



JOINT FAO/WHO FOOD STANDARDS PROGRAMME
CODEX ALIMENTARIUS COMMISSION
Forty-seventh Session

CODEX TRUST FUND: ACTIVITY REPORT

EXECUTIVE SUMMARY

This report covers 2023, the eighth year of operation of the FAO/WHO Codex Trust Fund-2 (CTF2). It highlights key achievements and lessons learned and provides a summary of operational and financial aspects of activities in 2023.

In 2023, CTF2 beneficiary countries continued the accelerated implementation of project activities. There were no more public health restrictions reported by implementing countries that negatively affected project implementation. By the end of 2023, 50 countries have been receiving support from the CTF2, with nine additional countries approved for funding.

Post-implementation evaluations have been ongoing and in preparation for Round 1 countries, all four which have completed their CTF2 projects. Five countries from Round 2 and three countries from Round 3 completed their projects in 2023. The Round 4 group project combining Cambodia and Lao PDR was replaced by two individual projects combining joint activities. Project launches were reported by Eritrea, Guinea-Bissau and Liberia (Round 5) as well as Comoros, Niger, Uzbekistan, Zambia and Zimbabwe (Round 6). First implementation plans have been drafted for countries selected for Round 7 of CTF2 support.

Building on the successful pilot training in the previous year, in December 2023 the CTF2 held another workshop on good Codex practices in collaboration with the Ministry of Food and Drug Safety (MFDS) of the Republic of Korea. Participants from five countries in three Codex regions took part in the training.

Three videos highlighting the results of the CTF2 were produced in 2023, focusing on the outcomes of the successful three CTF2 projects implemented in Azerbaijan, Honduras and in the joint Bhutan-India-Nepal group project.

The CTF2 mid-term evaluation concluded in 2023 with results confirming the relevance, quality and efficiency of the trust fund. Recommendations deriving from the results of the evaluation have been considered to further increase the effectiveness of the CTF2.

Application Round 8 led to the receipt of eight individual and one group application. This is in line with the trend observed in previous years, when smaller numbers of applications of comparatively high quality had been received.

The major challenge confronting the CTF2 is a projected decline in financial contributions and long-term commitments of financial support. While the CTF2 is working close to full operational capacity, budgetary restrictions reported by donor countries have led to an austere outlook of the remaining four years of the trust fund's second phase. This challenge was also reflected at country level at the end of 2023 when activities had to be temporarily halted and projects introduced phased implementation due to the delayed arrival of pending funds.

The overall financial situation of the CTF2 reflects this development as for the second year in a row total expenditures exceeded total donor contributions received. With projected expenditures remaining high over the remaining four years of the CTF2, the current financial situation is unsustainable. Additional funding needs to be secured to ensure the continuation of CTF2 operations.

A. ACHIEVEMENTS IN 2023

Implementation of country projects

By the end of 2023, 50 countries have been receiving support from the CTF2, with nine additional countries being approved for funding. In 2023, pandemic restrictions were fully suspended and to the extent possible, countries resumed pre-pandemic levels of project implementation.

The implementation of most projects is proceeding well, with major challenges reported being administrative delays, challenges in coordinating activities involving multiple project stakeholders and the disruption of funding in some projects at the end of 2023. By the end of 2023, five additional individual country projects and the first CTF2 group project were completed.

Project status as of 31 December 2023:

