Partner Trust Funds (MPTFs) and Joint Programmes (JPs).<sup>21</sup> The increasing use of MPTFs and JPs is the need to provide flexible, coordinated and predictable funding to support the achievement of national and global priorities. There is the need for consultation and advice by FAO and WHO if this model fund generating model can be used to raise funds targeted at providing Scientific Advice.

42. MPTFs and JPs are not a one-size-fits all instrument. They have flexibility and can be designed to fit a specific global situation. The core principles and strategies for the establishment of MPTFs and JPs are:<sup>18</sup>

- a. Involve a broad range of stakeholders, including national authorities, Contributors, Partners, Participating UN Organization in the decision making process, as appropriate.
- b. Build on existing frameworks rather than creating a new, parallel structure.
- c. Strengthen effectiveness through coordination and harmonization of intervention to ensure increased coherence, efficiency, reduction of management and reporting burdens and associated transaction costs.
- d. Ensure that funding, operations and implementation modalities provide for full transparency and accountability.
- e. Focus on expedient delivery with a focus on results.

43. The funding modality for Multi-Partner Trust Funds (MPTFs) is the pass-through fund management model. This involves the appointment of an Administrative Agent (AA) by the Participating UN Organization through a Memorandum of Understanding (MOU). The AA serves as the administrative interface with donors. The AA subsequently signs a Standard Administrative Arrangement (SAA) with contributors/partners and receives, administers and transfer funds to Participating UN Organization in accordance with the MOU and SAA. The Participating UN Organization assumes full programmatic and financial accountability for the funds received from the AA under their own financial regulation and rules.

44. Some key advantages for MPTFs are given as<sup>22</sup>

- a. Improved resource efficiency and effectiveness, reduced transaction costs.
- b. Reduces cost relating resource mobilization, administration, communication and coordination.
- c. Interaction with donors and transitional authorities.

45. Example of a Multi-Partner Trust Fund is the **CGIAR Fund**. This is a multi-donor trust fund that supports international agricultural research aimed at reducing rural poverty, strengthening food security, improving human nutrition and health, and enhancing natural resource management guided by the Strategy and Results Framework. ([www.cgiar.org/FundsDonors](http://www.cgiar.org/FundsDonors)). Countries, foundations, multinational agencies and non-governmental organizations can contribute to the CGIAR Fund. There is no minimum for contributions to the Fund but the minimum contribution

<sup>21</sup> Multi-Partner Trust Fund Office. <http://mptf.undp.org/overview/funds>. Accessed 12/13/2012

<sup>22</sup> About Multi-Partner Trust Funds. <http://mptf.undp.org/overview/funds/why> Accessed 16/3/2013

required to be eligible for representation on the Fund Council is US\$500,000. The CGIAR Fund is administered by the World Bank, as Trustee and governed by the Fund Council. A representative body of fund donors and other stakeholders ([www.cgiarfund.org/aboutthefund](http://www.cgiarfund.org/aboutthefund))

46. There will be the need for legal counsel of both FAO and WHO to provide guidance on the MPTFs and JPs as possible models for generating additional/alternate funds for scientific advice in Codex.

### **Conclusions and Recommendations**

47. Scientific advice is an important activity in the Codex standards setting process and it is imperative that resources are available for this critical activity. Recognizing this importance and the fact that resources are inadequate, Codex, through its parent organizations, should examine options for attracting more resources without compromising on the integrity of the process. These can be considered under short-term and long-term options.

#### 48. Short-term options

- a. Codex through FAO and WHO must develop a communications strategy that will increase awareness of the importance of scientific advice program in the Codex standard setting process and the negative impact of inadequate funds on the process.
- b. It is important that the Donor base to support scientific advice is expanded with more Members committing to provide funds on a regular basis. A special golden jubilee fund, targeting all Member countries, Observers and other entities is proposed and intended to serve as a catalyst to get other Member countries to support scientific advise activities.
- c. The donation received so far through GIFSA is low therefore FAO/WHO in the short-term must review the operations of GIFSA and within the framework of GIFSA pursue an active fund raising strategy.
- d. It is recommended that the Executive Committee conclude discussions on the use of un-earmarked extra-budgetary funds for the work of Codex in the light of the fact that in 2012, FAO and WHO agreed that there was no need to amend Article 9 and it should not be considered as an impediment to the receipt of extra budgetary funds.

