



What are the FAO trust funds?

The bulk of FAO's Trust Funds fall under the Government Cooperative Programme and the Unilateral Trust Funds categories. However, there is a broader range of different funding modalities and the flexibility of developing new ones in accordance with donors' and developing countries' needs and priorities.

Government Cooperative Programme (GCP) Fund: From single donor to multidonor trust.

A GCP is an agreement between several parties:

- FAO
- one or several donors
- one or several beneficiary countries
- financing institutions

The GCP represents a financing modality under which a donor government or a financing institution entrusts funds to FAO for the provision of technical assistance services - including policy advice, normative activities and training - to a specific developing country, a group of countries within the same region (a regional project) or a group of countries in different regions (an interregional project). It is among the largest of the FAO Trust Fund programmes.

Unilateral Trust Funds (UTF): Beneficiary country funded

A Unilateral Trust Fund is an agreement between two or three parties:

- FAO
- the beneficiary country
- financing institutions

This funding modality allows developing countries to benefit from the Organization's technical expertise through UTFs which are fully funded by the beneficiary countries themselves, either from national resources or from the proceeds of loans, credits and grants made available by international finance institutions or bilateral donors.

Countries as diverse as Brazil, Columbia, Egypt, Iran, Mexico, Nigeria, Saudi Arabia and Venezuela have all used this type of FAO Trust Fund.



Pakistani labourer carrying ecological cotton at one of the cotton processing mills. The project is funded by the EC.

Since the European Community became an FAO Member in 1991, collaboration among the two institutions has gradually increased. Today, taxpayers of the 27 member countries of the European Union contribute around USD 100 million a year to field programmes that alleviate world hunger. This level of contributions has made the EC the largest single funding source of FAO's field activities, representing about 18 percent of its total expenditures.

In 2004 FAO and the EC signed a Strategic Partnership agreement with the overall objective to work together towards the achievement of the Millennium Development Goals through hunger and poverty alleviation. The FAO-EC partnership covers five main areas of cooperation: i) food security, ii) sustainable rural development and agricultural policy, iii) food safety and quality, iv) natural resources management and v) statistical cooperation and information exchange.

Enhanced donor harmonization and reduced transaction costs

GCP programmes are increasingly multidonor funded. The shift from individual projects financed by a single donor to large programmes funded by several donors represents a major development in the way FAO collaborates with the international donor community and recipient countries. This growing trend reflects the emphasis placed on the need for long-term planning for the delivery of development assistance in order to achieve positive results and sustainable impact. For example, the **National Forest Programme Facility**, which provides grants to national forest programme stakeholders in developing countries with a focus on capacity building and information sharing, is financed through a multidonor trust fund currently supported by 13 funding partners. **FishCode**, an umbrella programme whose main objective is to raise the economic, social and nutritional benefits obtained from fisheries and aquaculture, is a multidonor trust currently funded by over 20 donor partners, including individual countries, as well as the EC, the World Bank and several other international agencies.

The programme approach

Increasingly, FAO is adopting a programme rather than a project approach. This is a relatively flexible strategic partnership agreement in which donor support is not tied to a particular project or pre-planned activities but instead provides a clear and defined framework within which activities can be funded. This allows and promotes a flexible and interdisciplinary way of working. Examples include the Programme Cooperation Agreements (PCA) and Strategic Partnership Programmes that FAO has with the Netherlands and Norway.

Joint Programming

Increasingly FAO participates in Joint UN Programming, a programming and funding mechanism used by the UN at the country level with the objective to ensure a coordinated and strategic UN response and "Deliver as One". UN agencies together with governments, civil society and other partners set priorities in accordance with countries' needs in order to better coordinate the UN response and the corresponding resource mobilization. For example, in Zambia the UN Country team created a Joint UN Team on AIDS involving 13 UN organizations. The team has gone through a thorough consultation process with government, cooperating partners and civil society to create the Joint UN Programme of Support on AIDS. As one team the Joint UN Team on AIDS has one work plan and one budget thereby drastically reducing transaction costs.



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Responding to the challenges of MDG 1 Reducing Hunger and Poverty: The Trust Fund for Food Security

FAO's Special Programme for Food Security (SPFS) initially targeted limited numbers of small-scale farmers, showing them how to produce and trade using low-cost technologies. Today the Programme helps governments replicate successful experiences on a national scale, reaching out to the entire food-insecure population. Efforts to directly reach millions of farmers are complemented by policies and investments to open up markets and provide direct access to food for those who are too poor to produce or acquire it themselves. FAO also works closely with regional economic organizations to develop Regional Programmes for Food Security. These help formulate regional food and agricultural trade strategies and support national efforts so that small farmers can become more efficient and find new markets for their produce. FAO also assists countries mobilize resources for the national and regional food security programmes. To address these programmes FAO has created the Trust Fund for Food Security.

Unearmarked funding: SFERA

The Special Fund for Emergency and Rehabilitation Activities (SFERA) is a non-earmarked multidonor funding mechanism. The SFERA provides FAO with the flexibility and financial means to react promptly to humanitarian crises before donor funding is secured. The fund allows for early participation in inter-agency assessments, the initiation

of coordination activities in support of all actors involved in agricultural relief, and the timely preparation of context-specific emergency programmes. It also enables the Organization to acquire logistical equipment and inputs for the quick launch of field activities. Since its creation in 2003, SFERA received nearly USD 60 million of which

45 million was allocated to the special programmes for the tsunami and avian influenza and a further USD 1.2 million was used for the setup of Emergency Coordination Units, supporting the rapid launch of needs assessment missions and programme formulation exercises.