

CODEX ALIMENTARIUS COMMISSION



Food and Agriculture
Organization of the
United Nations



World Health
Organization

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Agenda Item 7

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JOINT FAO/WHO FOOD STANDARDS PROGRAMME CODEX ALIMENTARIUS

COMMISSION

Forty-fifth Session

Codex Budgetary and Financial Matters: Final report 2020-21; Progress 2022–2023 and Proposal 2024-25

(Prepared by the Codex Secretariat)

INTRODUCTION

1. In accordance with Rule XIII.1 of the Commission's Rules of Procedure, the Secretariat reports provide 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.

2. The present document contains a final report on expenditure for the 2020-21 biennium, a report on expenditure for the calendar year 2022 (as of September 2022) and an estimate of expenditure for 2023 based on the work plan presented in 2021, as well as a proposal for the biennium 2024-2025.

3. This report is focused on the regular budget for the Codex Alimentarius Commission (in charge of implementing the Joint FAO/WHO Food Standards Programme). However, the Codex system additionally relies on:

- i. The provision of scientific advice from expert bodies of FAO and WHO;
- ii. FAO and WHO capacity building projects and events related to Codex at national and regional levels;
- iii. The FAO and WHO Project and Fund for Enhanced Participation in Codex (Codex Trust Fund, CTF);
- iv. Members providing staff secondments to the Codex Secretariat;
- v. Members acting as hosts for Codex Committees, Task Forces and working groups (providing interpretation, translation, Chairpersons, a local secretariat and venues in the case of physical meetings);
- vi. Members operating their national Codex structure (Codex Contact Points and National Codex Committees) and bearing the cost of the participation of their delegates, and where relevant the cost of elected officials (Chairperson and Vice-chairpersons of the CAC and CCEXEC, Members of the CCEXEC, and designated regional coordinators) in Codex meetings; and
- vii. Contributions by FAO and WHO to Codex work and work management, including technical guidance and legal and communication services.

FINAL REPORT ON EXPENDITURE 2020-21

4. The COVID-19 pandemic resulted in dramatic changes in how Codex work was implemented which affected most of the 2020-21 biennium. The extensive public health measures applied meant that apart from CCEXEC78 (February 2020), no Codex meetings were convened physically in the biennium. All Codex meetings were postponed until new mechanisms for meeting implementation could be established which started with CCEXEC79 in July 2020, the first Codex meeting ever to be convened virtually. CAC43 was implemented virtually in November 2020 and this paved the way for all Codex work to be undertaken in a virtual manner in 2021. This has led to savings in certain areas, in particular travel, but has also led to increases in expenditure in other areas such as interpretation, translation and communication. The Secretariat adopted a flexible approach while delivering the Codex workplan during this very particular biennium. For instance, the savings from the COVID-19 pandemic allowed the Codex Secretariat to anticipate some of its work under Goal 3 and Goal 5 of the strategic plan, which focused particularly on digital Codex and recognition and use of Codex texts, rather than having to seek additional

resources to initiate this work.

5. In terms of impact on the Codex work and budget, the COVID-19 pandemic has not prevented Codex from fully delivering on its work plan. Although the number of meetings implemented was less than planned, extensive use was made of virtual tools and electronic working groups (EWGs) to retain engagement and progress work. The Budget flexibility meant that savings in one area could be allocated to other areas such as the work of EWGs and support to virtual meetings thereby transforming the challenges posed by the COVID-19 pandemic into benefits to Codex particularly in terms of participation and inclusivity.

6. As outlined in table 1, the biennium concluded with 98% delivery. Expenditures were in line with the budget in terms of staff cost, however Codex spent less in travel and operating costs, compensated by additional costs in consultancies and contracts with external service providers (including interpretation and translation). Additional information is reported below:

- *Staff* (including salaries of professional and general service staff): A short-term P4 was hired to support the increased need in Information Technology (IT) services due to the COVID-19 pandemic and support the renewal of the Codex IT systems (see below under Other Human Resources and Contracts).
- *Other human resources and contracts*: Taking advantage of the savings generated due to the COVID-19 pandemic, the Secretariat, in collaboration with the FAO IT division, have initiated the digital Codex project described in CX/CAC 20/43/13 (paragraphs 33 and 34). This project is addressing long-standing IT infrastructure issues that posed serious risks of data loss, including renewal of its servers and transfer of data repositories to the cloud. A contract was signed with an external provider to carry-out this work. Consultants are assisting with this initiative, including web development, communication and design, and training. There will be ongoing costs related to hosting, licensing, roll-out of and training on our digital systems and tools. This is in line with Goal 5 of the Codex Strategic Plan 2020-2025 which includes enhancement of work management systems. The savings have also enabled the Secretariat to take the first steps in supporting implementation of Goal 3 of the Codex Strategic Plan 2020-2025 to increase impact through the recognition and use of Codex standards. A preliminary study has been initiated which will form the basis for further work in 2022-23.
- *Internal common services*: Many sessions of subsidiary bodies of the Commission took place in 2021 requiring a range of preparatory meetings and webinars with interpretation in different languages and increased communication products including their translation to facilitate their successful implementation. These were accommodated through contracts with external service providers.
- *Other operating expenses*: These were higher due to additional consultancies and contracts with external service providers (including interpretation and translation).
- *Travel*: Significant savings were made under this line due to the COVID-19 pandemic.

