



منظمة الأغذية
والزراعة
للأمم المتحدة

联合国
粮食及
农业组织

Food
and
Agriculture
Organization
of
the
United
Nations

Organisation
des
Nations
Unies
pour
l'alimentation
et
l'agriculture

Organización
de las
Naciones
Unidas
para la
Agricultura
y la
Alimentación

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Item 18 of the Provisional Agenda

INTERNATIONAL TREATY ON PLANT GENETIC RESOURCES FOR FOOD AND AGRICULTURE

SECOND SESSION OF THE GOVERNING BODY

Rome, Italy, 29 October – 2 November 2007

REPORT ON PROGRESS OF PROGRAMME OF WORK AND BUDGET, 2006/7 AND ON ACTIONS TAKEN BY THE SECRETARIAT REGARDING DECISIONS OF THE FIRST SESSION OF THE GOVERNING BODY

I. INTRODUCTION

1. At its First Session, the Governing Body adopted Resolution 4/2006, entitled “Programme of Work and Budget 2006/2007”. In this Resolution, the Governing Body adopted the Core Administrative Budget for the biennium and approved a working capital reserve for the biennium at the level of 6.5 per cent of the Core Administrative Budget, excluding the FAO contribution.
2. The Core Administrative Budget which was adopted in Resolution 4/2006¹ was US\$ 2,854,988 of which :
 - US\$ 1,730,988 were to be contributed by Contracting Parties, and
 - US\$ 1,124,000 were to be contributed from Programme Entity 2AP03 of FAO’s Regular Programme.
3. This budget, in fact, covers only 18 months (June 2006 to December 2007). It has constituted a minimalist, transitional budget, which did not cover any implementation Work Programme for the Treaty, but only covered:
 - the cost of establishing a small Secretariat;
 - Administrative expenditure (i.e. operating costs of the secretariat and the preparation for and running of meetings, including GB 2)

¹ Resolution 4/2006 (c)

II. BUDGET 2006/07

4. Under Resolution 4/2006 (f) the Governing Body urged “*all Contracting Parties and States that are not Contracting Parties, as well as intergovernmental organizations, non-governmental organizations and other entities, to contribute to the Core Administrative Budget and the Special Funds of the Treaty*” and noted “*the Secretariat staffing table for the biennium 2006-2007*”.
5. Rule VI of the Financial Rules adopted by the Governing Body at its First Session provides that all contributions and other receipts shall be placed in Trust Funds (TFs) administered by FAO. According to this Rule, the Trust Funds necessary to hold money from Contracting Parties have been established in September 2006. They cover:

	Trust Fund Symbol
The Core Administrative Budget (Rule VI.2a);	MTF/INT/017/MUL, IT-PGRFA (Core Administrative Budget)
The Special Fund for Agreed Purposes Rule VI.2b);	MTF/INT/019/MUL, IT-PGRFA (Special Fund)
The Special Fund to Support the Participation of Developing Countries and Countries with Economies in Transition, in the Governing Body and its subsidiary bodies (Rule VI.2c); and	MTF/INT/018/MUL, IT-PGRFA (Developing Country Participation)
The Benefit-sharing Fund (Rule VI.3).	GINC/INT/031/MUL, IT-PGRFA (Benefit-sharing)

6. The following sections briefly describe the nature of each Trust Fund and the income, contributions and other receipts received under that Trust Fund.

