



**Food and Agriculture  
Organization of the  
United Nations**



**The International Treaty**  
**ON PLANT GENETIC RESOURCES  
FOR FOOD AND AGRICULTURE**

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<b>Item 9 of the Provisional Agenda</b>
<b>SIXTH SESSION OF THE GOVERNING BODY</b>
<b>Rome, Italy, 5 – 9 October 2015</b>
<b>Report on the Funding Strategy</b>

### **Executive Summary**

This document seeks the guidance of the Governing Body on the implementation of the Funding Strategy of the International Treaty. The Funding Strategy was adopted by the Governing Body at its first Session and has not been reviewed since then. The Governing Body may wish to take into consideration the recommendations provided by the *Ad Hoc* Open-ended Working Group to enhance the functioning of the Multilateral System and that relate to enhancing functioning of the Funding Strategy, in order to structure the work during the next biennium.

During the present biennium, the second project cycle of the Benefit-sharing Fund was finalized and the third project cycle was launched, resulting in a new portfolio of projects approved and under implementation. The Governing Body will have, at the present Session, to provide guidance on measures to enable the launch of the fourth round of the funding cycle.

### **Guidance Sought**

The Governing Body is invited to review and adopt the elements of a draft Resolution contained in the *Appendix* to this document.

## I. INTRODUCTION

1. The Governing Body of the International Treaty, since its first meeting, has regularly provided guidance on the implementation of the Funding Strategy,<sup>1</sup> which is one of the key operational mechanisms of the Treaty. This document provides a summary of policy developments that have occurred during the biennium and relate to the implementation of the Funding Strategy. The draft Resolution has been prepared based on these policy developments. A number of information documents, as detailed below, have been prepared to provide further background to the Governing Body.

2. The Funding Strategy, which seeks to attract financial resources from all possible sources, was adopted by the Governing Body at its first meeting through Resolution 1/2006.<sup>2</sup> The potential sources for financial resources for the Funding Strategy are described in section 2 of the Funding Strategy. This document focuses on the Benefit-sharing Fund which is the mechanism of the Funding Strategy holding the resources under the direct control of the Governing Body. Other documents available to the Governing Body deal with other relevant international mechanisms, funds and bodies.

3. The document *Report from the Global Crop Diversity Trust*<sup>3</sup> provides an update of activities during the biennium as prepared by the Trust and a draft Resolution on policy guidance to this essential element of the Funding Strategy, for consideration by the Governing Body.

4. The document *Report on cooperation with the Convention on Biological Diversity*<sup>4</sup> refers to the decision of the twelfth meeting of the Conference of Parties to the Convention on Biological Diversity on the Global Environment Facility to enhance programmatic synergies among the biodiversity-related conventions and, in this context, requests the Bureau, with the support of the Secretariat, to develop elements of advice for the Global Environment Facility concerning the funding of the objectives and priorities the Treaty, consistent with the mandates of the Global Environment Facility. An update on cooperation with IFAD has also been provided in the documentation of the Session.<sup>5</sup>

5. The Benefit-sharing Fund is an element of both the Multilateral System of Access and Benefit-sharing and the Funding Strategy of the Treaty, and contains the resources under the direct control of the Governing Body. The Funding Strategy, under Section IV, as adopted by the Governing Body at its first meeting, states that resources under the direct control of the Governing Body include:

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<sup>1</sup> Pursuant to Article 18 of the Treaty, the Contracting Parties undertake to implement a funding strategy for the implementation of the Treaty. The objective of the Funding Strategy is to enhance the availability, transparency, efficiency and effectiveness of the provision of financial resources to implement activities under the Treaty. In order to mobilize funding for priority activities, plans and programmes, the Governing Body shall periodically establish a target for such funding.