Table 1: Regular programme budget and expenditure 2020-21 by cost type (USD thousands)

COST TYPES	Budget 2020-21	Actual Expenditure 2020	Actual Expenditure 2021	Total expenditure 2020-21
STAFF	4 508	2 136	2 412	4 548
OTHER HUMAN RESOURCES & CONTRACTS ¹	1 141	554	1 449	2 003
INTERNAL COMMON SERVICES ²	1 733	603	852	1 455
TRAVEL	630	116	21	137
OTHER OPERATING EXPENSES ³	790	73	448	521
Total	8 802	3 483	5 181	8 664
		40%	58%	98%

¹ Including consultants, interns, contracts with external service providers and overtime of general service staff.

² Including translations, interpretation, and printing serviced by FAO headquarters.

³ Including data processing equipment, furniture, stationery, costs for rental of external premises, general overhead expenses, contingency and operating costs.

REPORT ON EXPENDITURE IN 2022

7. As of September 2022, 44 percent of the 2022-23 budget had been spent. Table 2 shows a detailed breakdown of the adjusted budget for the biennium 2022-23 and the Secretariat's regular programme expenditure in 2022, broken down by cost type. Full delivery is expected by the end of the biennium.

Table 2: Regular programme budget 2022-23 and expenditure 2022 by cost type (USD thousands)

COST TYPES	Budget 2022–23	Expenditure 2022*
STAFF	4 595	2 504
OTHER HUMAN RESOURCES & CONTRACTS	1 100	938
INTERNAL COMMON SERVICES	1 700	352
TRAVEL	630	36
OTHER OPERATING EXPENSES	850	40
Total	8 875	3 870

**Figures as of September 2022*

44%

8. Expenditures in 2022 are therefore progressing according to the Codex work plan:

- Staff costs are in line with the budget and no change is expected under this line.
- Other Human Resources & Contracts includes costs for translation and interpretation that could not be handled by FAO internally (under Internal Common Services). This line also includes expenditures related to the Codex IT renewal project, that started in 2021 in collaboration with the FAO IT division. This project is addressing long-standing IT infrastructure issues that posed serious risks of data loss, including renewal of its servers and transfer of data repositories to the cloud. Consultants are assisting with this initiative, including web development, communication and design, and training. The project is scheduled to finish in early 2023, however there are ongoing costs that will remain related to licensing, hosting and maintenance. This is in line with Goal 5 of the Codex Strategic Plan 2020-2025 which includes enhancement of work management systems.
- This budget line also includes work related to the implementation of Goal 3 of the Codex Strategic Plan 2020-2025 to increase impact through the recognition and use of Codex Standards, in particular, work undertaken on the development of a mechanism to monitor the use and impact of Codex texts.
- Internal Common Services are lower than budgeted. Due to the high demand for FAO interpretation and translation services, some of these services were outsourced by FAO and hence costs came under Human resources and Contracts rather than Internal Common Services.
- Travel and Other Operating Expenses are lower than expected since most Codex meetings took place virtually during 2022. In addition, travel expenses include supporting CCEXEC Members from developing countries to participate in CCEXEC meetings. The resumption of travel of the Codex Secretariat to either be physically together with the Chairperson for virtual Codex meetings (CCAFRICA, CCSC, CCLAC), or participate in a physical Codex meeting (CCFH), or participate in external meetings to represent Codex in the last third of 2022, a trend that will continue in 2023, will increase travel and operating expenses costs.

ESTIMATE OF EXPENDITURE IN 2023

9. Estimated expenditures in 2023 are planned according to the Codex Work Plan. A description of the main budget lines is outlined below:

- Staff (including salaries of professional and general service staff): This line includes the staff of the Codex Secretariat. No particular variation is foreseen in 2023.
- Other human resources and contracts: This line includes work to support communications and outreach, publications, updating the design and digital archiving of the Codex Alimentarius, as well as recurring costs related IT infrastructure. In 2023, this will also include costs related to the celebration of the 60th anniversary of the Codex Alimentarius Commission.
- Internal common services: This line mainly includes translation and interpretation costs handled internally by FAO. Some of these services will be outsourced hence expenditures will be recorded under Human resources and Contracts rather than Internal Common Services.
- Continuing from 2022, given the increasing costs associated with the transition to hybrid meetings for the Commission and CCEXEC, working with host countries and the resumption of more physical meetings for Codex Committees in 2023, travel and Other Operating Expenses are expected to increase. It is therefore expected that there will be very limited resources in the budget for Codex@60 in-person celebrations. The Codex Secretariat would welcome collaboration from Members in this regard.