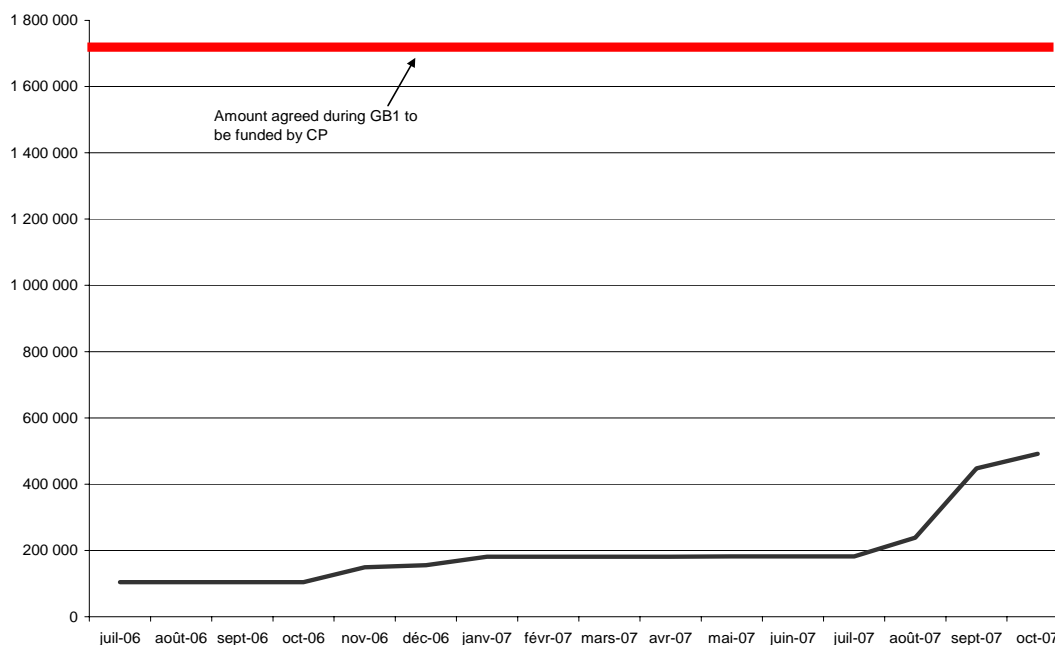
II.1 The Core Administrative Budget

7. The Core Administrative Budget of the Treaty comprises Regular Programme moneys (2AP03) and contributions from Contracting Parties (MTF/INT/017/MUL). As mentioned in paragraph 2 above, the initial FAO budget for the Core Administrative Budget (under Programme Entity 2AP03) was USD\$ 1,124,000.
8. Regarding voluntary contributions from Contracting Parties, a call for payment was issued on 3 November 2006, with a deadline of 29 December 2006. However, after the first twelve months of the biennium only 7 out of 114 Contracting Parties had contributed to the Core Administrative Budget for a *total* amount of USD\$ 175,000. The Secretariat expresses its deep gratitude to these Contracting Parties, since their contributions were critical in sustaining the Treaty’s work during a period of severe budgetary constraints. Thus, by June 2007, the combined contributions received from Contracting Parties amounted to only 10% of the total foreseen when the Treaty Budget was adopted in Madrid. With this budget it would not even have been possible to hold the Second Session

of the Governing Body, had it not been for a very prudent use of financial and human resources by the Secretariat of the Treaty.

9. At its third meeting on 6 February 2007, the Bureau of the Governing Body expressed grave concern over the budgetary situation of the International Treaty. Upon its request, the Chairman of the Second Session of the Governing Body wrote to all Contracting Parties, requesting payment. Despite this appeal from the Chairman, only limited further contributions were received.
10. Given the continuing budgetary short-fall in the Treaty's Core Administrative Budget in June 2007, the Secretary, during his statement to the Eleventh Session of the Commission on Genetic Resources for Food and Agriculture, drew the attention of Contracting Parties to the core budgetary situation of the Treaty. Subsequently, following this statement, contributions were made by some Contracting Parties. These contributions made it possible to convene the second Governing Body. The Secretariat expresses its gratitude to all these Contracting Parties for their prompt reaction and their contributions.
11. As of October 2007, the total voluntary contributions received from Contracting Parties to the Core Administrative Budget amounted to USD\$ 491,517. This includes contributions from Angola, Austria, Canada, Brazil, Guatemala, Indonesia, Italy, Madagascar, Malawi, Namibia, Norway, Romania, Spain, Switzerland, Uganda, Yemen and Zambia. This represents **28 %** of the voluntary contributions Contracting Parties foresaw for the Core Administrative Budget that they adopted at the First Session of the Governing Body (see Table 1 **Error! Reference source not found.**).