- **Round 1:** All four projects completed (Ghana, Kyrgyzstan, Madagascar and Senegal)
- **Round 2:** Four projects completed (the Bhutan-India-Nepal group project, Guinea, Honduras and Rwanda), four projects ongoing (Burkina Faso, Cabo Verde, North Macedonia, and Mali)
- **Round 3** Three projects completed (Bolivia, the Gambia, Nigeria), six projects ongoing (Benin, Côte d'Ivoire, Cuba, Malawi, Turkmenistan and the Uganda-Kenya-Tanzania-South Sudan-Burundi group project)
- **Round 4** Eight projects ongoing (Azerbaijan, the El Salvador-Guatemala group project, Guyana, Kazakhstan, Mauritius, Cambodia, Samoa and Tonga), one country preparing implementation (Lao People's Democratic Republic (PDR)).
- **Round 5** Six projects ongoing (Eritrea, Ethiopia, Guinea-Bissau, Liberia, Maldives and Timor-Leste), one project approved for funding (Fiji)
- **Round 6** Five projects ongoing (Comoros, Niger, Uzbekistan, Zambia and Zimbabwe), three projects approved for funding (Pakistan, Sierra Leone and Syria)
- **Round 7** Seven countries approved for funding (Botswana, Cook Islands, Kiribati, Lesotho, Solomon Islands, Tajikistan and Vanuatu)

Challenges in project implementation

As the CTF2 is entering its final four years, the trust fund is facing a notable reduction in annual and multi-annual funding commitments by established CTF2 donors. Donors cite budgetary restrictions at national levels as the core reason for these reductions and point out difficulties in committing funds over several years. As the CTF2 requires planning security to commit to sustainable country project support, the smooth continuation of projects, let alone the inclusion of additional projects, will be jeopardized if additional funds cannot be secured for the remaining years of the CTFs.

At the end of 2023, a temporary disruption of the funding pipeline, which was owed to a delay in the receipt and distribution of project funds between implementing agencies, already led to a call by the CTF Secretariat to temporarily halt the implementation of new project activities. While only temporary, this situation did affect the planned implementation of project activities. To ensure a smooth continuation of the implementation of existing CTF2 beneficiary countries, the CTF Secretariat will place a stronger emphasis on the mobilization of additional resources and reconvene the CTF2 donor coalition to commit to sustained support of the CTF2.

At beneficiary country level, the effects of the COVID-19 pandemic on the CTF2 projects are now mainly visible in the requests for extension of project periods that were received over the past years by most of the countries, averaging 16 months for each project. In 2023, there were no more reports of public health restrictions that impeded the implementation of activities.

Major challenges reported by countries were the timely coordination and engagement of national Codex stakeholders, administrative delays in coordinating with FAO and WHO lead agencies at country level and the above-mentioned disruption of the funding pipeline which affected several countries at the end of 2023 and the beginning of 2024. Apart from this temporary disruption, most of the reported challenges linked to coordination are being effectively resolved at local level as they are part of the learning process of enhancing the capacity of national Codex offices that operates at national and international level.