BUDGET PROPOSAL 2024 - 2025

10. In accordance with Rule XIII.2 of the Commission's Rules of Procedure, the estimate of expenditure shall make provisions for the operating expenses of the Commission and the subsidiary bodies of the Commission established under Rule XI.1(a) and XI.1 (b) (ii) and for the expenses relating to staff assigned to the Programme and other expenditures incurred in connection with the serving of the latter.

11. As a result of the COVID-19 pandemic, the way Codex operates has changed. While physical meetings are expected to have resumed in 2024-25, there will also be the need to provide virtual options for participation for Members who face challenges to attend Codex Committees in person. At the time of preparation of this document, Codex is considering its future working modalities based on the experience during the COVID-19 pandemic. The expectation is that there will be a greater emphasis on hybrid meetings, and other changes in working modalities which may require a redistribution in resource allocation. Staff resources are planned accordingly, however, should the Secretariat need to support a large number of virtual meetings, a flexible approach to the delivery of the Codex work-plan is required, while supporting the skill sets of host governments to support different meeting formats.

12. Expenditures in the 2024-25 biennium will be in line with the set objectives of the Codex Strategic Plan 2020 - 2025, for which the activities undertaken are regularly reported upon in the paper on SP implementation. The Budget remains sufficiently flexible that savings in one area can be allocated to other aspects of Codex work, in line with the Codex Strategic Plan 2020-2025.

13. The proposed budget for the biennium 2024-25, based on zero growth when compared to the biennium 2022-23, is shown in Table 3. The FAO and WHO contributions are subject to approval by their respective governing bodies in 2023. The budget is based on the following assumptions for major cost accounts:

- The uncertainties related to the future format of Codex meetings in the context of global change/uncertainties and costs will continue and present ongoing challenges in the refinement of the work plan for 2024-25.
- Annual sessions of the Codex Alimentarius Commission will be held physically with possibility of remote participation;
- Two annual sessions of the Executive Committee are envisaged, alternating between virtual and physical sessions;
- Other subsidiary bodies, including Coordinating Committees, are expected to meet at least once in the course of the biennium, the format and timing being subject to the prevailing conditions resulting in around 20 meetings of Codex subsidiary bodies;
- Even if physical meetings of Codex sessions are interspersed with virtual meetings it is anticipated that the Codex Secretariat will still travel to sit together with the Chairperson and Host Secretariat;
- There may be a need for further flexibility between the budget lines indicated in

Table 3 to ensure work continuity;

- The current online tools to facilitate Codex work will be fully maintained with ongoing capacity development to support Member and Observer engagement;

Table 3: Budget proposal 2024 - 2025 (USD thousands)

Contributing Agency	Contribution 2024-25
FAO Contribution	7 150
WHO Contribution	1 725
Total Contribution	8 875
COST TYPE	Budget 2024–25
STAFF	4 595
OTHER HUMAN RESOURCES & CONTRACTS	1 100
INTERNAL COMMON SERVICES	1 700
TRAVEL	630
OTHER OPERATING EXPENSES	850
Total Budget	8 875

14. Any new cost-intensive activities arising from emerging needs to better implement the Codex Strategic Plan 2020 – 2025 may have to be accommodated under the new Strategic Plan and the budget for the biennium 2026-27.

15. Codex has operated in a zero-growth budget environment for several biennia. Considering that overall costs are increasing for salaries, contracts, services, etc. and the impact this has on the costs for organizing committees, in particular hybrid sessions of the Commission and potentially supporting hybrid sessions of committees, it is becoming increasingly difficult to run Codex in line with Members expectations with the available resources. Members may therefore give consideration requesting FAO and WHO, Codex' parent Organizations, to increase Codex' budget.

16. Thanks to savings generated in the 2020-21 biennium due to the COVID-19 pandemic, Codex anticipated work on some projects under goal 3 and 5 without additional resources. As no budget increases are foreseen in the 2024-25 biennium, work on certain goals will require additional resources. Codex is seeking extra-budgetary contributions to support this work, i.e. work under Goal 3 on recognition and use of codex texts is being implemented with the support of a project funded by the Republic of Korea.