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COUNCIL

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Preparation for an Informal Meeting on Extra-budgetary Funding

Background

1. In the Immediate Plan of Action for FAO Renewal, it was foreseen under action 3.9 on resource mobilization that the Organization would hold “an informal meeting of interested Members and other potential sources of extra-budgetary funds and partnerships, to exchange information on extra-budgetary funding requirements”.
2. On 1 March 2011, the Organization held a day-long Informal Resource Partner Meeting under the banner “Achieving Goals Together”, which showcased the Impact Focus Areas (IFAs). The IFAs were designed as a communication tool to attract resources to strengthen FAO’s work in areas related to capacity development and policy support in particular at country level. The informal meeting was the first of its kind. It served as a means to raise awareness among partners about FAO’s new integrated budget and exchange information on the mobilization and delivery of voluntary contributions. The meeting was not designed to serve as a pledging conference but rather as a foundation for partnerships with sources of voluntary funding.
3. A subsequent information meeting was held in June 2012, as a side-event to the Council. This served to launch a new IMPACT publication to highlight FAO’s work and its global benefits to a wider audience. The IMPACT launch was well received, with one representative describing the initiative as “a quantum leap in FAO’s ability to communicate what it does”.

Moving forward

4. FAO’s communications for resource mobilization have been built in support of the current Strategic Framework. Therefore, voluntary contributions have been aligned to and reported against this Framework. FAO’s work is now being recast. Five new Strategic Objectives have been identified and are being elaborated into action plans for implementation from 2014 (see CL 145/4). Once approved by the Members, it is around the new Strategic Objectives that communications for resource mobilization will be focused.
5. Resource mobilization trends show that the economic and financial crisis is not affecting all sources of funding in the same way. Some important bilateral resource partners have reduced their

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voluntary contributions to FAO. On the other hand, the European Union, FAO's biggest contributor, and some traditional bilateral resource partners have maintained or increased their voluntary contributions for the work of the Organization. Figure 1 in Annex 1 shows a time series of voluntary contributions mobilized by FAO from 2007 to August 2012. Figure 2 in Annex 2 shows comparative trends between the periods January to August 2011 and January to August 2012 with an encouraging increase of 28 percent.

6. FAO's top twenty resource partners in the first eight months of 2012 are shown in Annex 1, Table 1. The top twenty contribute 74 percent of all resources mobilized.

7. While voluntary contributions are mobilized from over 120 sources, FAO needs to continue to expand innovative modalities and its base of resource partners, as envisioned in the corporate Resource Mobilization and Management Strategy. Expanding avenues for partnership include Unilateral Trust Funds (UTFs), South-South Cooperation, partnership with UN agencies, and collaboration with the private sector and with civil society.

Proposal for an informal meeting with Members and other partners

8. Looking forward to implementation of FAO's reviewed Strategic Framework and new Medium Term Plan/Programme of Work and Budget from 2014, FAO intends to host another informal meeting in 2013. The informal meeting with Members and representatives of the private sector and civil society will take place in February/March, which should be an opportune time to present results achieved in partnership, and highlight and discuss areas for expanded partnership.

9. The aim of the informal meeting will be to showcase "FAO's contribution to achieving the zero hunger challenge through partnerships" and raise awareness of the Organization's work in the context of the reviewed Strategic Framework and the importance of voluntary contributions. The main expected result is a commitment of members and partners to support and commit resources to enhance governments and regional organizations' capacities to:

- eradicate hunger, food insecurity and malnutrition;
- increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner;
- improve the livelihoods of rural populations and, in particular, for women and youth through enhanced employment opportunities and conditions, increased access to productive resources and rural services;
- enable more inclusive and efficient food and agricultural systems at local, national and international levels; and
- increase the resilience of livelihoods to threats and crises.