Building synergies: Second Global pilot training on good Codex practices

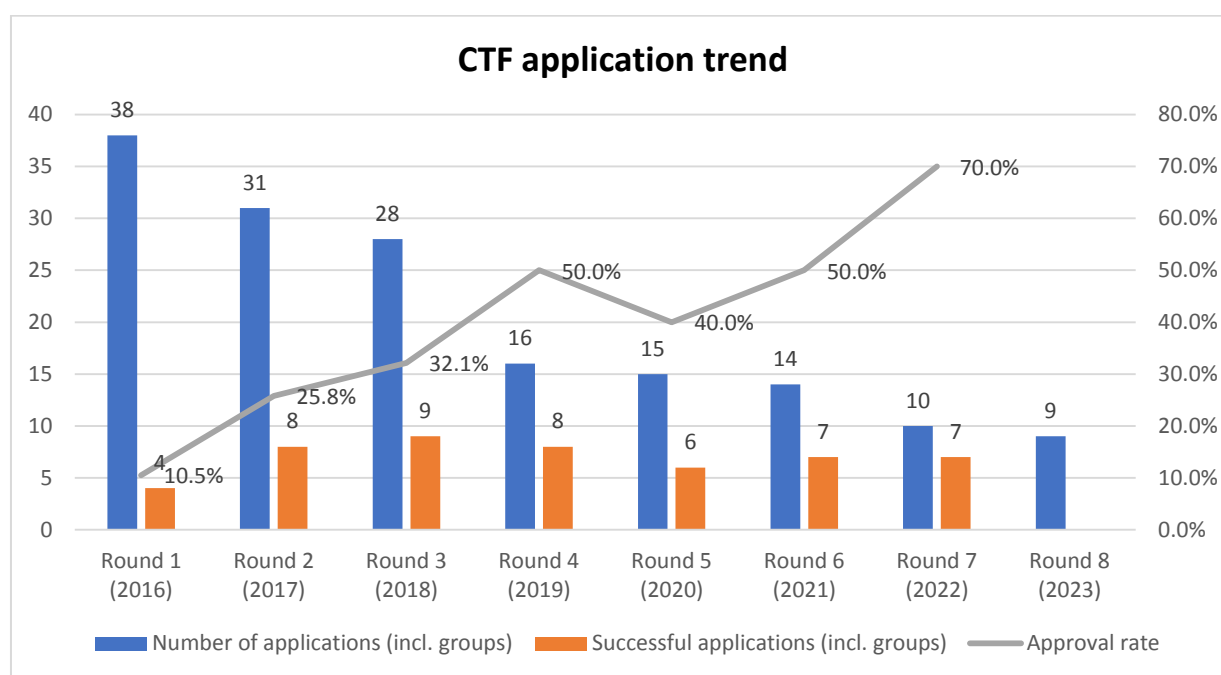
In December 2023, the Codex Trust Fund, in collaboration with the Ministry of Food and Drug Safety (MFDS) of the Republic of Korea, conducted a second workshop on good Codex practices. Fifteen participants from five CTF2 beneficiary countries (Honduras, India, Malawi, Nigeria and Uganda) successfully applied and were selected to participate in the training. Building on the positive experience of the previous year, the 2023 training was structured accordingly, combining lectures covering key aspects of the Republic of Korea's Codex system and procedures with complementing field visits, this time to a state-of-the-art food factory and a medium-sized traditional food manufacturer.

The training was considered very useful by the participants who drew connections between Korea's experience and the challenges within their own countries. Engaged discussions among participants led to the formulation of specific ideas of how the lessons learned through the training can be applied in the context of the various countries, further building on the support provided through ongoing CTF2 projects.

Observation of trends

The figure below provides an overview of applications received and projects granted over the past rounds of CTF2 support. The continuing trend towards a reduced number of applicants is in line with the observations over the past years that sees a shrinking number of eligible countries that have not yet received CTF2 support. The remaining countries have either not applied or were not successful with an earlier application.

Figure 1: CTF2 application trends (2016 – 2023)



The CTF2 Secretariat, in collaboration with the Codex Regional Coordinating Committees and the FAO/WHO Regional Officers, continued to hold training events on the CTF2 application process, as well as on the application of the FAO/WHO Codex Diagnostic Tool for self-assessing status of national Codex programmes. In 2023, three training webinars for six Codex regions were held by the CTF Secretariat.

The success of regular training and more tailored support provided by FAO and WHO regional offices is reflected in the growing share of successful applicants over the past years. One key element of a CTF2 application is the successful completion of a country's self-diagnosis of their national Codex system. With the quality of these assessments increasing as well, there is a direct impact on countries' learning and understanding of challenges and gaps linked to their national Codex structures and systems in place.

B. GOVERNANCE

The CTF2 Steering Committee, comprised of members from Codex Secretariat, FAO and WHO met as needed, ten times, in 2023. Following its mandate to decide on matters related to the core activities of the CTF2 for implementation by the Secretariat, the Steering Committee made funding decisions on application Round 7, decided on issues concerning individual country projects and provided guidance on operational issues of the CTF2. In December 2023, in response to a disruption of the CTF2 liquidity pipeline, the Steering Committee decided to temporarily halt the implementation of new activities for ongoing CTF2 projects. This temporary measure was necessary due to delays in the receipt and distribution of donor funds between implementing agencies.