#### 49. Long-term options

- a. Targeting funds from non-governmental organizations and the private sector should be considered, taking into account the legal constraints and the need for independence and impartiality in offering scientific advice. The determination of operational, inclusion criteria as well as mechanisms for facilitating acceptance of funds and a clear communication strategy will be vital for success.
- b. If found to be feasible, donated funds from the NGOs and the private sector should generally be un-earmarked to allow flexibility for FAO and WHO to apply the funds for scientific advice.
- c. To promote donor confidence, a legally binding performance agreement to ensure cost-effective use of resources should be set and a transparent financial reporting system established.
- d. FAO/WHO should examine the practicalities of establishing a Global fund for supporting work related to food safety and quality with capacity to tap into funding from all sources.
- e. The CGIAR Fund, an example of a multi-partner trust fund supporting international agricultural research, is a model for consideration by FAO/WHO.

**Note: The comments received are presented in the Annex**

## ANNEX

## COMMENTS FROM FAO

**FAO budget for Scientific advice.**

The FAO budget is allocated on a biennial basis. The budget for the provision of scientific advice is separate from that of Codex and the work is supported by a number of different units and divisions in FAO including the Food Safety and Codex Unit, the Nutrition Division, the Plant Production and Health Division and Fisheries and Aquaculture Policy and Economics Division. As a result the allocated budget for scientific advice is spread across these different Units.

Figures for the last and current biennium are provided below. These refer to regular programme support only which is the primary source of funding in FAO. Details of extra-budgetary funds are provided later in the document. These figures include both staff costs and non-staff costs related to the provision of scientific advice. The budget is more or less equally divided between each year of the biennium.

Period	Total Regular Programme contribution
2012-2013	US\$ 4,711,191
2010-2011	US\$ 4,198,164

The main difference between the figures for the current biennium and the previous biennium relate to additional budget that was provided for nutrition issues in 2012-2013. For other areas of work the budget has remained more or less the same since 2010.

These figures reflect Regular Programme Budget provided in the current FAO Strategic Framework where there was a specific strategic object addressing food safety. As mentioned by the DG in his opening remarks to the last CAC, from 2014 FAO will operate under a new strategic framework which included only 5 Strategic objectives. Further details can be found here. (insert link). In the new strategic framework scientific advice will fall under Strategic Objective 4. As the allocation of resources under the new strategic framework is still under development there is currently uncertainty as to the level of Regular programme funding that will be available for scientific advice in the next biennium. Due to competing demands and a new process for planning programmes of work and budget, a reduction in regular programme funding for scientific advice cannot be excluded. As a result awareness of the importance of scientific advice programme to the Codex standard setting process must be pursued both internally in the organization but more importantly by FAO Members.

**GIFSA**

To date support to GIFSA has only been provided by national governments. Support has been limited to members from a few Member countries. In general this funding has been earmarked i.e. support to JECFA, support to JMPR etc. The support FAO has received through GIFSA (through multi donor or single donor trust funds or in-kind contributions) is as follows:

Year	Funds	In-kind support
2009	US\$ 271,802	
2010	US\$ 293,545	
2011	US\$ 4,500	
2012	-	4 months senior level seconded officer
2013	US\$ 130,000	

While FAO has a multi-donor trust fund through which funds can be provided for the provision of scientific advice, regular donors have recently indicated that in order to meet their current requirements in terms of reporting, such a mechanism is not adequate and thus other mechanisms such as single donor trust funds are also being used. Thus there is some flexibility in the way in which funds can be received.

As noted above to date all extra-budgetary funds have been received from member states. Funds from any other sources would need to be considered in light of the guidance provided by the FAO and WHO legal offices related to funding from private sector entities.

