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The International Treaty

ON PLANT GENETIC RESOURCES FOR FOOD AND AGRICULTURE

**E**

Item 18 of the Provisional Agenda

INTERNATIONAL TREATY ON PLANT GENETIC RESOURCES FOR FOOD AND AGRICULTURE

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

THIRD SESSION OF THE GOVERNING BODY

Tunis, Tunisia, 1 – 5 June 2009

PROGRAMME OF WORK AND BUDGET 2008-09: FINANCIAL REPORT

The current document updates and replaces document IT/GB-3/09/20

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PROGRAMME OF WORK AND BUDGET 2008/09: FINANCIAL REPORT

I. INTRODUCTION

1. The functions of the Governing Body include to “*adopt plans and programmes for the implementation of this Treaty*”,¹ and to “*adopt the budget of this Treaty*”.²
2. The Programme of Work and Budget adopted by the Governing Body at its Second Session is effectively the first to cover a full biennium. That adopted at the First Session reflected only a one-year effective duration, and the initial start-up phase of the Treaty, before many substantive activities had been initiated. It is therefore particularly useful to take stock at this time of the developing financial situation of the Treaty.
3. This document is presented to the Governing Body in a format that differs significantly from previous financial and budgetary updates provided. The intention of the Secretariat is to provide, in this way, a comprehensive and transparent overview of the financial situation of the Treaty in its various constituent parts. Considerable efforts are being made towards ensuring a modern and transparent approach to the work programming and budgeting as well as to the other aspects of financial reporting of the activities covered by the Treaty. It is anticipated that this approach, which provides an increased level of intelligibility and completeness, will facilitate the work of Contracting Parties.
4. The Secretary intends to continue with the implementation of numerous other administrative (budget and financial) improvements that are deemed essential particularly in consideration of the particular nature of the funding of the Core Administrative Budget (partly FAO contribution and partly Trust Fund). Moreover, further developments are considered essential to accommodate the voluntary contributions element of the funding of the Treaty which precludes the use of certain FAO financial reporting and recording facilities.
5. This document therefore provides information on the financial status of the Treaty during the 2008/09 biennium, with particular emphasis on the Core Administrative Budget provided for in Financial Rule III.3a. It analyses the effects of under-funding of the approved budget on the implementation of the approved Programme of Work. In this context, the Governing Body, at its Second Session, with the experience gained with its first budget, had already felt the need to express:
*“its concern at the limited level of contributions by Contracting Parties to the Core Administrative Budget for the biennium 2006-07”, and to urge “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”.*³
6. Information is also provided on the donor-supported Special Funds (the Funds for Agreed Purposes, and the Fund to Support the Participation of Developing Countries), as well as on the Benefit-sharing Fund for the disbursement of funds resulting from Article 13.2d of the Treaty and of other funds under the direct control of the Governing Body within the Treaty’s Funding Strategy.
7. The diagram from the Financial Rules, showing these various elements, is in *Appendix 1* to this document.

¹ Article 19.3b of the Treaty.

² Article 19.3d of the Treaty.

³ Resolution 3/2007, (vii) and (viii); Para 91 of document IT/GB-2/07/Report.

II. THE CORE ADMINISTRATIVE BUDGET

A. The 2008/09 Core Administrative Budget

8. The Core Administrative Budget is funded by:
- a. The amount provided for the Treaty in the Regular Programme of Work and Budget of the FAO under Rule V.1a
 - b. The voluntary contributions (hereinafter “contributions”) of Contracting Parties;
 - c. The voluntary contributions of States that are not Contracting Parties, of inter-governmental organizations, of non-governmental organizations and other entities, and
 - d. Funds carried over from the previous biennium, and miscellaneous income.
9. In the biennium, there have been no contributions under (c); the balance carried over from the 2006-07 biennium, amounting to US\$ 53,701, is taken into account in considering the financial position of the Core Administrative Budget as shown in Appendix 8 of the current document.
10. At its Second Session, the Governing Body adopted the Core Administrative Budget for the 2008/09 biennium, with a provision of US\$ 5,069,672 for the Programme of Work, composed of:
- US\$ 1,607,000 from FAO,⁴ and
 - US\$ 3,462,673 from Contracting Parties.
 - It also foresaw that Contracting Parties should capitalize a Working Capital Reserve in the biennium, in the sum of US\$ 346,267, at the rate of 10% of their expected contributions to the Core Administrative Budget.
 - The total expected from Contracting Parties was therefore US\$ 3,808,940.
11. *Appendix 2* gives the 2008/09 budget, as adopted.

B. FAO's contribution

12. The final decision regarding FAO's contribution to the Core Administrative Budget is the prerogative of the FAO Conference. The actual sum finally made over to the Treaty follows the Organization's normal administrative procedures, and is provided in two instalments, for the two years of the biennium. It may therefore differ from the sum reflected in the Treaty's budget.

13. In the event, the sum provided by FAO was some US\$ 252,000 more than was originally envisaged, for a total of approximately US\$1,859,000, against the sum foreseen of US\$ 1,607,000, to maintain purchasing power.

14. In considering the long-term role of FAO's contribution to the Treaty's Core Administrative Budget, the decision of the 2008 FAO Conference when adopting the Immediate Plan of Action for FAO Renewal, to which all Contracting Parties contributed and agreed in their capacity as Member States of FAO, needs to be taken into account:

*“statutory bodies and conventions will be strengthened, enjoying more financial and administrative authority within the framework of FAO and a greater degree of self-funding by their Members”.*⁵

⁴ Programme Entity 2AP03.

⁵ Paragraph 28 of document C 2008/4 approved in Resolution 1/2008 of the Report of the Conference.