Table 1: Voluntary contributions from Contracting Parties to the Core Administrative Budget (agreed at First Session of the Governing Body vs real) - Jun 06-Oct. 07



12. If the same ratio of voluntary contributions were to be received in the 2008-09, this would pose a significant operational risk to the functioning of the Treaty, especially during the start-up phase of the Multilateral System of Access and Benefit-sharing of the Treaty.

II.2 The Fund for Agreed Purposes (MTF/INT/019/MUL)

13. This Trust Fund is composed of “[o]ther voluntary contributions made by the Contracting Parties in addition to those under [Core Administrative budget] above to be used in accordance with guidelines established by the Governing Body, or for purposes specified by agreement between the contributor and the Secretary”. Five countries have contributed approximately USD\$ 5,000 each (Spain, Canada, Austria, Ireland and Finland). These funds were used for the running of the *Ad Hoc* Advisory Committee on the Funding Strategy for a total of USD\$ 25,067. Italy has also recently contributed an amount of USD\$ 574,951, which has not yet been programmed.

II.3 The Fund to support the participation of Developing Countries to the Meetings (MTF/INT/018/MUL)

14. This Trust Fund covers essentially travel and daily subsistence allowance for supporting the participation of representatives of developing country Contracting Parties and of Contracting Parties with economies in transition in the Governing Body and its subsidiary bodies.
15. In accordance with contributors, an unspent balance of USD\$ 1,416,182 coming from the Trust Fund project MTF /GLO/117/MUL, which had been created for the Interim Committee for the preparation of the First Session of the Governing Body, has been transferred to this Trust Fund.
16. Moreover, the Trust Fund GCP/INT/150/MUL entitled “*IT/PGRFA: Developing Country Participation to the Meetings of the Governing Body*”, has been financially closed on 21 February 2007 and the balance of USD\$ 997.27 has been transferred to this Trust Fund.
17. It is to be noted that without these unspent extra-budgetary resources being available, it would not have been possible to convene the Second Session of the Governing Body from the contributions received for the 2006-07 Budget.

II.4 The Benefit-Sharing Fund (GINC/INT/031/MUL)

18. This Trust Fund will include mandatory and voluntary benefit-sharing contributions under the Treaty (as of 22 October 2007 contributions have yet to be received). Potential sources for financial resources for this Trust Fund will include:
- 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 and the private sector, taking into account the provision of Article 13, non-governmental organizations and other sources.
19. These funds will be under the direct control of the Governing Body.

III. WORK PROGRAMME AND EXPENDITURES UNDER THE CORE ADMINISTRATIVE BUDGET

20. This budget only covered the cost of the Secretariat staff and the running of the Governing Body, its Bureau and the Screening Committee for the selection of the Secretary. No other activities for the Treaty were covered by, nor foreseen, in the Core Administrative Budget adopted. The considerable additional work and resource requirements created by the rapid start-up of the Multilateral System of Access and Benefit-sharing of the Treaty could thus not be met from the Core Administrative Budget.
21. According to Resolution 4/2006(b) adopted by the Governing Body, the budget should also have covered the provision for the Working Capital Reserve. However, due to the very limited voluntary contributions received from Contracting Parties, no resources were available to establish the Working Capital Reserve. At present there is therefore *no* Working Capital Reserve for the Treaty, even though such a tool is more necessary than ever due to the need of continuity of operations and shortfall of cash.