The annual meeting of the CTF2 Advisory Group convened virtually on 8 June 2023 and focused on the results of the CTF2 mid-term evaluation and the recommendations deriving from its results. The advisory group supported proposed measures to improve the effectiveness of the CTF2. One of these proposals includes the introduction of a tiered application model which would consider different levels of support to be provided to applying countries, depending on the status of their country following United Nations (UN) criteria. Provided sufficient funding will be available in future application round, this tiered model would be considered to replace the established model.

C. FUNDRAISING IN 2023

In 2023, donors continued their support for CTF2 by re-committing annual contributions and disbursing scheduled instalments of multi-year agreements.

In line with the pattern of the previous year, in 2023 expenditures again exceeded the funds received from donors. With a growing number of projects implementing at full capacity, the rolling balance of the CTF2 over the past years has been decreasing notably.

Bilateral discussions with previous and current CTF2 donors in 2023 indicated that budgetary limitations and uncertain prospects considering political changes will likely limit total annual contributions to the CTF2 in the coming years. Prevailing uncertainties also limit the chance of multi-annual agreements or other forms of long-term commitments.

Considering that the remaining years of the CTF2 will focus on the completion of ongoing projects, an increase in the total annual contributions of donors will be required to ensure the completion of ongoing activities, let alone an inclusion of additional beneficiary countries. The CTF will continue to work with and engage established and prospective donors to encourage a sustainable funding flow for the CTF2.

The total number of donors of the CTF2 remained at 16, counting Canada, the European Commission, Finland, France, Germany, India, Ireland, Japan, the Republic of Korea, Malaysia, the Netherlands, New Zealand, Norway, Switzerland, the United Kingdom, and the United States of America. Out of these, the European Commission, Finland, Japan, the Republic of Korea, the Netherlands, Switzerland and the United States provided financial support to the CTF2 in 2023.

D. COMMUNICATIONS

In 2023 the CTF, in collaboration with the Codex Secretariat, commissioned the production of three videos highlighting the achievements of three CTF-2 projects in different Codex regions. The individual country projects in Azerbaijan and Honduras were featured in addition to the Bhutan-India-Nepal project which highlighted the networking effects at sub-regional level in addition to the capacity strengthening at national level. Capturing the results achieved by these very different projects, the videos are a means for further engagement of prospective beneficiary countries and to highlight the impact achieved through activities implemented by the CTF2.

E. MONITORING AND EVALUATION

2023 Results – logical framework

The Monitoring and Evaluation (M&E) framework was approved by the CTF2 Steering Committee and the CTF2 Advisory Group. Not all framework indicators are evaluated in this report as some will only be monitored if the activities take place (e.g. FAO/WHO Codex training courses) or can only be measured after project completion.

Performance Indicator	Baseline end 2022	Target	Performance Data	Self-evaluation
Output 1 - Countries being supported making steady progress				
1.1 - Number of individual countries supported through country or group applications	7 countries selected in 2022: Comoros, Niger, Pakistan, Sierra Leone, Uzbekistan, Zambia, Zimbabwe (52 cumulative since CTF2 inception)	Year on year increase in number of countries	7 countries selected in 2023: Botswana, Cook Islands, Kiribati, Lesotho, Solomon Islands, Tajikistan, Vanuatu (59 cumulative since CTF2 inception)	Annual - Achieved Cumulative - Achieved
Output 2 - Capacity of technical staff engaged in Codex activities increased as a result of project activities, sharing deliverables from projects, CTF2-supported FAO/WHO training and workshops.				
2.1 - Number and type of activities supported in project countries (as an individual country or as part of a group project)	115	Broad range of activities supported ¹	>150 activities in 2023, are listed in this report under the Activities section.	Achieved
2.2 - Technical staff engaged in Codex activities in supported countries are working differently (including participating differently in Codex meetings) as a result of these inputs	In 2022, countries supported by CTF2 and participating in CAC45 have demonstrated active participation in CAC45 and reported stronger engagement in committee meetings	By end of project, each country to demonstrate 1-2 ways they are working differently	In 2023, countries supported by CTF2 continued reporting stronger engagement in committee meetings, both through physical and virtual presence.	Achieved
2.3 - Number of outputs / deliverables from project countries being shared widely for use by all countries	10 materials (outputs/deliverables) on the CTF2 community library.	Year on year increase in number of outputs / deliverables	18 materials (outputs/deliverables) on the CTF2 community library.	Achieved.
2.5 - High level of satisfaction among participants in training courses/workshop organized and/or supported.	N/A	80% satisfaction rate	Satisfaction level was partially surveyed. Feedback received fulfilled indicator target.	Partially achieved