<sup>2</sup> Nevertheless the Funding Strategy had not been completed. Four pending Annexes were subsequently adopted by the Governing Body. The four Annexes to the Funding Strategy are as follows:

- ANNEX 1: Priorities for the Use of Resources under the Funding Strategy
- ANNEX 2: Eligibility Criteria for the Use of Resources under the Direct Control of the Governing Body
- ANNEX 3: Operational Procedures for the Use of Resources under the Direct Control of the Governing Body
- ANNEX 4: Information and Reporting Requirements under the Funding Strategy

For more background information on the Funding Strategy:

[ftp://ftp.fao.org/ag/agp/planttreaty/publi/funding\\_strategy\\_compilation\\_en.pdf](ftp://ftp.fao.org/ag/agp/planttreaty/publi/funding_strategy_compilation_en.pdf)

<sup>3</sup> IT/GB-6/15/16.

<sup>4</sup> IT/GB-6/15/15.

<sup>5</sup> IT/GB-6/15/21.

- Financial resources resulting from the sharing of monetary benefits arising from the commercialization of plant genetic resources for food and agriculture under Article 13.2d(ii) of the Treaty;
- Voluntary contributions from Contracting Parties; the private sector, taking into account the provisions of Article 13, non-governmental organisations and other sources.

6. The Benefit-sharing Fund started its operations in 2009. Since then, more than 23 million USD have been mobilized for the Fund with more than 61 projects targeting 55 Contracting Parties that are developing countries. During the biennium, the Bureau has regularly received progress reports on the execution of the project cycle of the Benefit-sharing Fund. The information document *Report on the execution of the project cycle of the benefit-sharing fund since the Fifth Session of the Governing Body*<sup>6</sup> provides a progress report on activities during the biennium to the Governing Body.

7. The Governing Body has regularly provided guidance on the mobilization of funds to the Benefit-sharing Fund. In order to mobilize donor support to activities under the Benefit-sharing Fund, the Governing Body welcomed, at its Third Session, the *Strategic Plan*<sup>7</sup> for implementation of the Benefit-sharing Fund of the Funding Strategy and agreed that it will constitute the basis for the implementation of the Fund by the Secretariat and the Contracting Parties.

8. At its last Session, the Governing Body noted with concern, through Resolution 2/2013,<sup>8</sup> that a large shortfall of funding has accumulated in relation to the targets established in the *Strategic Plan*. In order to address such shortfall and enhance other aspects of Treaty implementation, the Governing Body decided to (1) continue existing efforts and plans for resource mobilization of voluntary contributions, to sustain as a priority, immediate income in the Benefit-sharing Fund,<sup>9</sup> and (2) to establish the *Ad-hoc* Open-ended Working Group to enhance the functioning of the Multilateral System (the Working Group) to *inter alia* increase user-based payments and contributions to the Benefit-sharing Fund in a sustainable and predictable long-term manner.<sup>10</sup>

## II. POLICY DEVELOPMENTS SINCE THE FIFTH SESSION OF THE GOVERNING BODY

9. At its Fifth Session, the Governing Body requested the Bureau of the Sixth Session of the Governing Body to guide the preparation by the Secretary of a draft Multi-Year Programme of Work (MYPOW). The draft MYPOW has been made available to the Governing Body for its consideration and adoption,<sup>11</sup> and includes provision for the Governing Body to undertake, at its Seventh Session, a *Review of the Funding Strategy*. The Funding Strategy stipulates that the “Governing Body will review [the] Funding Strategy, including the annexes thereto, once every second regular session or whenever necessary”.<sup>12</sup> The Governing Body has not reviewed the Funding Strategy since its adoption at its first meeting, it has only undertaken a review so far of

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<sup>6</sup> IT/GB-6/15/Inf.4

<sup>7</sup> The Strategic Plan focuses on enhancing funding for, and the visibility of, the Benefit-sharing Fund, through resource mobilization, communication, and the promotion of the Treaty’s branding and media presence.

<sup>8</sup> <http://www.planttreaty.org/content/resolution-22013-implementation-funding-strategy-international-treaty>

<sup>9</sup> Resolution 2/2013, Part I.

<sup>10</sup> Resolution 2/203, Part IV.

<sup>11</sup> IT/GB-6/15/22.

<sup>12</sup> Funding Strategy for the implementation of the International Treaty on Plant Genetic Resources for Food and Agriculture. Section IX – Review, para. 16. IT/GB-1/06/Report, *Appendix F*.