10. More specifically, the meeting will provide a forum to discuss:

- FAO's funding situation - highlighting trends and the status of voluntary contributions.
- The new Strategic Objectives - showcasing results and impact achieved against FAO's current Strategic Framework and the new Strategic Objectives, as well as ideas and directions for partnerships and the voluntary funding requirements for the new Strategic Objective Action Plans. This would link work at all levels of the Organization, demonstrate work in partnership, and reaffirm that FAO is 'working as one' in emergencies and development.
- Innovative modalities for partnership - highlighting the progress and prospects for Unilateral Trust Funds (UTFs), South-South Cooperation, partnership with UN agencies, and collaboration with the private sector and with civil society. Progress to date and the opportunities for expansion in each of these areas are summarized in Annex 2.
- Shared expectations and priorities - providing space for Members and other partners to share their views.

11. The intended outcome of the meeting would be that the Strategic Objective Action Plans provide a firm foundation and compelling rationale for partnership, encouraging voluntary contributions to Organizational Outcomes in the Medium Term Plan and Programme of Work and Budget.

Annex 1

Resource Mobilization Trend

Figure 1: Resources mobilized from January 2007 to December 2011

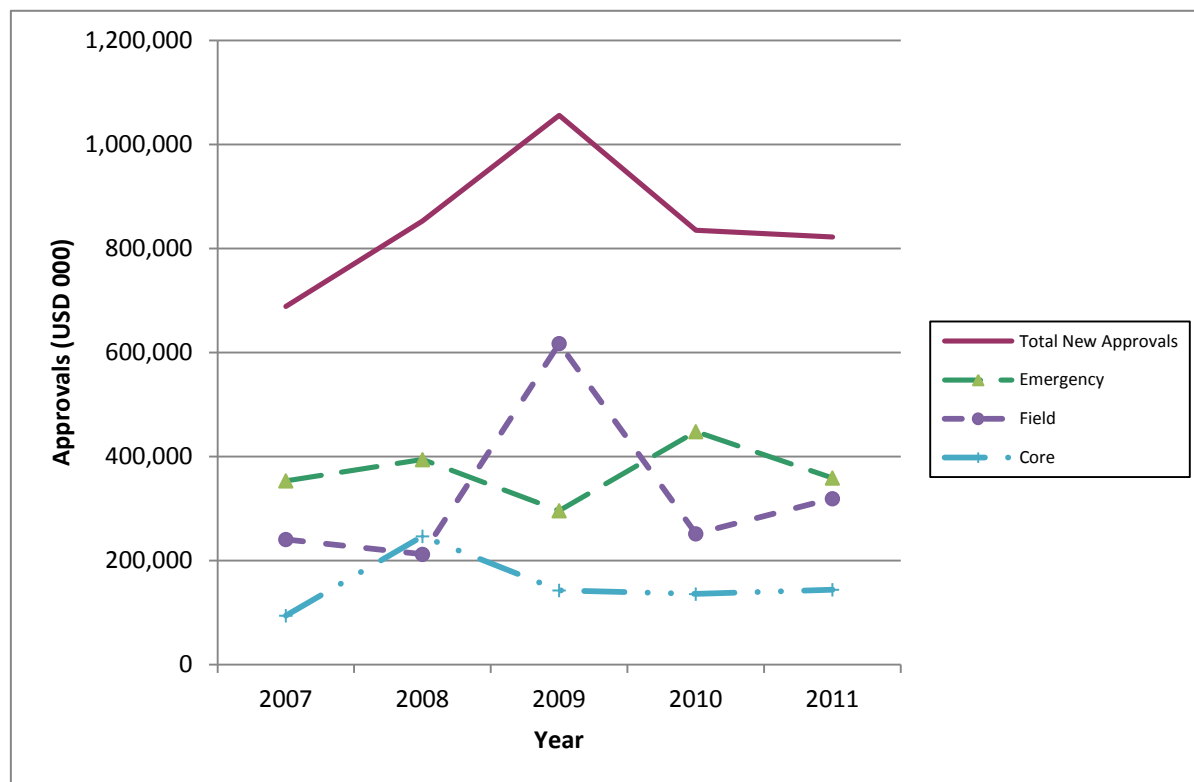


Figure 2: Resources mobilized: January to August 2011/January to August 2012

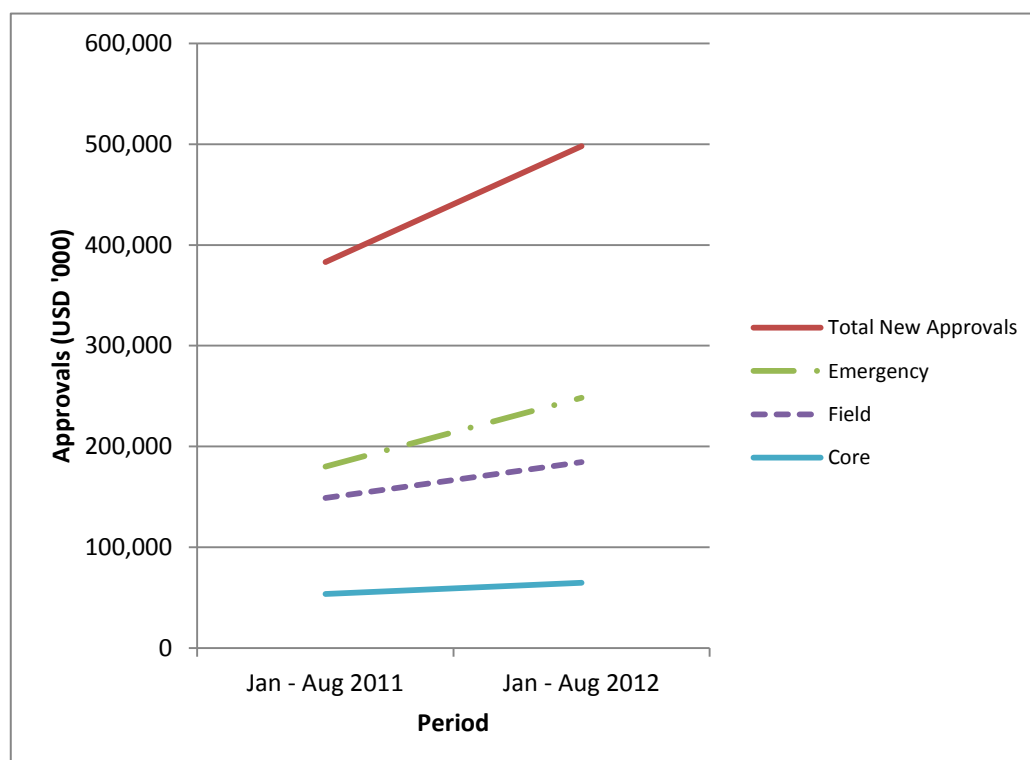


Table 1: Top 20 Resource Partners in 2012 as at August 2012

Resource Partners	Emergency Assistance	Field Programme	Core Voluntary	Total Approvals
European Union	37 202 184	17 501 706	15 555 758	70 259 648
<i>(Of which EU Food Facility)</i>	0	8 005	0	8 005
USA	46 744 162	0	0	46 744 162
UNOCHA	30 755 740	0	0	30 755 740
Norway	1 950 783	0	17 457 722	19 408 505
Japan	15 100 976	663 659	633 077	16 397 712
Australia	2 231 955	13 909 767	0	16 141 722
UNDP Administered Donor Joint Trust Fund	2 186 661	12 477 878	261 757	14 926 296
Netherlands	0	12 986 807	2	12 986 809
Canada	10 563 959	1	0	10 563 960
Spain	1 722 906	8 573 380	1	10 296 287