CTF2 mid-term evaluation

The CTF2 mid-term evaluation was completed in early 2023. Recommendations deriving from the evaluation, including the development of a tiered application model to achieve a more equitable access of prospective applicants for CTF2 support, as well as the development of a community hub, have been taken into consideration by the CTF Steering Committee.

¹ Including “innovative” activities (Codex coaching, south-south partnering/networking, tailored training, etc.) and synergies with FAO/WHO activities.

F. FINANCIAL REPORTING

This section provides an overview of the financial information of the CTF2. Table 1 provides the starting balance, contributions, expenditure and ending balance of the Trust Fund in 2023.

Table 1

Balance, income, expenditure 2023	US\$
Balance carried over from 2022	1,214,125
Net contributions received in 2023	1,298,941
Expenditures in 2023, including Project Support Costs (PSC)	1,893,650
Balance end 2023	619,416

Contributions and expenditures by cost category for the period 1 January – 31 December 2023 are listed in Table 2 and Table 3 below.

Table 2

Contributions in 2023	US\$
European Commission	339,112
Finland	54,825
Japan	34,954
Korea, Republic of	232,370
Netherlands	424,628
Switzerland	33,186
United States	112,000
Correction of funds returned to donors in 2022 (2023 correction)*	67,866
Total	1,298,941

* USD 387,639 of pooled funding were indicated as returned to CTF2 donors by FAO in 2022. Following closure of the financial year 2023 this amount was corrected to USD 319,773. The balance of USD 67,866 has been added to contributions received.

Table 3

Expenditure cost category 2023	US\$
Support to countries	1,315,740
Monitoring and evaluation	34,500
Project administration	55,419
Staff cost	332,412
PSC	155,580
Total (including PSC)	1,893,651

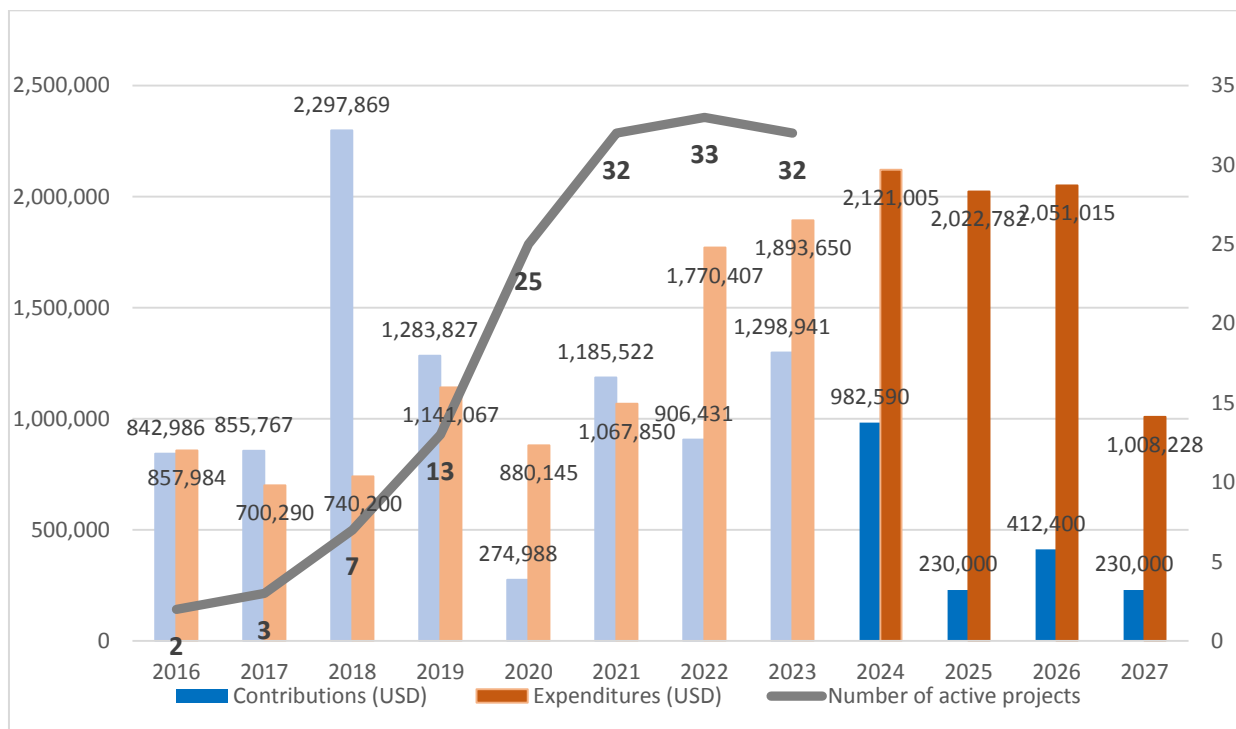
In 2023, project expenditures at country project level continued to increase as a growing number of active beneficiary countries implemented their work plans. Expenditures under the category *support to countries* also include the global training program implemented jointly between CTF and MFDS.