Appendix 3 of the Funding Strategy, when it adopted *Reviewed Operational Procedures for the Use of Resources under the Direct Control of the Governing Body*.<sup>13</sup>

10. The Governing Body has delegated the authority for the execution of the project cycle of the Benefit-sharing Fund during the biennium to the Bureau.<sup>14</sup> At its last Session, the Governing Body decided to launch the third Call for Proposals of the Benefit-sharing Fund. As further detailed in information document IT/GB-6/15/Inf.4, the Bureau of the Sixth Session of the Governing Body approved the portfolio of projects to be funded by third funding cycle of the Fund in March 2015 for a value of 10,1 USD million. The Bureau received regular updates on the execution of the second project cycle, which is now being concluded with the preparation of the summary report and the independent evaluation of the second project portfolio.

11. The Bureau also received regular updates on donor prospects and voluntary contributions to support the fourth funding cycle of the Benefit-sharing Fund. During the biennium the Secretariat received contributions by Indonesia, Italy, Austria, Norway and Sweden for the fourth round of the project cycle for a total of 954,000 USD. In November 2014, the European Seed Association announced its intention to make a voluntary contribution to the Benefit-sharing Fund<sup>15</sup> and the expectation is that the official announcement will be done during Sixth Session of the Governing Body.

12. The Working Group also received information about the status of funds that were likely to be available for the fourth round of the project cycle. At its fourth meeting the Working Group drew the attention of the Governing Body that currently known income to the Benefit-sharing Fund is not adequate to maintain the forthcoming fourth project cycle at anything like current levels. It therefore recommended that the Governing Body call on Contracting Parties to contribute funds to the Benefit-Sharing Fund on an *ad hoc* interim basis, for the years 2015–2017, in order to maintain momentum in the reshaping of the Multilateral System.

13. The Working Group has been the main inter-sessional body that has provided recommendations to the Governing Body during the biennium on the Funding Strategy.<sup>16</sup> The Working Group has not only put forward the proposed tasks for further work to enhance the Multilateral System but it has also recommended

*“a further process, to address current concerns regarding other structural components of the Treaty, such as: the Funding Strategy,[...]. The strengthening of such components will support the enhancement of the Multilateral System. This will require some far reaching decisions by the Governing Body, on the basis of which new mechanisms can be developed in a more complete form”*.<sup>17</sup>

14. The Working noted that,

*“as the Funding Strategy adopted by the Governing Body provides, the resources under its direct control— that is, the Benefit-sharing Fund — include both user-based income and contributions by Contracting Parties and stakeholders, and recommends that all such sources be addressed together in a package of measures [to be prepared for the consideration and*

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<sup>13</sup> Resolution 2/2013, para. 11.

<sup>14</sup> Resolution 2/2013, Annex I, Operational Procedures for the use of resources under the direct control of the Governing Body.

<sup>15</sup> <http://www.euroseeds.org/european-seed-sector-supports-fao-treaty-plant-genetic-resources-food-and-agriculture>

<sup>16</sup> The following paragraphs extracts the main recommendations from the Working Group to the Governing Body on the Funding Strategy, as contained in the *Report of the Third meeting of the Ad Hoc Open-ended Working Group to enhance the functioning of the Multilateral System*. The full Report is made available to the Sixth Session of the Governing Body through document IT/GB-6/15/6, which provides the full account of the conclusions and recommendations reached by the Working Group, at its third meeting.

<sup>17</sup> IT/OWG-EMLS-3/15/Report, para. 21.

*decision by the Governing Body], taking into account that the Benefit-Sharing Fund is part of the broader Funding Strategy of the Treaty”.*<sup>18</sup>

15. The Working Group has therefore made concrete recommendations to the Governing Body towards enhancing the functioning of the Funding Strategy of the Treaty, including tasks (e) to (f) of the proposed further work:

*d. To explore a proposal to develop a mechanism of contributions by Contracting Parties that will ensure sustainable and predictable income to the Benefit-Sharing Fund and other elements of the Funding Strategy, such as an amendment to the Funding Strategy.*

