

May 2004

codex alimentarius commission



FOOD AND AGRICULTURE
ORGANIZATION
OF THE UNITED NATIONS

WORLD
HEALTH
ORGANIZATION



JOINT OFFICE: Viale delle Terme di Caracalla 00100 ROME Tel: 39 06 57051 www.codexalimentarius.net Email: codex@fao.org Facsimile: 39 06 5705 4593

Agenda Item 8

JOINT FAO/WHO FOOD STANDARDS PROGRAMME

CODEX ALIMENTARIUS COMMISSION

Twenty-seventh Session

International Conference Centre, Geneva (Switzerland), 28 June – 3 July 2004

FINANCIAL AND BUDGETARY MATTERS

BACKGROUND

1. In accordance with Rule XII.1 of the Commission's Rules of Procedure, the Secretariat submits an estimate of expenditure based on the proposed programme of work of the Commission and its subsidiary bodies, together with information concerning expenditures for the previous financial period. The estimate of expenditure shall make provisions for the operating expenses of the Commission and the subsidiary bodies of the Commission established under Rule X.1(a) and X.1(b)(ii) and for the expenses relating to staff assigned to the Programme and other expenditures incurred in connection with the servicing of the latter. The present report provides information on expenditures in the previous budget period (2002-2003). It also provides update information on the budget for the current period (2004-2005), the estimate of which was presented to and noted by the 26th Session of the Commission¹.

2. It should be noted that as regards the budgetary and accounting arrangements, beginning with the biennium 2002-2003, the Joint FAO/WHO Food Standards Programme is managed within the FAO Regular Programme as Entity 221P2², with the WHO contribution to the Programme as external income.

BUDGET AND EXPENDITURE 2002/2003 (See Table 1)

3. Resources for the biennium 2002-2003 were obtained from the FAO contribution to the Joint FAO/WHO Food Standards Programme as listed in Programme Entity 221P2 in FAO's Programme of Work

¹ ALINORM 03/41 paras. 232-236

² The Director-General's Programme of Work and Budget for 2002-2003, FAO document C 2001/3, FAO, Rome, 2001. The document is also available from the FAO website at <http://www.fao.org/pwb>. The website also provides information on the Programme of Work and Budget for 2004-2005.

For reasons of economy, this document is produced in a limited number of copies. Delegates and observers are kindly requested to bring it to the meetings and to refrain from asking for additional copies, unless strictly indispensable.

Most Codex meeting documents are available on Internet at www.codexalimentarius.net

and Budget 2002-03 and the WHO contribution for the same period. The resources and the expenditures for the biennium 2002-2003 are shown in Table 1 (Annex).

4. Despite mobilising additional resources from other FAO Divisions to increase budget allocation for the Codex programme, there was an over-expenditure of US\$ 154,977, primarily in non-staff costs in comparison to the budget. This was mainly due to the contribution from the Codex budget to the *Joint FAO/WHO Evaluation of Codex Alimentarius and Other FAO and WHO Work on Food Standards (2002)*³ as well as the holding of the extraordinary sessions of the Executive Committee and the Commission in February 2003. An amount of US\$ 142,000 loaned internally within FAO will also have to be paid back in 2004 through a reduction in the 2004 allotment.

BUDGET FOR 2004/2005 (See Table 2)

5. In preparing initial 2004-2005 budget proposals for submission to the Governing Bodies of the parent Organizations, FAO and WHO had fully taken into account the recommendations of the *Joint FAO/WHO Evaluation of Codex Alimentarius and Other FAO and WHO Work on Food Standards* and the views of the 25th Session of the Commission (February 2003). Moreover, FAO's Programme and Finance Committees (May 2003) included Codex among FAO's specific priority areas which they expected could be adequately resourced, irrespective of the budget level adopted by FAO Conference⁴. The 56th World Health Assembly (May 2003) called upon the Director-General of WHO to reallocate resources for WHO's activities related to the setting of food standards based on the Codex Alimentarius with special attention to least developed countries⁵.

6. The budget proposals for the 2004-2005 biennium was presented at the 26th Session of the Codex Alimentarius Commission (June-July 2003)⁶. The proposed budget recommended an increase in the funding of Codex of US\$ 1,071,000 over the preceding biennium. In particular, allowances were made for increased frequency of meetings of both the Commission and the Executive Committee.

7. The 32nd FAO Conference met in November-December 2003 and considered the several budgetary scenarios for the 2004-2005 biennium, including the Zero Real Growth (ZRG) scenario. The latter anticipated a notable increase in the Codex expenditures if the purchasing power of the proposals presented at the 26th Session of the Commission was to be maintained, to take account of exchange rate adjustments between US dollar and the Euro as well as anticipated cost increases. The Conference adopted the FAO Budget for 2004-2005 at a level below the ZRG scenario. This implied that the Codex programme budget could be reduced from the ZRG scenario level, thereby negatively impacting on the availability of resources for non-staff costs - although only marginally due to its high priority in FAO.

8. The 53rd Session of the Executive Committee of the Codex Alimentarius Commission (February 2004) reviewed the budgetary report made by the Codex Secretariat regarding the 2004-2005 biennium and considered possible options to reduce the Codex expenditure, in view of an anticipated shortfall in the Codex revenue. The Committee agreed that it was not possible to decide on the options proposed since the exact level of the Codex budget was not yet known and members needed more time to consider these proposals. The Committee also agreed to request FAO and WHO to reconsider their respective budgets allocated to Codex and increase them to an appropriate level, so as to fully implement the recommendations on the follow-up of the Evaluation as approved by the 26th Session of the Commission. Furthermore, the Committee strongly urged FAO and WHO to examine ways to fill vacant posts in the Codex Secretariat without negatively impacting on the non staff costs of the Codex budget⁷.