C. Contracting Parties' contributions

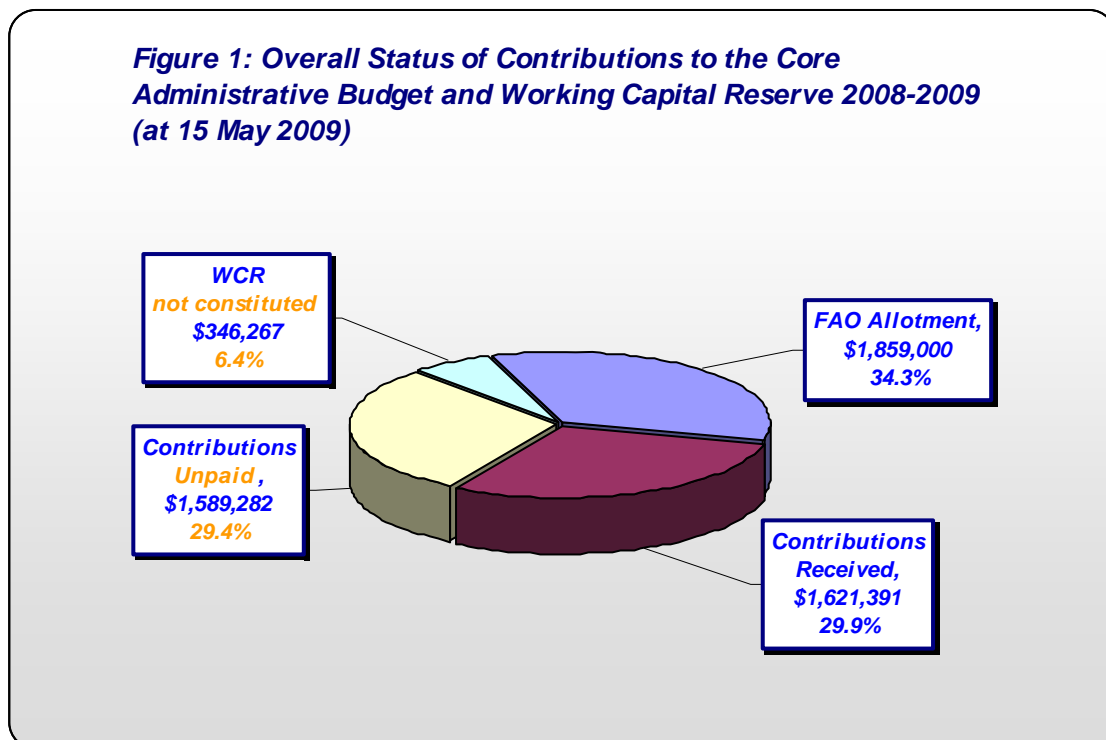
15. A call for contributions to the Core Administrative Budget was issued in a Circular State Letter of 28 January 2008. A subsequent call for funds was issued on 11 June 2008.

16. At its meeting in February 2009, the Bureau considered the financial situation of the Treaty, including the level of contributions made by Contracting Parties until then. It noted that, despite regular issuance of Circular State Letters calling for funds, the contributions of Contracting Parties to the Core Administrative Budget then amounted to only 28% of the amount expected.

17. At the time of preparing this document (15 May 2009), 41 Contracting Parties out of 120 had contributed to the Core Administrative Budget, for a total of US\$1,621,390.58 (including interest of US\$2,073), against expected contributions from Contracting Parties of US\$ 3,808,940. This represents 42.57 % of the contributions expected from Contracting Parties, or approximately 32 % of the total Core Administrative Budget (including FAO and Contracting Parties' contributions, and excluding the Working Capital Reserve). The biennium is not yet over, and it is, of course, to be hoped that all, or at least a substantive number of Contracting Parties, will make their contributions by the end of this biennium.

18. *Appendix 3* provides a list of the contributions made to date by Contracting Parties, with the figures for the 2006/07 biennium shown for comparison. The lesser amounts contributed in the 2006/07 by those Contracting Parties that contributed in both biennia reflect the fact that the total expected from Contracting Parties in that biennium was the lesser sum of US\$ 1,730,988, covering only a partial biennium. **The amount actually received in the 2008/09 biennium to date is only in the region of 42% of the sum expected.**

19. *Appendix 4* provides a breakdown, by region, of Contracting Parties that have contributed to the Core Administrative Budget in the current biennium. *Figure 1* shows the current status of the Core Administrative Budget and Working Capital Reserve graphically.



D. The effects of under-payment and unpredictability of payment

20. During the current biennium, only by exceptional measures has it been possible to maintain the small core secretariat, and deliver a substantial part, though not the entirety, of the approved Programme of Work for 2008/09, given the shortfall in contributions by Contracting Parties.

21. *Table 1* provides an analysis, projected to the end of the current biennium, reconciling expenditures against the approved Core Administrative Budget, in the light of the sums received from FAO and from Contracting Parties, as well as other factors affecting the actual level of funds available.

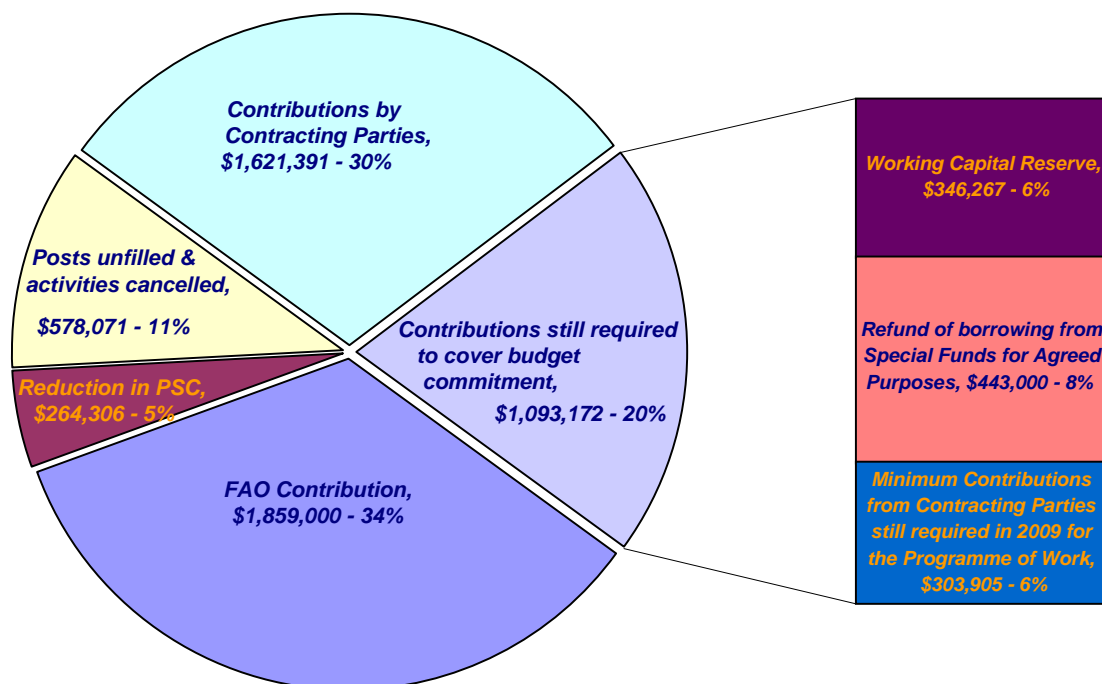
22. Table 1: Core Administrative Budget:

Table 1: Core Administrative Budget (US\$)			
Reconciliation of Expenditures against the Approved Programme of Work, 2008-2009			
Core Administrative Budget for 2008-09 and Working Capital Reserve (as per Resolution 3/2007)			5,415,940
Less:			
FAO Contribution¹	1,607,000		
	Increase over expected FAO contribution	252,000	<1,859,000>
	<i>Sub-Total (Amount needed after FAO contribution)</i>		3,556,940
Working Capital Reserve (not yet constituted)²			<346,267>
	<i>Sub-Total (Amount needed without WCR)</i>		3,210,673
Approved posts unfilled³ and activities cancelled			
	Two P-3 posts, vacant for 14 months total	179,760	<179,760>
	One P-3 post, vacant Jan. 08 - June 09	231,120	
	50% of one P-4 post, vacant Jan. 08 - June 09	142,191	
	Cancellation of one <i>Information Technology Consultation</i>	25,000	<398,311>
	<i>Sub-Total (Amount needed after these items)</i>		2,632,602
Savings in Project Servicing Costs⁴			
	Charged at 6% (originally budgeted at 13%) against reduced expenditure		<264,306>
	<i>Sub-Total (Amount needed after PSC savings)</i>		2,368,296
Borrowing against Special Funds for Agreed Purposes⁵			
Activities covered by borrowing			
	<i>Developing Plans to Promote Voluntary Contributions to the Funding Strategy</i>	123,000	
	<i>SMTA Management System</i>	320,000	<443,000>
	<i>Sub-Total (Minimum needed after borrowing)</i>		1,925,296
Contributions by Contracting Parties			
	Contributions as at 15 May 2009, and interest on contributions		<1,621,391>
	<i>Sub Total (Minimum contribution from Contracting Parties still required in 2009 for the Programme of Work)</i>		303,905
Plus:			
	Constitution of Working Capital Reserve	346,267 ²	
	Refund of borrowing against Special Funds for Agreed Purposes	443,000 ⁵	789,267
	<i>Contributions still required to fulfil Budget commitment</i>		1,093,172

<i>Notes to Table 1</i>	
1.	The FAO contribution provided, in fact, represents an increase of 16% over to the expectation in the Budget of US\$ 1,607 000. FAO's share in the budget therefore rose from less than 30% of the Budget to over 34%.
2.	The Working Capital Reserve can only be capitalized if there is an excess of income over expenditure at the end of a biennium. With the moneys available to date, this is not possible.
3.	The posts in question were all approved to be funded under the Programme of Work and Budget, 2008/09, and are essential for the Secretariat to be able to function normally. It is intended to fill them in the second half of 2009, as and when the outstanding contributions are received.
4.	Financial Rule VII provides for Project Servicing Costs to be charged "under such terms as may, from time to time, be established by the Governing Bodies of the FAO". The amount so far charged to the Treaty has been at the old rate of 6%, instead of the 13% foreseen in the budget. Some aspects of PSC are to be discussed again at the May 2009 Session of the FAO Finance Committee but there will be no developments affecting the current biennium.
5.	Borrowing against the Special Funds is discussed in main body of this document.

23. *Figure 2* shows the current status of the Core Administrative Budget diagrammatically, in the light of the analysis in *Table 1*.

Figure 2: Status of the Core Administrative Budget as at 15 May 2009



24. As shown in *Table 1*, the Secretary has been forced to take a number of decisions to cancel activities approved for the biennium, in the light of the cash-flow situation. Even after this cancellation of activities, it has only been possible to maintain the secretariat and execute the bulk of the Programme of Work to date because of the exceptional supportiveness of the Government of Italy, which allowed temporary use of part of its contribution to the Special Funds for Agreed Purposes, currently to the amount of US\$ 443,000.

25. In this context, it should be noted that moneys held in the Special Funds for Agreed Purposes (either on a multi-donor basis, or as individual accounts) are not fungible with the moneys of the Core Administrative Budget. Moneys may not, therefore, be routinely transferred between the Special Funds for Agreed Purposes and the Core Administrative Budget. This is because, while the moneys in the Core Administrative Budget are contributed by Contracting Parties without earmarking to the agreed biennial Programme of Work generally, the Special Funds are subject to specific agreements made with donors, and may be applied only to the activities foreseen in those agreements, unless otherwise agreed by the donor.

26. It is therefore intended that the borrowings from the moneys made available be reimbursed to the Special Funds from the outstanding contributions of Contracting Parties for the 2008-09 biennium. It should also be borne in mind that a large part of donations to the Special Funds are intended for capacity-building for developing countries in which to implement the International Treaty. A delay in the application of these resources to the purposes for which they were contributed therefore impacts negatively upon these activities. Moreover, to repay these borrowings from the contributions of Contracting Parties for the 2010-11 biennium would severely limit the resources available in that biennium.

27. The budgetary insufficiency has similarly resulted in Associate Professional Officers, made available under agreements with individual donors to support certain specific activities, being assigned to core functions of the secretariat, to the detriment of those activities. It is hoped to be able to re-assign them to their intended functions, as it become possible to recruit the full approved Secretariat establishment.

28. *Figure 3* shows graphically the rate at which contributions from Contracting Parties were received, relative to expenditures against these contributions planned within the Core Administrative Budget. Actual figures for both income and expenditures are used until 15 May 2009. Income is not subsequently projected, as this is impossible to predict. Three projections for expenditure are then given without cancelled activities being reinstated:

Projection 1: The unfilled posts remain vacant; the borrowing from the Special Funds for Agreed Purposes is already partly returned in this biennium; and the Working Capital Reserve is not funded for carry-over to the next biennium;

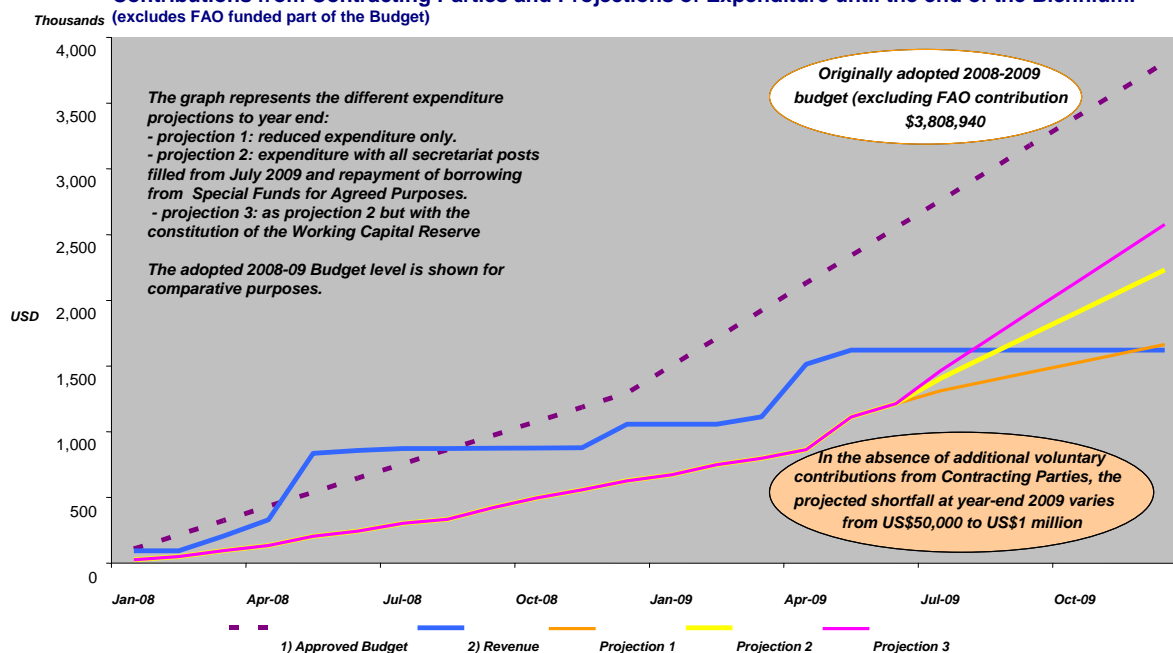
Projection 2: The unfilled posts are filled as from July 2009; the borrowing from the Special Funds for Agreed Purposes is repaid in this biennium; but the Working Capital Reserve is not funded for carry-over to the next biennium;