*e. To propose a target for the income to the Benefit-Sharing Fund for the 2018–2023 period, that is meaningful and realistic, recognizing that opinions at how to arrive at the target still show divergence. The target should be based on such factors as: the current amount needed for the project cycle, allowing for incremental growth, in each cycle; a needs analysis that takes into account information sources such as the FAO Global Plan of Action on Plant Genetic Resources for Food and Agriculture.*

*f. To explore the consolidation of a long-term investment strategy for the Benefit-sharing Fund.*<sup>19</sup>

16. In the context of mobilizing donor support to activities under the Benefit-sharing Fund, the Working Group recommended that “*the Governing Body reconsider the current arrangements for projects carried out in the framework of the Benefit-sharing Fund, by strengthening the programmatic approach, in order to make support to the Benefit-sharing Fund more attractive:*

*1. By providing greater predictability to prospective donors, regarding the planned activities and targeted outputs and impacts of proposed projects, in order to enable them to make informed decisions regarding their potential contributions;*

*2. By improving thematic coherence between individual projects, and project cycles;*

*3. By developing a long-term investment strategy, with objectives and results;*

*4. By promoting synergy between the Benefit-sharing Fund and the Funding Strategy, of which the Benefit-sharing Fund is a part; and,*

*5. By considering the feasibility and desirability of a donor council, or some similar body, to support the implementation of the Treaty”.*<sup>20</sup>

17. In January 2015, the Swiss Federal Office for Agriculture organized a multi-stakeholder workshop on an investment strategy for the Benefit Sharing Fund. The aim of the workshop was to reflect on options of a renewed strategy on how the Benefit-sharing Fund should invest the funds collected through the mechanisms of the Treaty. Upon request of Switzerland, the report of the workshop is available to the Governing Body,<sup>21</sup> at its present Session, as a potential valuable contribution in the consideration and guidance on the implementation of the Funding Strategy.

<sup>18</sup> IT/OWG-EMLS-3/15/Report, para. 20.

<sup>19</sup> IT/OWG-EMLS-3/15/Report. See box *Proposed tasks for further work* in pages 4-5.

<sup>20</sup> IT/OWG-EMLS-3/15/Report, para 23.

<sup>21</sup> IT/GB-6/15/Inf.13, *Report of a Multi-stakeholder Workshop organized by Switzerland: The International Treaty on Plant Genetic Resources for Food and Agriculture: What Investment Strategy for the Benefit-Sharing Fund?*

### III. PLANNING THE WORK TO THE UNDERTAKEN DURING THE BIENNIUM 2016/2017

18. The Draft Resolution 2/2015, *Implementation of the Funding Strategy of the International Treaty*, as contained in the *Appendix* has been prepared based on developments during the biennium, and in particular the recommendations made by the Working Group.
19. The Draft Resolution does not deal with the on-going operations of the Benefit-sharing Fund as the Governing Body has put in place the necessary procedures to enable the execution of the third project cycle of the Benefit-sharing Fund and the opening of the fourth round of the project cycle once the funding is available.
20. There are two main matters arising from the inter-sessional period where guidance from the Governing Body is sought: (1) Review of the Funding Strategy and (2) short-term measures to enable resource mobilization to the Benefit-sharing Fund.
21. *Review of the Funding Strategy*: the main elements for such review proposed in the Draft Resolution arise from the recommendations of the Working Group described above, and will constitute a series of measures to enhance the functioning of the Funding Strategy, and which are considered also to be supportive to the enhancement of the Multilateral System, and therefore an integral part of the enhancement package.
22. The preparation for the review of the Funding Strategy by the Governing Body will be complex require the necessary expertise on funding mechanisms, especially those at the multilateral level. The Working Group will have a heavy agenda during the next biennium and requires very concrete legal and policy expertise. Expertise on the Funding Strategy has been available to the Governing Body in the past through the *Ad Hoc* Advisory Committee on the Funding Strategy. The Governing Body has relied on the Advisory Committee to support its work on the implementation of the Funding Strategy. The Advisory Committee, which has two representatives of each Regional Group and has been active for four biennia, was responsible to prepare the four drafts Annexes of the Funding Strategy and the draft Strategic Plan for consideration by the Governing Body.
23. The Draft Resolution therefore includes terms of reference for the work of the Advisory Committee during the next biennium and a request to the Regional Groups to nominate adequate expertise. At the same time, it deals with the need to ensure linkages and cooperation between the Committee and the Working Group to enhance the Multilateral System. During the next biennium, the Working Group will further develop the Subscription System and other measures to enhance user-based income to the Benefit-sharing Fund, as further detailed in Draft Resolution 1/2015.<sup>22</sup> Provision has been made in draft Resolution 1/2015 for the Working Group to develop a mechanism of contributions by Contracting Parties that will ensure sustainable and predictable income to the Benefit-Sharing Fund. The interaction between the two intersessional bodies will need to be ensured.
24. *Short-term measures to enable resource mobilization to the Benefit-sharing Fund*: The Governing Body may wish to take stock of contributions made during the biennium, plan short-term measures to enable resource mobilization and urge Contracting Parties and other donors to support the launch of the four project cycle of the Benefit-sharing Fund during the next biennium.