Italy	2 876 361	5 769 101	1 610 298	10 255 760
ECHO	9 692 669	0	0	9 692 669
Germany	0	4 567 196	4 980 081	9 547 278
UK	5 858 928	736 433	2 678 549	9 273 910
China	0	5 668 279	3 089 019	8 757 298
Sweden	6 680 133	0	0	6 680 133
Belgium	4 010 763	2 027 078	625 931	6 663 773
GEF (FAO)	0	6 131 291	350 000	6 481 291
CHF - The Common Fund for Humanitarian Action in Sudan	6 202 525	0	0	6 202 525
Multilateral	34 886 452	2 181 103	8 246 908	45 314 463
<i>(Of which FMM-Funded)</i>	0	0	133 164	133 164
UTF Projects	377 771	77 005 573	0	77 383 344
Other Resource Partners	29 421 319	14 401 958	9 313 791	53 137 067
Total Approvals	248 466 247	184 601 211	64 802 894	497 870 352

Annex 2

Innovative Financing Modalities

Unilateral Trust Funds (UTFs) – providing technical assistance to achieve sustainability

1. In the 2010-11 biennium the total approved voluntary contributions to FAO using the UTF modality was about USD 160 million. In 2011, countries as diverse as Afghanistan, Bangladesh, Brazil, El Salvador, Honduras, Libya, Mexico, Nigeria and Saudi Arabia committed resources through UTFs.
2. The rising popularity of UTFs among middle-income and less developed countries can be attributed to a growing appreciation of FAO's in-depth global knowledge of the technical requirements for successful food and agricultural development programmes. The areas of technical assistance provided span food security, food safety, compliance with World Trade Organization rules for agricultural trade, and transboundary plant and animal diseases, to name but a few. The funds come from three different sources:
 - a) Almost half of the USD 160 million FAO received in 2010/11 was provided by middle income national governments to finance their own plans for sustainable agriculture and food security. In Latin America for example, based upon the success of FAO implemented donor funded projects in the region, the Governments of El Salvador and Honduras requested FAO assistance to support their national priority programmes. In the case of El Salvador, the Government requested technical support to increase food production and income generation within their national Family Agriculture Programme. They signed a five-year project document for over USD 5 million. Whereas in Honduras, the Government decided to upscale significantly with their own funds the National Programme of Access to Land (PACTA), which has reached USD 14.5 million.