#### Article 9

This issue has already been discussed by the legal offices of both FAO and WHO. In 2012 FAO and WHO have agreed that there was no need to amend Article 9 and it should not be considered as an impediment to the receipt of extra budgetary funds.

#### Innovate funding sources

Our understanding was that this paper would address potential funding for scientific advice to support Codex. The paper however makes reference to receipt of funding by Codex. Within the current structures scientific advice and Codex standard setting processes are managed separately and have different funding allocations. In terms of financial administration this would have to be undertaken by FAO and/or WHO. The CAC itself does not have the capacity to receive or channel funds.

From our perspective it would be very useful if the development of this paper, which provides the opportunity to consult with different countries and partners, could provide insights into what would make it easier for countries to channel resources to FAO and WHO (e.g. a large number of donors each providing small amounts of resources), the potential foundations that exist that could be interested in this kind of work and what is needed to convince them scientific advice should be supported, other funding sources that we may not be aware of but that countries could bring to our attention. While different funding models can be explored the challenge is always actually getting donors to commit funds. Guidance on who FAO and WHO should be targeting in this regard and how would enhance the ongoing efforts of FAO and WHO.

### **COMMENTS FROM WHO**

Scientific advice and Codex activities are organizationally and structurally separated, so scientific advice is not part of Codex. As such these two aspects should be separated and according to the task of the working group the paper should focus on alternative funding sources for scientific advice.

Funding for Scientific advice in principle is via two sources:

1. regular budget (assessed contributions)
2. voluntary contributions

With respect to 1: for WHO an increase in assessed contributions of Member States to WHO would require the agreement of all Member States and is being under discussion in the context of the on-going WHO reform process. However it is unlikely that this will lead to an increased allocation of funds to scientific advice activities in the foreseeable future.

To 2: there are two options:

- a) voluntary contributions specific to the program by Member States
- b) voluntary contribution by foundations etc.

for 2a: at WHO the scientific advice program has been supported by few Member States through direct voluntary contributions by the program. Expansion of the donor base, i.e. more countries committing to the provision of funds on a regular basis would be critical for longer-term planning.

For 2b:

Provision of funds from foundations and organizations, in compliance with legal requirements, is an area that has not been sufficiently explored. From my recollection of the discussion at the CCEXEC this was an area were advice by the group to FAO and WHO would be most valuable. It would therefore be most important if this part of the discussion could be much more expanded, i.e. identification of foundations, organizations with an interest in food safety, food production, trade etc. that may be approached by FAO and WHO for possible funding.

### COMMENTS FROM THE MEMBER FOR EUROPE

The document contains comprehensive information on how different international bodies collect funds for their activities. It also contains reflections on various funding mechanisms and models. However, there seems to be no need to create new tools or mechanisms for collecting funding for the Scientific Advice by FAO/WHO because these are already in place. Both WHO and FAO can allocate funds for Scientific Advice from their Regular Budgets and they can also take in extra budgetary contributions directly from governments. In addition, GIFSA accepts funds from governments, organisations and foundations which should provide some flexibility as regards the sourcing of funding.

The problem is that the current source of funding, i.e. governments, seem to be insufficient. Therefore, while it is important to continue encouraging Codex member governments to contribute to the funding of Scientific Advice and new countries should get involved in this activity,

alternative funding sources need to be explored, including financial support of private origin. The 2nd recommendation in paragraph 22 of the last year's CCEXEC discussion paper (CX/CAC 12/35/15-Add.1) remains valid:

"Explore whether it would be appropriate to accept financial support from private origin and how such support could be collected and distributed, taking into account the legal constraints and the imperative necessity to guarantee the independence and the impartiality of the risk assessment opinions supporting Codex standards and related texts."

It is clear that the rules of FAO and WHO do not allow receiving funds from private sector entities that have a direct interest in the outcome of the work, that obviously in order to safeguard the independence and integrity of this work. Nevertheless, taking into account the current grave funding

situation, all avenues should be explored on whether it is possible to accept funding from non-governmental sources while at the same ensuring the independence of Scientific Advice.