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<sup>22</sup> IT/GB-6/15/6.Add 1.

#### IV. GUIDANCE SOUGHT

25. The Governing Body is invited to review and adopt Draft Resolution 2/2015 contained in the *Appendix* to this document. As described above, it is based on the recommendations made by the Working Group, and the work proposed for next biennium needs to be coordinated with that on the enhancement of the Multilateral System. Given this background, the Governing Body may wish to seek the support of the Working Group in its consideration of the draft Resolution.

26. The Working Group will reconvene for its fourth meeting commencing on Friday, 2 October, to make further progress towards developing the range of measures for consideration and decision by the Governing Body.<sup>23</sup>

27. The Co-chairs of the Working Group will report to the Governing Body under Agenda Item 8 of the provisional Agenda of the Sixth Session of the Governing Body, which is tentatively scheduled for Monday 5 October in the afternoon.

28. The Co-chairs envisage that, subject to the confirmation of the Governing Body, when Agenda Item 8 is introduced, they will include a proposal for the Working Group to resume its fourth meeting during the course of the Governing Body so as to progress this work on the evenings of 5 and 6 October, and possibly of 7 October, to enable a successful outcome at the end of the Sixth Session of the Governing Body, including the adoption of Draft Resolution 2/2015 and Draft Resolution 1/2015.

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<sup>23</sup> For further background, refer to document IT/GB-6/15/6, *Report of the Work of the Ad-hoc Open-ended Working Group to Enhance the Functioning of the Multilateral System during the 2014-2015 Biennium*.

*Appendix*

**DRAFT RESOLUTION 2/2015**  
**IMPLEMENTATION OF THE FUNDING STRATEGY OF**  
**THE INTERNATIONAL TREATY**

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**THE GOVERNING BODY,**

**Recalling** Articles 13.2, 13.3, 18 and 19.3f of the International Treaty;

**Recalling** previous Resolutions on the implementation of the Funding Strategy;

**Recalling** that, at its Fifth Session, it noted with concern the large shortfall of funding that had accumulated in the Benefit-sharing Fund in relation to the target established by the Governing Body, at its Third Session, for the period between July 2009 and December 2014;

**Recalling** Resolution 2/2013, by which it accordingly decided to establish the *Ad Hoc* Open-ended Working Group to Enhance the Functioning of the Multilateral System (the “Working Group”);