Expenditures under the category *project administration* comprise costs at secretariat level, including travel, translation of reporting documents, mailing and communications expenses. The category *monitoring and evaluation* comprises costs related to the CTF2 mid-term evaluation. *Staff cost* increased, as 100 percent of full-time equivalent (FTE) of administrative support was provided to the CTF in 2023 to support the accelerated implementation of CTF2 project activities.

Donors continued to provide their critical support to the Trust Fund operations with USD 1,298,941, including a correction to funds returned to FAO donors in 2022 as outlined in Table 2 above.

As illustrated in Figure 2, for the second year in a row, in 2023 expenditures outweighed the financial contributions received from CTF2's donor community. While the financial year ended with a positive balance of USD 619,416, the current trend is not sustainable as higher annual expenditures are expected for the remaining years of the CTF2.

Figure 2: CTF2 liquidity (historic: 2016-2023 and projected: 2024-2027)



The CTF2 works on a cashflow basis, setting planned activities against an expected inflow of funding from donors to allow for the support of a portfolio of country projects. In order to project the financial needs of the CTF2 over the remaining years of its lifetime, until the end of 2027, expected expenditures were set against secured donor contributions for the period 2024-2027.

Table 4 shows the projected CTF2 cashflow for four full calendar years. Projected expenditures presume the continuation of all CTF2 activities at the current rate, including the full implementation, completion and evaluation of ongoing and approved Round 1-7 projects. Projected donor contributions include commitments received until including June 2024. Predictable and sustainable funding is required to meet the forecast financial needs in the upcoming calendar years.

Table 4

FAO/WHO Codex Trust Fund-2				
4-YEAR CASH FLOW PROJECTION (NET FIGURES)				
	Total 2024	Total 2025	Total 2026	Total 2027
OPENING CASH BALANCE	\$619,416	-\$518,999	- \$2,311,781	-\$3,950,396
Donor contributions	\$982,590	\$230,000	\$412,400	\$230,000
TOTAL CASH AVAILABLE	\$1,602,006	-\$288,999	- \$1,899,381	-\$3,720,396
Fixed cost (Secretariat)	\$421,000	\$439,650	\$445,892	\$602,228
Variable costs (country support)	\$1,700,005	\$1,583,132	\$1,605,123	\$406,000
TOTAL CASH DISBURSEMENT	\$2,121,005	\$2,022,782	\$2,051,015	\$1,008,228
CLOSING CASH BALANCE	-\$518,999	- \$2,311,781	- \$3,950,396	-\$4,728,624