 - b) An increasing volume of funds is also coming from governments requesting FAO's technical assistance to support delivery of loans or grants from International Financial Institutions. For example, just under USD 30 million was committed to FAO for an Irrigation Restoration and Development Project funded through a World Bank grant to the Government of Afghanistan in 2011.
 - c) FAO is also helping to deliver bilateral grants for direct budget support, or multilateral grants and loans. The World Bank administered Global Agriculture and Food Security Programme (GAFSP) is one such modality. FAO has assisted numerous countries to prepare successful applications to the GAFSP and in some instances has been requested by the recipient government to provide technical assistance in support of implementation. In Bangladesh, for example, FAO signed a UTF agreement with the Government to deliver a technical assistance and capacity development component of the Integrated Agricultural Productivity Project. The total value of the GAFSP contribution comes to USD 52 million, with the technical assistance component managed by FAO amounting to USD 3.7 million.
3. Funding mechanisms such as the GAFSP, which specifically addresses the underfunding of agriculture and food security strategic investment plans, are providing a valuable opportunity for UTF programming so as to effectively carry out FAO's mandate. Going into 2013, however, FAO is also targeting a wider array of countries that could use their own funds for UTF arrangements to significantly benefit the prospects for sustainability in agriculture and food security.

South-South Cooperation – China partnering neighbouring Mongolia for visible results

4. The South-South Cooperation (SSC) initiative was launched in 1996, since when FAO has established a total of 51 tripartite SSC Agreements with 40 recipient countries and two regional

organizations. Over 1 800 experts and technicians have been fielded from 13 cooperating countries, often for periods of two to three years.