Projection 3: The unfilled posts are filled as from July 2009; the borrowing from the Special Funds for Agreed Purposes is repaid in this biennium; and the Working Capital Reserve is funded for carry-over to the next biennium.

29. Even under the *Projection 3*, the expenditure in the biennium will be substantially less than budgeted, by over US\$ 1million - almost 20% of the total approved Budget—at year-end.

30. Further financial information is provided in *Appendix 7*, which gives a detailed breakdown of expenditure compared to the originally adopted Core Administrative Budget, by allotment, and *Appendix 8* which provides the Governing Body with the current overall financial position of the CAB as well as expenditure and income information projected to 31 December 2009.

Figure 3: Expenditure Foreseen in the Programme of Work and Budget 2008/09, Receipts of Contributions from Contracting Parties and Projections of Expenditure until the end of the Biennium.
(excludes FAO funded part of the Budget)



E. The Working Capital Reserve

31. As contributions to the Core Administrative Budget are voluntary, there is a substantive measure of uncertainty as to what will actually be available within a biennium, which makes programming of the work difficult. In addition to the absolute shortfall of contributions, the unpredictable timing of contributions has a major effect on the ability of the Secretary to deliver the Programme of Work that the Governing Body has adopted for a biennium.⁶ It creates a situation where the Secretary has to balance undertaking activities in accordance with the approved Programme of Work and Budget - many of which involve expenditure over an extended period of time - against income. This almost inevitably leads to some elements of the Programme of Work being held back and not delivered within the biennium, if contributions are not received early, that is, to a predictable under-delivery of the approved Programme of Work.

32. *Figure 3* shows that a number of contributions were received relatively early in the biennium, but that contributions then tailed off rapidly. As a result, only during the period between May and August 2008 did the receipt of contributions exceed the projected authorised budget expenditure level, and only in that period was it possible—at least nominally—to constitute the Working Capital Reserve, which was then immediately exhausted. For the rest of the period in consideration, contributions were always too low for this to be practicable.

33. The sum provided by FAO at the beginning of a biennium plays a special role in the financial health of the Treaty, because the first year's instalment becomes available at the beginning of the Treaty's biennium,⁷ before Contracting Parties' contributions become available. Without it, there would in all probability be a major cash-flow hiatus at the beginning of each biennium. This is particularly the case in that the Working Capital Reserve has not yet been capitalized and because, at the level adopted for the 2008/09 biennium (that is, for capitalization during this biennium, and possible use during the

⁶ See IT/GB-3/09/5 Add.1, *Financial Rules of the Governing Body - background information*, which *inter alia* provides information about a recent report of the United Nations Joint Inspection Unit regarding the impact on the sustainability of programme delivery of voluntary funding (as is the case with the Treaty).

⁷ Financial Rule II provides that the Treaty's biennium coincides with that of the FAO.

2010/11 biennium), it would in any case be inadequate on its own to meet the likely cash needs at the beginning of a biennium.

34. It is fortunate that the average US\$/€ exchange rate did not vary substantially from the budget rate adopted in the biennium (most of the Core Administrative Budget being expended in €, and this is one of the factors that the Working Capital Reserve is intended to buffer). Other crucial factors include (a) the ability to cover staff costs at the beginning of a biennium, in the event of tardy contributions⁸, for a period of perhaps six months, and (b) provision to call an extraordinary session of the Governing Body, should this be required, in accordance with Article 19.10 of the Treaty. The Governing Body may accordingly wish to proceed prudently, and constitute a Working Capital Reserve adequate for either of these eventualities, to be capitalized from their contributions in the 2010/11 biennium, to be available from the 2012/13 biennium.

III. DONOR-SUPPORTED SPECIAL FUNDS

A. Funds for Agreed Purposes

35. As noted above, the activities to be carried out under the Special Funds for Agreed Purposes are a matter for negotiation severally between the Secretary and the prospective donor or donors. In many cases, donors are able to fund technical assistance activities for capacity-building and other activities in support of developing countries in this way from budget lines separate to those from which their contributions to the Core Administrative Budget are met. The Funds for Agreed purposes can therefore play an important part in the overall implementation of the Treaty. In operative paragraph xvi of Resolution 3/2007, by which it adopted its Programme of work and Budget 2008/09, the Governing Body accordingly requested the Secretary to provide an estimate of the cost for:

- “1. *Implementation of each of the activities to be funded under the Special Funds referred to in Rule VI.2b of the Financial Rules of the Treaty; and*
2. *Provision of support to developing country Contracting Parties and Contracting Parties with economies in transition, to be funded under the Fund referred to in Rule VI.2c of the Financial Rules of the Treaty for the biennium 2008-09”.*

36. The Circular State Letter of 11 June 2008 accordingly provided this information, in *Addendum 5*. This is reproduced in *Appendix 5* to the current document.

37. The carry-over from the 2006/07 biennium of the multi-donor Fund was US\$ 588,636, representing the balance of moneys contributed by Australia, Austria, Canada, Finland, Ireland, Italy and Spain. During the 2008/09 biennium, further donations were received from the Governments of Italy and Spain in the amounts of US\$ 1,252,909 and US\$ 585,000 respectively.

38. Expenditures for the agreed activities during the biennium stand at US\$ 727,000 at the end of May 2009 and additional activities are being initiated that will commit a further US\$ 2.93 million, (assuming that the sum of US\$ 443,000, borrowed from the Fund, with the agreement of the donor will be refunded from contributions made by Contracting Parties) before year end. A listing of the activities already under way or planned to be initiated within the current biennium is given in *Appendix 6* of this document.