This could be for example funding from organisations and foundations supported by private stakeholders which is not targeted to specific programs. As a first step, the rules under which GIFSA accepts funds from organisations and foundations should be clarified.

### COMMENTS FROM THE MEMBER FOR NORTH AMERICA

The United States has had a long-standing interest in this issue and appreciates the efforts that went into making the Discussion Paper a comprehensive document on the scientific expert bodies, JECFA, JEMRA, JMPR and JEMNU, and the funding situation with which they are currently faced. The advice provided by these expert bodies is critical to the scientific basis of Codex standards and related texts. The United States considers ensuring that they are adequately supported vital to the timely and relevant development of Codex standards. To that end, we believe we should (1) focus on examining both short term approaches to meet immediate needs and long term approaches that will provide sustainable support for the future, and (2) develop more concrete proposals for expanding the donor base.

While we believe that a serious effort to resolve the funding problems of the expert committees may require innovative approaches, including changes to rules or policies governing acceptance of funds from non-governmental sources, we strongly agree with the point made in paragraph 7 of the Discussion Paper, that discussions on funding sources should be anchored on the principle that "All extra-budgetary resources received are utilized in a manner that does not compromise objectivity, independence and transparency of the provision of scientific advice." Additionally, we believe that the current operating procedures employed by FAO and WHO to administer the funds and most importantly, to select scientific experts, should be maintained.

A constructive strategy for developing sustainable options for funding needs to be developed in a business-like manner, starting with a thorough analysis of the current funding situation. Such an analysis would examine:

- current and historic contributions to the expert bodies' funding
- current and potential funds needed by the expert bodies to do what is requested of them
- competing demands for funds (e.g. INFOSAN, Trust Fund, capacity building, etc.)
- potential sources of extra-budgetary resources.

An important part of this exercise would be to determine the gap between currently expected contributions and the funds needed to carry out the work requested of the expert bodies. Once this has been established, it will be possible to determine if the current contributors can be relied upon to contribute a sufficient amount, or if other sources will be required to ensure a reasonable income stream for the future.

Most likely, because of the severe budgetary limitations under which Governments are now operating, their contributions will not be enough to satisfy all the competing demands. One course of action, then, would be to focus on more concrete proposals for acceptance of contributions from non-governmental organizations, including private sector organizations. This will require some legal review of the current statutes, rules and policies of FAO and WHO as well as the Commission, and the development of criteria that ensure contributions do not involve a direct commercial interest in the outcome of the expert body review. We caution that if Codex Members are serious about resolving the lack of adequate funding for the expert bodies, then they will need to be realistic regarding the limitations on contributions from Member Countries and seriously consider seeking additional funding sources beyond the current donors.

If Codex agrees to consider funding from non-governmental sources, Codex will, of course, need to consult with the legal offices of WHO and FAO to determine if associated changes to rules and policies would be required. Additionally, Codex will need to work very closely with the legal counsel to establish procedures and guidelines that will ensure that the scientific advice will not be compromised as a result of funding by outside sources.

In addition to disseminating information reaffirming the Codex commitment to the integrity of the process, we recommend that a communications package be developed which would explain to potential donors the expert bodies' vital role in the development of Codex standards, and hence, their valuable contributions in promoting the safety of the world's food supply and preventing food borne disease.

While it appears that long term sustainability cannot be achieved solely by encouraging governments to increase their designated contributions to the expert bodies, country contributions remain an integral part of the donor base. Along those lines, we support CCAfrica's recommendation for a fund raising promotion in which all member countries will be encouraged to make some contribution to the expert bodies, as we believe it will lead to a longer term expansion of the donor base. This could be initiated as part of the 50th Anniversary commemorative effort, as suggested in the Discussion Paper.