5. One of the main supporters of FAO's SSC programme is the Government of China, which has so far fielded over 930 Chinese experts and technicians to 18 countries. In 2008, it embarked on a Strategic Alliance with FAO through which it made USD 30 million available to FAO's SSC programme.

6. In Mongolia, China has been supporting implementation of Mongolia's National Programme for Food Security with FAO technical assistance. A total of 19 Chinese experts and technicians have been working on 11 activities in their neighbouring country over the course of the two-year project. It has achieved remarkable success in feed production, livestock varietal improvement and the planting of greenhouse vegetables.

7. The main beneficiaries of the project are smallholder farmers and consumers in Mongolia. Tangible results have been many, from the lower mortality of calves to the high returns enjoyed by Mongolian enterprises involved in the scheme. Much of the support has focused on micro-projects, field demonstration, and training and study tours to reach as many beneficiaries as possible with a minimum of resources. In all, over 400 people were trained through 13 separate training sessions during 2010-12.

8. Local laboratories and machinery have also been reequipped, and Mongolian farmers are now able to use such facilities independently after hands-on training from Chinese counterparts, as well as benefiting from a new understanding of technologies on water-saving irrigation and frozen vegetable storage.

9. The project has also targeted support further along the value chain, with partnerships established with Chinese livestock wholesale associations and enterprises, aided by the dispatch of 10 Mongolian nationals to China to help enterprises with the purchase of equipment supplies. These efforts have greatly aroused the attention of management departments and enterprises, while the project has been publicized by related media in both China and Mongolia. The project will cost USD 1.38 million, providing value-for-money by reaching out quickly to large numbers of small-scale rural producers at relatively low cost and ensuring improved livelihoods and a sustainable future.

Improved partnership with UN agencies –FAO and WFP partnering Brazil for a holistic approach through the Purchase from Africans for Africa Programme

10. Delivery of funds mobilized by the Organization under UN Joint Programmes quadrupled to USD 70 million in the last biennium, reflecting that FAO's effort to partner with other UN agencies is growing more strategic.

11. In sub-Saharan Africa for example, where increasingly volatile food prices and the effects of climate change have undermined efforts to reduce rural poverty, FAO and WFP have formed a partnership in five African countries to combine their comparative advantages so as to provide a new perspective on agricultural development and food access interventions.

12. The synergy between FAO and WFP activities in agricultural recovery and local food purchase projects in Africa represents a new strategic opportunity. WFP's Purchase for Progress (P4P) has enjoyed much success, but the effects can be made even more sustainable by strengthening the links to agricultural production. WFP is procuring surplus produce from FAO-supported small-scale farmers' organizations and overseeing its distribution to the most vulnerable households. FAO contributes with technical knowledge and operational capacity to support improvement of smallholders' production and marketing skills, by reinforcing extension workers' capacities, while linking small-scale farmers' associations (agriculture recovery projects) with the markets and WFP purchases. These efforts will enhance food aid and food assistance programmes such as school feeding that improve and diversify diets and nutrition.

13. Over USD 2 million has so far been transferred by Brazil to the two UN agencies from the operating budget of CG-Fome as voluntary contributions for humanitarian emergency and recovery

assistance. Related learning activities are also being developed with the support of the UK Department for International Development (DFID). The project taps into the comparative advantage of the two UN agencies, and represents a strategic opportunity for South-South Cooperation between Brazil and African countries, based on Brazil's "Food Acquisition Programme" a successful programme of more than nine years. The project will also strengthen links between governments, local stakeholders (farmers' associations, cooperatives and social councils), and other international agencies to promote national ownership and sensitization at all levels to support local food purchases from smallholders for food assistance as a development strategy.