39. In addition, the Swedish International Development Agency (SIDA) has agreed to make available the sum of US\$ 907,000 for the *FAO/Bioiversity/Treaty Secretariat Joint Programme on Legal and Technical Assistance to Developing Countries on the Implementation of the Treaty*, to be executed over two years. An initial contribution of US\$ 500,000 has already been received, and is being administered under a separate account within the Special Fund for Agreed Purposes.

⁸ In this context, it should be noted that, in the report of its October 2008 Session, the FAO Finance Committee observed from experience that “the budget cycle of Member Nations and other political issues were the overriding considerations that determined the timing of payments to the Organization”.

B. Fund to Support the Participation of Developing Countries

40. This Fund, the purpose of which is to provide support for the attendance of developing countries in meetings of the Treaty, was initially capitalized, with the agreement of the donors involved, with moneys contributed for this purpose during the process of the negotiation of the Treaty, and the interim period between its adoption and the First Session of the Governing Body. The initial balance carried forward at the beginning of the 2008/09 biennium was US\$ 1,146,384. Income to the Fund in the current biennium is US\$ 117,808, comprising a contribution of US\$ 46,055 from Italy, US\$ 65,000 from Spain and interest accrued on the balance.

41. Expenditures in the biennium are projected to result in a further drawdown of funds of US\$ 465,000, with a projected balance at the end of the 2008-2009 biennium of approximately US\$ 800,000.

42. The expenditure against this fund for the 2010-2011 biennium is estimated to be in the region of US\$ 605,000 which, in the absence of any major changes, would leave a balance on the Fund at the end of 2011 of less than US\$ 195,000.

43. While this Fund is still healthy, and is expected to meet the needs for the next biennium, Contracting Parties may wish to make donations to it during the 2010/11 biennium, in order to prevent a hiatus at the end of the biennium, and the need for full replenishment all at one time.

IV. THE BENEFIT-SHARING FUND

44. The Benefit-sharing Fund, established in the context of Article 13.2d of the Treaty, is intended both to receive moneys deriving from monetary benefit-sharing, as well as contributions by a variety of donors. These moneys form part of the Funding Strategy of the Treaty, in accordance with Article 18e of the Treaty.

45. As reported in the *Review of the implementation and operation of the Standard Material Transfer Agreement*,⁹ no payments, mandatory or voluntary, relating to materials accessed from the Multilateral System of Access and Benefit-sharing, have yet been received. Nor is it likely that substantive sums will accrue from these sources for some time, given the long period of time required to develop a plant variety.

46. However, donations to the Benefit-sharing Fund have generously been made during the current biennium by Italy (US\$ 344,476), Norway (US\$ 78,000),¹⁰ Spain (US\$ 130,000) and Switzerland (US\$ 28,612) for a total of US\$ 581,088. On this basis, the first call for projects to be financed under the Funding Strategy was issued during the first week of December 2008, for project with a total value of US\$ 250,000. The uncommitted balance of funds at the end of the biennium is therefore expected to be of the order of US\$ 331,088, plus further donations received before then.

V. CONCLUSIONS

47. The Governing Body is invited to take the information provided in this paper into account in the establishment of its Programme of Work and Budget, 2010/11.

48. The unpredictability of both the level and the timing of contributions by Contracting Parties has created a number of difficulties in the implementation of the Programme of Work, 2008/09. A number of activities have had to be cancelled, and implementation of a large fraction of the remaining programme of work has only been made possible by the exceptional agreement of a Contracting Party

⁹ Document IT/GB-3/09/14.

¹⁰ Norway has announced that it will make an additional annual payment of 0.1% of the value of all seeds sold in its territory. This sum is the first such payment. See IT/GB-3/09/14, *Review of the implementation and operation of the Standard Material Transfer Agreement*.

to allow the temporary use of moneys it donated to the Special Fund for Agreed Purposes for other activities. The moneys borrowed will need to be repaid before year end or they are likely to cause a substantial shortfall in the implementation of the 2010/11 Programme of Work, if returned from contributions in that biennium. Moreover, this borrowing has resulted in delivery of a lower level of programmed assistance to developing countries for the implementation of the Treaty. Such an expedient is no long-term solution.

49. Contracting Parties are accordingly invited to consider measures that can be taken to address the underlying structural issues of unpredictable and the inadequate current funding of the Treaty.

50. Moreover, the level of contributions to the Core Administrative Budget so far, and the expected level of further contributions in this biennium, make it unlikely that the Working Capital Reserve will be capitalized in this biennium, resulting in a yet greater measure of unpredictability and uncertainty in the implementation of the Programme of Work, 2010/11. In purely technical terms, the current budgeted level of the Working Capital Reserve is too low for it to fulfil its purpose. The contribution of the FAO has taken up some of the slack resulting from the lack of a Working Capital Reserve, but it must be noted that the FAO Conference has agreed that Article XIV Bodies, such as the Treaty, should progressively attain a “*greater degree of self-funding by their Members*”.¹¹

VI. POSSIBLE ELEMENTS FOR A DECISION BY THE GOVERNING BODY

51. The Governing Body may accordingly wish to:

- a. Thank all Contracting Parties that have already contributed during the 2008/09 biennium;
- b. Thank the Government of Italy for having allowed use of part of its contribution to the Funds for Agreed Purposes, on an exceptional and provisional basis, in order to meet the cash-flow constraints in the Core Administrative Budget, thereby ensuring the implementation of a substantial part of the Programme of Work;
- c. Thank the Government of Spain for having generously effected payment of contributions to the Treaty not only for the current biennium but in addition, for forthcoming biennia in advance, thereby demonstrating confidence in the ongoing growth of the Treaty and the potential for successful achievement of its planned objectives.
- d. Call on those Contracting Parties that have not yet done so to make their contributions for the 2008/09 biennium immediately, in order to restore the Core Administrative Budget to financial health;
- e. Appeal to all Contracting Parties to contribute adequately, and early in the 2010/11 biennium, to the Core Administrative Budget, so as to avoid compromising the future of the Treaty at this critical stage in its development, and the achievement of its objectives;
- f. Establish a Working Capital Reserve, to be capitalized in the 2010/11 biennium, at a level more commensurate with the risks, possibly at a level representing six months of staff salaries, or the cost of an extraordinary session of the Governing Body;
- g. Thank donors to the Special Funds for Agreed Purposes for their generosity, and appeal for further donations, in particular to activities of support to developing countries in bringing the Treaty into full and effective operation; and
- h. Thank, in particular, Italy, Norway, Spain and Switzerland for having made donations to the Treaty’s Benefit-sharing Fund, thereby initiating the operation of the Benefit-sharing Fund, and appeal for further generous donations

¹¹ Paragraph 28 of document C 2008/4 approved in Resolution 1/2008 of the Report of the Conference.