The United States is also interested in exploring the ideas in paragraph 31 -33 pertaining to un-earmarked extra budgetary funds. We understand from FAO's April 5, 2013, comments that there is no legal impediment to receipt of extra-budgetary funds to support scientific review/advice work, and therefore there is no need to amend Article 9 of the Statutes of the Commission. We would appreciate clarification of this conclusion. Does it remove a limitation previously thought to exist and allow use of additional funds to support this work?

While we found some of the fund raising recommendations, such as taxes and credit cards to be inventive, we believe that they would require significant changes to the various organizations' statutes, and may not be practical given uncertainty concerning the level of support for these recommendations among member countries.

Again, we appreciate the extensive efforts involved in developing the Discussion Paper and look forward to productive discussions to enhance the critically important funding of the provision of scientific advice to support Codex's standard-setting work.

#### **COMMENTS FROM MEMBER FOR THE SOUTH WEST PACIFIC**

While the paper starts of with an examination of funding options for scientific advice- which is the brief to the WG- some of the analysis and proposals extend to funding of Codex programme rather than on the core issue of funding for scientific advice. In any event the Executive Committee is familiar with much of this. For this reason in our view much of the commentary and analysis set out in paras 14 to 26 are not critical to the paper. In any event it is not realistic or pragmatic to look at options that will call for review of the statutes of FAO and WHO. This is acknowledged in the third bullet of para 22.

The paper lacks clear summary and recommendations to guide Executive Committee discussions in order to reach concrete conclusions and support future activities. The recommendations could distinguish between short term and long term options. There is a clear need and imperative to deal with short term funding requirements even while focussing on long term solutions.

To assist with shortening the paper we feel that the substance of the paper is from paras 28 and the options can be narrowed down to the following;

- a. GIFSA and a concerted fund raising strategy to secure funding from **all** sources including non governmental entities and the paper needs to highlight the need for clarity on criteria and preconditions for acceptance of funding from non-governmental organizations including the private sector.
- b. some of the ideas for innovative funding options are interesting but realistically will require careful and more detailed evaluation to determine the mechanics of establishment and funds mobilization- eg the Global Fund for Quality and Safety in Food Trade.

On that basis, in order to identify the way forward we would suggest that the next draft of the paper;

1. Focus on the core issue of funding for scientific advice and remove material that pertain to the broader issue of funding of Codex and the Joint Food standards programme.
2. Urge parent bodies to pursue an active funding raising strategy within the framework of GIFSA to secure the necessary resources to support the provision of scientific advice for Codex related work
3. Urge the parent bodies to examine the practicalities of establishing a dedicated Global fund for supporting work related to food safety and quality with capacity to tap into funding from all sources
4. Identify and establish specific criteria and mechanisms for facilitating acceptance of contributions from sources other than governments to support the provision of scientific work.

## **COMMENTS FROM COSTA RICA**

### **(COORDINATOR FOR LATIN AMERICA AND THE CARIBBEAN)**

#### Comment 1

Costa Rica welcomes the distribution of this document and attaches comments. We believe that the final proposal of this document could be submitted to the Committee on General Principles for member countries to evaluate the proposal.

#### Comment 2

Receive a warm greeting from Costa Rica Codex Department. Thank you very much for your email and congratulations for all the work done in preparing the document and incorporating comments .

About the document as CCLAC we have a concern, please see attached the email below in which we send our comments. Specially we said two things:

1. That developing countries can make contributions in kind, for example with time of national experts dedicated to specific research. (The idea is to give a possibility for developing countries to contribute in kind (compensate) rather than with money, and that may provide the permission of time for national experts to engage in certain investigations.)
2. We saw that there is no contemplated taxes in the document, for us it is a very good idea. As a general comment, for developing countries is very difficult to draw money from taxes having to pay because the internal crises we have.
3. *For 31. There may be several opportunities to receive funding from non-governmental organizations, especially the private sector It should establish the criteria for financing and detailing...* It should establish the criteria for financing and detailing what types of studies are those that are to be performed by specifying the priorities of projects to fund. It must also show transparency in the projects being financed to show neutrality in the selection and prioritization of the studies.