Collaboration with the private sector – expanding partnership with the Bill and Melinda Gates Foundation

14. USD 42.8 million was delivered in the past biennium by FAO from sources that were neither committed by countries nor UN agencies. Most of these funds were provided by development banks, research institutions, private individuals, and foundations, including the Bill and Melinda Gates Foundation, the biggest contributor to FAO so far from the private sector.

15. The Foundation has committed money to the Organization to support decisions about investments to foster agricultural growth and policies to reduce food insecurity, which need to be based on sound statistics. The Global Strategy to Improve Agricultural and Rural Statistics is increasing developing countries' capacities to do just this. The end result will be improved evidence-based decision making for poverty reduction, food security, sustainable agriculture and rural development. FAO has led development of the Strategy so as to bring partners together to ensure its smooth execution and thereby provide a valuable contribution towards expanding private sector partnerships in the fight against hunger.

16. The Bill and Melinda Gates Foundation is channelling resources to FAO, which acts as a fund administrator, passing the funds on for implementation to a wide network of agencies. This is a direct recognition of FAO's role as an honest broker. FAO allocates the funds in line with the priorities of the Global Steering Committee, made up of about 30 partners, and charges a very low two percent for its service cost. Meanwhile, FAO is also providing its technical expertise to implement certain high-level parts of the Strategy.

17. This is the first time that FAO has adopted this innovative twin approach. By leading the development of the Strategy and providing technical assistance for its implementation, FAO is ensuring that real change is felt at the country level by optimizing its use of resources. Ethiopia is one example of how FAO can help to upgrade statistical systems to bring about significant impact. The national crop production estimates of the Ethiopian Ministry of Agriculture and the Central Statistical Agency (CSA) often differed greatly, making it difficult for policy-makers to develop sound agricultural policies or to plan food aid allocation and distribution. FAO brought the CSA and the Ministry of Agriculture together in a joint project that introduced new technologies such as GPS. Today, production estimates have converged and provide reliable data to underpin food security and agriculture policies to help Ethiopia to maintain its impressive growth rates.

18. FAO is committed to enhancing the effectiveness of its partnerships with the private sector in the fight against hunger. FAO is finalizing a private sector strategy including principles and guidelines for cooperation with the private sector. The aim is to foster mutually beneficial partnerships building upon FAO's expertise and knowledge with the private sector's capacities, logistics, innovation, resources, know-how and technology in the fight against malnutrition and poverty, while safeguarding FAO's neutrality.

Civil Society – providing the vulnerable and poor with a voice in global policy discussions

19. The battle against hunger and malnutrition cannot be won by a single organization; instead it requires joint efforts from different stakeholders. The Committee on World Food Security (CFS), reformed in 2009, therefore attaches great importance to the participation of Civil Society Organizations (CSOs) that represent those people who are directly affected by hunger and malnutrition. The CFS Secretariat asked FAO's Office of Communication and Partnerships (OCP) for assistance in designing and operating a Multi-Donor Trust Fund (MDTF) to ensure the participation of civil society, thus ensuring that two of the guiding principles of the CFS (inclusiveness and strong linkages to the field) are achieved.

20. The MDTF responds to the request of country participants and CSOs to support CSO's participation in meetings of the reformed CFS. The MDTF assists in the provision of financial resources to the Mechanism of the Civil Society (CSM). The CSM makes sure that those CSOs with less access and means, but whose important voices need to be heard, can participate in the global policy discussion on food security. In addition, the MDTF is fostering national and regional consultative processes among the CSOs. This is enabling technical discussions to include, to a greater degree than ever the points of view and positions of as many stakeholders as possible at central, regional and country level with respect to food security, agriculture and nutrition.

21. In 2011, the MDTF raised a total of USD 470 000 from Italy, Norway, Spain, and the United Kingdom. These funds were channelled to the Civil Society Mechanism through different NGOs like COAG, Plataforma Rural, OXFAM, and Centro Internazionale Crocevia. In 2012, the MDTF received USD 1.4 million from the European Union, while USD 220 000 is expected to arrive from Brazil.