*Appendix I***SOURCE AND USE OF MONEYS, AND TRUST FUND STRUCTURE**

REFERENCE IN RULE V	CORE ADMINISTRATIVE BUDGET	TRUST FUND STRUCTURE RULE VI
Rule V.1a	The amount provided for the Treaty's Core Administrative Budget in the FAO Regular Programme of Work and Budget	
Rule V.1b	Voluntary contributions by Contracting Parties for the purposes of administration and implementation of the Treaty in general	GENERAL FUND <i>Income in the biennium</i> Rule VI.2a ----- <i>includes the Working Capital Reserve</i> Rule VI.4
Rule V.1c	Voluntary contributions by states that are not Contracting Parties, from IGOs, or NGOs or other entities, for the administration and implementation of the Treaty in general	
Rule V.1h	The uncommitted balance of voluntary contributions carried forward	
Rule V.1i	Miscellaneous income, including interest derived from investment of the funds in the General Trust Fund	

SPECIAL FUNDS

Rule V.1d	Other voluntary payments by Contracting Parties, for purposes agreed between the contributor and the Secretary	<p align="center">MULTIDONOR FUND <i>where agreed with donor</i></p> <p align="center">-----</p> <p align="center">SEPARATE FUNDS <i>where required by donor</i></p> <p align="center">Rule VI.2b</p>
Rule V.1e	Other voluntary payments by Contracting Parties, by IGOs, or NGOs or other entities for purposes agreed between the contributor and the Secretary	
Rule V.1f	Voluntary payments by Contracting Parties to support the participation of developing countries	<p align="center">FUND TO SUPPORT THE PARTICIPATION OF DEVELOPING COUNTRIES</p> <p align="center">Rule VI.2c</p>
Rule V.1g	Voluntary payments by contributions by states that are not Contracting Parties, from IGOs, or NGOs or other entities, to support the participation of developing countries	

BENEFIT-SHARING IN ACCORDANCE WITH ARTICLE 13.2D OF THE TREATY

Rule V.1j	Mandatory and voluntary contributions pursuant to Article 13.2d	<p align="center">BENEFIT-SHARING FUND</p> <p align="center">Rule VI.3</p>
Rule V.1k	Contributions from international mechanisms, funds and bodies	

Appendix 2

CORE ADMINISTRATIVE BUDGET OF THE INTERNATIONAL TREATY ON PLANT GENETIC RESOURCES FOR FOOD AND AGRICULTURE			
	2008	2009	Total
A. <u>Secretariat Staff and Consultancy Costs</u>			
-Module A	914 954	829 412	1 744 366
-Module B	50 000	229 466	279 466
-Module C	0	0	0
-Module D	589 866	720 948	1 310 814
Sub-total	1 554 820	1 779 826	3 334 646
B. <u>Meetings</u>			
Third Session of the Governing Body	-	630 000	630 000
Bureau Meetings (3)	24 000	12 000	36 000
Information Technology Consultations (3)	25 000	50 000	75 000
Third Party Beneficiary Committee (1)	0	25 000	25 000
Capacity-building Coordination Mechanism (2)	12 000	12 000	24 000
Sub-total	61 000	729 000	790 000
C. <u>Other Costs</u>			
Core staff duty travel	92 667	155 333	248 000
Publications	25 000	25 000	50 000
Supplies and equipment	40 000	29 000	69 000
Sub-total	157 667	209 333	367 000
D. General Operating Expenses (4% of A+B+C)	70 939	108 726	179 666
E. Operating Budget (A+B+C+D)	1 844 426	2 826 885	4 671 312
F. Project Servicing Costs (13% of E less FAO Contribution)	135 320	263 040	398 361
G. Core Administrative Budget before Working Capital Reserve (E+F)	1 979 747	3 089 925	5 069 672
H. Working Capital Reserve (10% of G less FAO Contribution)	117 625	228 643	346 267
I. Core Administrative Budget after Working Capital Reserve (G+H)	2 097 372	3 318 568	5 415 940
FAO Contribution (PE 2AP03)	803 500	803 500	1 607 000
Balance to be funded	1 293 872	2 515 068	3 808 940

Appendix 3

Contributions by Contracting Parties to the Core Administrative Budget, 2008-2009
as at 15/05/2009

<u>Contracting Party</u>	<u>2006-2007</u> (for comparison)	<u>2008-2009</u>
Afghanistan	-	79.41
Algeria	-	6,592.00
Angola	54.64	229.75
Australia	-	106,875.00
Austria	31,929.00	34,337.50
Bangladesh	-	770.00
Brazil	56,641.00	33,875.50
Canada	104,570.00	268,986.25
Ecuador	684.69	1,617.00
Egypt	-	11,299.00
Estonia	-	1,232.00
Finland	-	43,626.00
Ghana	-	308.00
Guatemala	1,130.00	2,464.00
Guinea	-	77.00
India	15,648.10	34,800.00
Indonesia	5,285.00	5,285.00
Ireland	-	34,415.00
Italy	181,621.00	393,034.94
Jamaica	-	3,000.00
Kenya	-	745.00
Laos	-	77.00
Lebanon	-	2,618.00
Lesotho	-	75.00
Lithuania	-	2,387.00
Luxembourg	-	6,621.00
Madagascar	-	162.03
Malawi	36.00	-
Namibia	219.00	-
Niger	-	77.17
Norway	25,259.00	60,514.00
Romania	2,223.00	5,389.00
Saudi Arabia	-	52,996.00
Seychelles	-	100.00
Spain	43,629.00	260,000.00
Switzerland	44,478.00	94,052.00
Tanzania	-	914.64
The Netherlands	-	144,965.00
Togo	-	77.00
Trinidad & Tobago	-	2,079.00
Uganda	176.00	201.00
Uruguay	1,786.00	2,079.00
Yemen	222.97	-
Zambia	65.23	285.00
Sub-Total	515,657.63	1,619,317.19
Interest	12,400.31	2,073.39
Total	528,057.94	1,621,390.58

Appendix 4

Contributions by Contracting Parties to the Core Administrative Budget, 2008-2009 by Region