Secretariat

22. As per *Annex 1 to Appendix O* of Resolution 4/2006, the Governing Body adopted a staffing table for the Secretariat of the International Treaty. This table provides for the establishment of one D1, one P5, one P4, two P3s, one G5, one G4 and one G3 posts for the Secretariat.²
23. Due to limited and delayed contributions from Contracting Parties to the Core Administrative Budget (see Table 1), the establishment of the Secretariat had to be undertaken in a very prudent and phased manner by the Interim Secretary and Secretariat. In view of this phasing, staff costs were deferred towards the end of the budgetary period by establishing the posts late in the biennium (see *Appendix I* for details of the staffing costs) and by filling the immediate need for human resource capacity through consultancies and personnel service agreements (see *Appendix I* for details of the consultancy costs). While this was necessary, it is clearly not a desirable long-term solution to the Secretariat's staffing needs.
24. At the time of the Second Session of the Governing Body the processes of establishing and filling the D1, P5, P4, G4 and G3 posts has been completed and the processes for the two P3 and the one G5 post have been initiated and are in progress.
25. From the experience of the 2006-07 biennium and in light of the massive workload increase resulting from the start-up of the Multilateral System, an in-depth planning and forecasting exercise for the 2008-09 biennium was undertaken (see document IT/GB-2/07/20). From this, it is evident and imperative that the human resource capacity of the Secretariat be increased for the forthcoming biennium. Based on human resource planning with the assistance of specialized external human resource expertise, it is estimated and proposed that the Secretariat staffing table as adopted at the First Session of the Governing Body be supplemented by one additional P5, one P4 and one P3 post. This increase is duly reflected in the 'Secretariat Staff and Consultancy Costs' of the Core Administrative Budget of the

² Annex 1, Appendix O, *Resolution 4/2006*, IT/GB-1/06/Report

Treaty, as set out in the 2008-09 Work Programme and Budget in document IT/GB-2/07/20.³

26. The use of consultancies has been retained in the human resource planning for delivering the Work Programme of the 2008-09 biennium of the Treaty, where appropriate.

Meetings

27. In addition to the three Bureau meetings (November 2006, February 2007, and June 2007), only two other meetings took place during the biennium: the Screening Committee for the appointment of the Secretary and the Stakeholder consultation on information technology meeting. The total amount spent on these five meetings was USD\$ 81,136.
28. The forecast costs for the Second Meeting of the Governing Body amount US\$ 630,000.

Other Costs

29. Other costs relate to travel, non expendable items, backcharge expenses, and a Letter of Agreement with Bioversity in support of the development of a prototype application to implement protocols and transactions required for the management of the Standard Material Transfer Agreement of the International Treaty. These costs amounted to USD\$ 217,886 in 2006 and USD\$ 383,355 in 2007.

III. CONCLUSION

30. During the past biennium, slow and limited incoming voluntary contributions from Contracting Parties posed serious problems for the functioning of the Treaty and the delivery of its activities. It will be much more difficult to handle such limitations in the implementation stage of the Treaty in the 2008-09 biennium. The Governing Body might therefore wish to emphasize the importance of timely voluntary contributions from Contracting Parties for the adequate delivery of the Work Programme of the Treaty in the 2008-09 biennium.

³ IT/GB-2/07/20 table "Work Programme and Budget, 2008-09", Line A ('Secretariat Staff and Consultancy Costs')

*Annex I***SECRETARIAT STAFF AND CONSULTANCY COSTS****Staff Costs for Biennium**

D1	130,077
P5	178,944
P4	38,385
G4	69,924
G3	60,444
Temporary Assistance	11,396
TOTAL	489,170

Additional Staff Costs**Forecast to December 2007**

P3	30,651
P3	30,651
G5	13,420
TOTAL	74,722

Consultancy Costs**Until 31 August 2007**

HR Expert	3,300
Communication / T. Visual Identity	1,350
Treaty Russian translation	2,649
Workplan management	3,000
IT Stakeholder Inf. Mtg.	4,508
Treaty Website	14,400
Brochure design	10,650
Information technology expert	23,782
Spanish Guide to the Treaty translation	16,490
Comm./Multimedia presentation 5 lang.	33,708
TOTAL	113,837

Consultancy Costs**Forecast to December 2007**

IT Technology	40,000
General operation management	35,000
Translation	1,000
TOTAL	76,000

*Annex 2***MEETINGS AND OTHER COSTS**

Meetings	
Three Bureau Meetings	36,081
Screening Committee	26,555
Stakeholder Information Meeting	18,500
<i>Forecast</i>	
Second Session of the Governing Body	630,000
TOTAL	711,136

Other Costs	
2006	217,886
2007	383,355
TOTAL	601,241