**Having considered** the report of the Working Group, and having heard the report of the Co-Chairs;

**PART I: REVIEW OF THE FUNDING STRATEGY**

1. **Recognizes** that the enhancement of the Multilateral System cannot be addressed in isolation, but requires the enhancement of other mechanisms of the International Treaty, and in particular the Funding Strategy;
2. **Recognizes** that an effective Funding Strategy is critical to the implementation of the Treaty so it should be regularly reviewed through the Multi-Year Programme of Work of the Governing Body;
3. **Agrees** that, at its Seventh Session, it will undertake a review of the Funding Strategy with a view to enhance its functioning, and, in order to provide a basis for this review, **decides** to reconvene the *Ad Hoc* Advisory Committee on the Funding Strategy in the 2016–2017 biennium, with the following Terms of Reference:
  - a. Develop a funding target for the Benefit-Sharing Fund for the 2018–2023 period, taking into account a needs-analysis on the basis of such information sources as the *Second Global Plan of Action for Food and Agriculture*;
  - b. Develop measures to strengthen the programmatic approach of the Benefit-sharing Fund, in order to make the Fund’s operations more attractive and predictable to prospective donors and recipients, including to:
    - (1) Improve thematic coherence between individual projects, and over project cycles, including by reconsidering the current arrangements for projects execution carried out;
    - (2) Develop a long-term investment strategy for the Benefit-sharing Fund, with objectives and results;
    - (3) Promote synergy between the Benefit-sharing Fund and the Funding Strategy, of which it is a part; and,
    - (4) Consider the feasibility and desirability of a donor council, or some similar body, to support the implementation of the Treaty.
  - c. Develop other measures to strengthen the implementation of the overall Funding Strategy, including to ensure the sustainability and predictability in the provision of financial resources to elements of the Funding Strategy, other than the Benefit-sharing



- Fund;
- d. Advise on resource mobilization efforts during the biennium, and in particular to enhance cooperation with Official Development Assistance agencies;
  4. **Emphasizes** the importance of having expertise within the Committee of senior-level representatives of Ministries of Contracting Parties who maintain responsibilities for Overseas Development Assistance budgets, i.e. Ministries of Foreign Affairs or Ministries of Development Cooperation, and **requests** Regional Groups to take this into account in nominating, by 31 December 2015, their two regional representatives to the Committee through the Bureau of the Seventh Session of the Governing Body;
  5. **Notes** that the *Ad Hoc* Open-ended Working Group to Enhance the Functioning of the Multilateral System, as mandated in Resolution 1/2015, will finalize measures to increase user-based payments to the Benefit-sharing Fund, and explore a proposal to develop a mechanism of contributions by Contracting Parties that will ensure sustainable and predictable income to the Benefit-sharing Fund, and **requests** the two bodies to coordinate their work;

## **PART II: SHORT-TERM MEASURES TO ENABLE RESOURCE MOBILIZATION FOR THE BENEFIT-SHARING FUND**

6. **Emphasizes** the priority importance of continuing and strengthening resource mobilization for the Benefit-sharing Fund, in order to sustain immediate income;
7. **Extends** the *Strategic Plan for the implementation of the Benefit-sharing Fund 2009–2014*, and its annual target of US\$ 23 million, on an *ad hoc* basis, for the 2015–2017 biennium, and **requests** the Secretary to update the *Strategic Plan for the implementation of the Benefit-sharing Fund*, for the period 2018–2023, to enable the continuation of the work on resource mobilization, communication, promotion and the Treaty’s branding and media presence, to enhance funding for, and the visibility of, the Benefit-sharing Fund;
8. **Requests** the Secretary to continue the cultivation activities of the Strategic Plan, and make use of the mechanism of the High-level Task Force to continue mobilizing funding for the Benefit-sharing Fund;
9. **Welcomes** the financial contributions to the Benefit-sharing Fund made by Indonesia, Italy, Austria, Norway and Sweden during the 2014-2015 biennium in support of the fourth round of the project cycle of the Benefit-sharing Fund;
10. **Urgently calls** on Contracting Parties and other donors to make contributions on an exceptional basis, to allow the launch of the fourth project cycle of the Benefit-sharing Fund for at least [USD 10 million, which was the funding level of the third project cycle], as it will support to keep momentum in the enhancement of the Multilateral System;
11. **Invites** Contracting Parties to consider making contributions, within this funding target, at a level that takes into account their indicative voluntary contributions to the Core Administrative Budget of the Treaty;
12. **Requests** the Bureau of the Seventh Session of the Governing Body to receive regular updates on donor prospects, and consider measures to make the fourth project cycle more attractive to donors, including by making contributions, upon confirmation by the Bureau, with a regional or crop priority focus;
13. **Welcomes** the contribution made by the European Seed Association to the Benefit-sharing Fund as the first contribution of a seed sector association, and **appeals** to others in the seed sector who wish to see an enhanced Multilateral System to make similar contributions.
14. **Invites** members of the national seed sector associations to work with the national governments in making joint contributions to the fourth project cycle of the Benefit-sharing Fund.