As at: 31 March 2009

Region	Contracting Parties that have made contributions	Contracting Parties that have made no contribution		
Africa	Algeria Angola 1/ Guinea Kenya Lesotho Madagascar 1/ Niger Uganda 1/ United Republic of Tanzania Togo Zambia 1/	Benin Burkina Faso Burundi Cameroon Central African Republic Chad Congo, Republic of Côte d'Ivoire Democratic Republic of the Congo Djibouti Eritrea	Ethiopia Gabon Ghana Guinea-Bissau Liberia Malawi 1/ Mali Mauritania Morocco Namibia 1/ Sao Tome and Principe	Senegal Sierra Leone Sudan Tunisia Zimbabwe
Asia	Bangladesh India 1/ Indonesia 1/ Lao People's Democratic Republic Seychelles	Cambodia Democratic People's Republic of Korea Malaysia Maldives Mauritius	Myanmar Pakistan Philippines Republic of Korea	
Europe	Austria 1/ Estonia Finland Ireland Italy 1/ Lithuania Luxembourg Netherlands Norway 1/ Romania 1/ Spain 2/ Switzerland 1/	Armenia Belgium Bulgaria Cyprus Czech Republic Denmark France Germany Greece Hungary Iceland Latvia	Latvia Poland Portugal Slovenia Sweden Turkey United Kingdom	
Latin America and the Caribbean	Brazil 1/ Ecuador 1/ Guatemala 1/ Jamaica Trinidad and Tobago Uruguay 1/	Costa Rica Cuba El Salvador Honduras Nicaragua Panama	Paraguay Peru Saint Lucia Venezuela	
Near East	Afghanistan Lebanon Saudi Arabia 1/	Egypt Iran, Islamic Republic of Jordan Kuwait	Libyan Arab Jamahiriya Oman Qatar Syrian Arab Republic	United Arab Emirates Yemen 1/
North America	Canada 1/			
South West Pacific		Australia Cook Islands Fiji	Kiribati Palau Samoa	

1/ Contracting Party having made a contribution to the 2006-07 CAB

2/ The Government of Spain has made a substantial voluntary contribution to the Treaty. As of the date of this report, the part intended for the Core Administrative Budget for 2009 was still subject to confirmation.

Appendix 5

Extract from the Circular State Letter of 11 June 2008

*Estimate of costs for each of the activities to be funded
under the Special Funds of the Treaty (Rule VI.2b)*

Introduction

In its Resolution 3/2007 adopted at its Second Session held in Rome in October 2007, the Governing Body “recognizes that the Treaty is at a critical stage of implementation” and “expresses its concern at the limited level of contributions by Contracting Parties” to the budget of the Treaty to date. It consequently “urges 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*”.

Financial Rule VI.2(b) of the Treaty makes provision for the Secretary to accept funds for purposes agreed between the contributor and the Secretary through Special Funds, namely a Multidonor Trust Fund or separate Trust Funds, for activities other than the regular Secretariat functions covered by the Core Administrative Budget.

This document gives an estimate of the cost for the implementation of each of the activities to be funded under the Special Funds referred to in Financial Rule VI.2(b). The respective activities are considered as “projects” and consequently are eligible for extra-budgetary funding through the Trust Fund for Purposes Agreed Between the Contributor and the Secretary – covered by Financial Rule VI.2(b). Many projects are of a “technical assistance” nature – providing technical assistance to Contracting Parties that so request, to initiate the operation of the Multilateral System in their countries. The technical assistance nature of the projects may facilitate the task of mobilizing funds, as in many countries support for such activities can be considered under their development assistance budgets, rather than under the budgets covering Treaty obligations.

***MODULE A - OPERATION AND DEVELOPMENT OF THE TREATY'S MULTILATERAL
SYSTEM OF ACCESS AND BENEFIT-SHARING***

Activity A.1 Reviewing of, and Reporting on, the Operation of the Multilateral System	Total US\$
A.1.1 7 case studies about the inclusion of genetic material in the Multilateral System	67,152
A.1.2 Case studies of how 7 Contracting Parties and their national stakeholders are implementing the Multilateral System in practice	67,152
A.1.3 Documentation of practices by which Contracting Parties are encouraging the private sector to contribute material to the Multilateral System	131,594
A.1.4 Data analysis for the Report requested by Resolution 2/2006 for the Third Session of the Governing Body, including data on benefit-sharing and SMTA operation	117,010
TOTAL A.1	382,908

Activity A.2 Policy Guidance on Operation and Evolution of the Multilateral System	Total US\$
A.2.1 Documenting concrete practices and procedures used by Contracting Parties	123,200
A.2.2 Based on the documentation gathered under A.2.1 above, development of Options and Guide, on practices and procedures that respect the spirit of the Treaty	34,200
A.2.3 Based on the documentation gathered under A.1 and A.2, development of Provider Procedures and Recipient Procedures for the Multilateral System and subsequent peer review	228,472
TOTAL A.2	385,872

Activity A.4 Facilitating start-up, operation and increased coverage of the Multilateral System at the national and regional level	Total US\$
A.4.1 A target should be to service 50 countries in the biennium, with missions of one week	23,318
A.4.2 upon request and in accordance with guidance given by the Governing Body: direct, customized policy analysis and advice to Contracting Parties and regional organizations	374,010
A.4.3 Online reporting system and Online Database on the Treaty website regarding national and regional legislative, measures (monolingual)	128,504
A.4.4 Regional- and international training courses on the use of the SMTA and SMTA management tools	373,628
TOTAL A.4	899,460

MODULE B - IMPLEMENTING THE TREATY'S FUNDING STRATEGY

Activity B.1 Supporting Contracting Parties in taking measures to ensure effective allocation of resources	Total US\$
B.1.1 Establishment of a Calendar of Events for promotion of the Funding Strategy by Contracting Parties.	89,108
B.1.2 Customized, professional fundraising and promotional materials for Contracting Parties on the Treaty's Funding Strategy	191,673

B.1.3 Preparation, support and facilitation of high-level outreach and measures by Contracting Parties to targeted international mechanisms	135,788
B.1.4 Considering the development of Annex 4 of the Funding Strategy, as originally foreseen by document	88,485
B.1.5 Meetings of the Ad Hoc Advisory Committee on the Funding Strategy	174,727
TOTAL B.1	679,781

Activity B.2 Developing Strategies to Promote Voluntary Contributions to the Funding Strategy	Total US\$
B.2.1 Convening of a Brainstorming Workshop(s)	178,268
B 2.4 Holding consultations with the Food Processing Industries to develop a strategy by which the Food Processing Industries could make voluntary benefit-sharing contributions	352,400
TOTAL B.2	1,068,350

Activity B.3 Operating the Funding Strategy and Disbursement of Funds, if any are available	Total US\$
B 3.1 Opening a call for proposals in the official languages, as decided by the Governing Body; receiving, collection and compilation of Pre-proposals	120,876
B 3.2 Organizing and servicing the Meetings of the Panel of Experts on Project Appraisal under the Funding Strategy	62,072
B 3.3 Monitoring and reporting of the projects	195,984
TOTAL B.3	378,932

Activity B.4 Providing information services on bilateral, regional and multilateral funding sources	Total US\$
B 4.1 Developing an information service on bilateral and multilateral funding sources	209,428
B 4.2 Information service for donor institutions on priority and eligibility projects, eligible for funding under the Funding Strategy of the Treaty	102,184
TOTAL B.4	311,612