9. In accordance with FAO Conference Resolution 7/2003 on Budgetary Appropriations 2004-05, the FAO Secretariat formulated revised budget proposals for 2004-05, in the light of the priorities expressed by the FAO Council and Conference as well as the criteria for priority setting originally established by the

³ ALINORM 03/26/15 para.9

⁴ Report of the Joint Meeting of the Programme and Finance Committees, Rome, 7 May 2003: document CL 124/4.

⁵ World Health Assembly Resolution WHA 56.23.

⁶ ALINORM 03/26/15 paras. 10-11 and Table 3.

⁷ ALINORM 04/27/3 paras. 41-43.

Council and as reviewed by the Programme Committee⁸. The FAO contribution to the Codex programme in the Revised Programme of Work and Budget 2004-05 stands at 5,734 thousand US dollars, pending approval by the Joint Meeting of the Programme and Finance Committees in May 2004.

10. The WHO Secretariat has also reviewed the level of its contribution to the Codex budget for 2004-2005. It is anticipated that its biennial contribution will amount at 1,225 thousand US dollars.

11. The initial Budget Proposals, Zero Real Growth Scenario at 2004-05 Costs and Adjusted Budget are summarised in Table 2 (Annex).

Cost Saving Measures for 2004-2005

12. FAO and WHO contributions combined, the total biennial Codex revenue in the Adjusted Budget will match the expected expenditure level, in principle, thereby enabling to hold, as previously planned, five sessions of the Executive Committee and two sessions of the Commission in the 2004-2005 biennium. However, several cost saving measures need to be put in place to absorb (a) reimbursement of the internal loan (US\$ 142,000; see paragraph 4 above), (b) priority-based reduction in FAO (US\$ 49,300) and (3) mobilisation from the non-staff costs budget to fund the professional post vacancies in the Codex Secretariat as frozen in the 2004 Allotments.

13. The Executive Committee at its 53rd Session noted proposals by the Codex Secretariat for reduction of the operational costs⁹. The Committee agreed that the Secretariat would send a Circular Letter to member countries concerning the promotion of electronic distribution of documents (in contrast to paper distribution) and would explore the possibilities of saving costs on the publication of the Procedural Manual.

4. The Executive Committee also noted that a number of host countries ensured the translation, printing and distribution of working documents, thereby saving substantial costs to the Codex budget. It therefore agreed that host countries that did not contribute to the costs of documentation should be encouraged to do so.

55. The Executive Committee and the Commission are invited to take note of the information provided above.

⁸ Adjustments to the Programme of Work and Budget 2004-05 (PC 91/3 – FC 107/14 – JM 04.1/2)

⁹ CX/EXEC 04/53/2 paras. 31-34

ANNEX

BUDGET AND EXPENDITURES TABLES

Table 1: Budget and Expenditure 2002-2003 - Combined Accounts (US\$'000)

Codex Budget 2002-2003				Expenditures		
Account Description	FAO	WHO	Total	FAO	WHO	Total
Salaries Professional	944	315	1,259	944	315	1,258
Salaries General Service	469	156	625	457	152	609
STAFF COSTS	1,413	471	1,884	1,400	467	1,867
Consultants	322	80	402	122	19	141
Contracts	-	-	-	111	17	128
Overtime	45	11	56	82	13	95
Travel	403	101	504	495	77	572
Expendable Procurement	-	-	-	4	1	5
Non-expendable Procurement	20	5	25	58	9	67
Hospitality	-	-	-	1	0	1
General Operating Expenses	37	9	48	100	16	116
General Overhead Expenses	-	-	-	76	12	88
FAO Services (Chargeback)	1,401	320	1,721	1,485	231	1,716
NON-STAFF COSTS	2,204	552	2,756	2,533	395	2,928
Total Budget/Expenditure¹⁰	3,680	960	4,640	3,933 (82.0%)	862 (18.0%)	4,795 (100%)

¹⁰ The difference of US\$ 97,311 between the WHO Budget and the WHO Expenditures represents WHO's portion of the outstanding balance (difference between contribution and expenditures) of two temporary Codex Trust Fund projects which are no longer active. This amount was returned to WHO through a credit note against their 2003 annual contribution to Codex, thus reducing their contribution by the same amount.

Table 2. Codex Budget 2004-2005 (US\$ '000)

Account Description	Initial Budget Proposals	Zero Real Growth Scenario at 2004-05 Costs	Adjusted Budget
FAO Contribution ¹¹	4,256		5,734 (82.4%)
WHO Contribution ¹²	1,376		1,225 (17.6%)
TOTAL REVENUE	5,632		6,959 (100%)
Estimated Expenditures			
Salaries Professional	1,838	2,034	
Salaries General Service	619	894	
STAFF COSTS	2,457	2,928	
Other Human Resources	380	565	
General Expenses	79	91	
Non-expendable Equipment	91	113	
FAO Services (Chargeback)	1,884	2,459	
Travel	741	809	
NON-STAFF COSTS	3,175	4,037	
TOTAL COSTS	5,632	6,965	

¹¹ An amount of US\$ 142,000 is to be reduced in the 2004 allotment to reimburse the loan made within FAO in the 2002-2003 biennium. A priority-based reduction of US\$ 49,300 is also foreseen in the 2004 allotment .

¹² In the initial proposals, costs of seconded WHO staff to the Codex Secretariat (US\$ 253,000) were included. It is expected that this secondment will not take place before 2005 and the WHO contribution indicated in the Adjusted Budget is exclusive of this secondment costs.