MODULE C - IMPLEMENTATION OF THE INTERNATIONAL TREATY AT NATIONAL AND REGIONAL LEVELS

Activity C.1 Policy direction and guidance on the implementation of the Treaty	Total US\$
C 1 Policy guidance on the implementation of Articles 5, 6 and 9 at the national level through focused information gathering and meetings aimed at developing guidance on the options and possibilities for the national implementation of these articles	361,624
TOTAL C.1	361,624

Activity C.2 Legal assistance in the implementation of the Treaty	Total US\$
C 2 Upon request, providing legal comments or legal drafting services in accordance with the guidance of the Governing Body on implementation of the Treaty	539,620
TOTAL C.2	539,620

Activity C.3 Capacity building on the national and regional implementation of the Treaty	Total US\$
C 3.1 Establishment of a Coordinating Mechanism for capacity building for the national implementation of the Treaty	283,888
C 3.2 Development of applied, practical and standardized information material for capacity building on implementation of the Treaty	872,726
C 3.3 Extending the National Focal Point system established by the Treaty and building the capacity of National Focal Points	398,108
TOTAL C.3	1,838,610

Activity C.4 Awareness raising, training and promotion of the International Treaty	Total US\$
C 4 Awareness raising, training and promotion of the International Treaty	
C 4.1 Information and publicity material support to Modules A and B	467,180
C 4.2 Cooperation Agreements with the leading universities on genetic resource law and policy for delivery of distance learning course and specialized training on the International Treaty	141,590
C 4.3 Maintenance and updating of the Treaty website, including integration of the Multilateral System's Information Support Infrastructure on the Treaty website	37,554
TOTAL C.4	646,324

Appendix 6

Activities under the Special Funds for Agreed Purposes
(all amounts in thousands of US Dollars)

Activity	Activity number in WPB 2008-09 and in CSL of 11 June 2008 (see Appendix 5)	Amounts disbursed in the current biennium for activities already initiated. (as at end March 2009)	Amounts committed in the current biennium for which activities will be initiated before year end ¹²
<i>Reviewing of, and Reporting on, the Operation of the Multilateral System</i>	<i>A.1.</i>	-	200
<i>Direct, customized policy analysis and advice on MLS and SMTA</i>	<i>A.4.2.</i>	63	-
<i>Aggregated data analysis of MLS and SMTA operations</i>	<i>A.1.4</i>	-	120
<i>Joint Implementation Programme</i>	<i>A.1, A.2, A.4</i>	140	750
<i>Development of IT tools</i>	<i>Module A under the CAB</i>	320	-
<i>Maintenance and deployment of IT tools</i>	<i>Under the Joint Programme</i>	-	200
<i>Support to effective allocation of resources</i>	<i>B.1.4 and B.1.5</i>	35	-
<i>Launching of the first call for proposal</i>	<i>B.3.1</i>	19	-
<i>Running a project management and information system</i>	<i>B.3.3</i>	-	100
<i>Brainstorming workshop on the fund-raising strategy for the Treaty</i>	<i>B.2.1</i>	15	-
<i>Preparation of the Strategic plan</i>	<i>Module B under the CAB</i>	123	-
<i>Operating the Capacity Building Coordination Mechanism</i>	<i>C.3.1</i>	12	-
<i>Maintaining and building the network of NFP</i>	<i>C.3.3</i>	-	250
<i>Development of capacity material and toolkit</i>	<i>C.3.2</i>	-	400
<i>Development of training modules</i>	<i>C.4</i>	-	250
<i>Policy guidance on the implementation of Articles 5, 6 and 9 at the national level</i>	<i>C.1</i>	-	360
<i>Communication and information material for plant genetic resources community</i>	<i>C.4.1</i>	-	100
<i>Communication and awareness raising</i>	<i>C.4</i>	-	300
TOTAL		727	3 030

¹² The figure assumes the reimbursement of 443,000 USD used provisionally to fund CAB functions.

Appendix 7

Core Administrative Budget 2008-2009

Detailed breakdown of expenditure compared to original budget allotment

Expenditure category	2008		2009	
	Budgeted	Effective	Budgeted	Effective ¹³
Module staff costs				
Module A	914,954	294,329	829,412	76,524
Module B	50,000	51,360	229,466	38,520
Module C	-	-	-	-
Module D	589,866	723,777	720,948	345,768
Sub-total	1,554,820	1,069,466	1,779,826	460,812
Meetings				
Third Session of the GB			630,000	-
Bureau Meetings	24,000	24,000	12,000	-
Information technology consultation	25,000	-	50,000	-
Third Party Beneficiary Committee	-	21,360	25,000	-
Capacity Building Coordination Mechanism	12,000	-	12,000	-
Sub-total	61,000	45,360	729,000	-
Other costs				
Duty travel	92,667	117,618	155,333	33,050
Publication, including printing, translation	25,000	158,008	25,000	6,206
Equipment	40,000	21,960	29,000	4,079
Other costs	-	6,871	-	1,533
Sub-total	157,667	304,457	209,333	44,868
General Operating Expenses	70,939	27,562	108,726	4,172
Project Servicing Costs	135,320	35,520	263,040	10,268
Working Capital Reserve	117,625	-	228,643	-
Total	2,097,371	1,482,365	3,318,568	520,120

¹³ Effective 2009 expenditure shown up to 15 May 2009 only.

Appendix 8

Financial position of the Core Administrative Budget

(including projections to 31 December 2009 and estimated expenditure - April to December 2009)

	<i>Core Administrative Budget</i>	
	Voluntary contributions element of the budget	Total - including FAO contribution
<i>Balance carried forward from 2006-07 biennium</i>	<i>53,701</i>	<i>53,701</i>
2008		
Income 1 Jan - 31 Dec '08	1,058,897	1,913,742
Expenditure 1 Jan- 31 Dec '08	-627,521	-1,482,366
<i>Balance as at 31.12.2008</i>	<i>485,077</i>	<i>485,077</i>
2009		
Income 1 Jan - 15 May '09	562,494	989,211
Expenditure 1 Jan - 15 May '09	-221,433	-520,120
<i>Balance as at 15.05.2009</i>	<i>380,744</i>	<i>826,138</i>
Income expected to end 2009	-	597,404
Expenditure projected to 31 Dec 2009 (See paragraph 27 of this doc)		
<i>Projection 1</i>	-814,246	-1,539,680
<i>Projection 2</i>	-1,384,246	-2,109,680
<i>Projection 3</i>	-1,729,246	-2,454,680
Balance at Year End 2009		
<i>Projection 1</i>	<i>11,892</i>	
<i>Projection 2</i>	<i>-558,108</i>	
<i>Projection 3</i>	<i>-903,108</i>	