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Item 8 of the Draft Provisional Agenda

COMMISSION ON GENETIC RESOURCES FOR FOOD AND AGRICULTURE

**Second meeting of the Commission on Genetic Resources for Food and Agriculture
acting as the Interim Committee for the International Treaty
on Plant Genetic Resources for Food and Agriculture**

Rome, 15 - 19 November 2004

**PREPARATION FOR CONSIDERATION BY THE GOVERNING BODY
OF THE FUNDING STRATEGY FOR THE TREATY**

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I. INTRODUCTION

1. The Treaty, in Article 19.3c, provides that the Governing Body will “adopt, at its first session, and periodically review the funding strategy for the implementation of this Treaty, in accordance with the provisions of Article 18”.
2. Accordingly, at the First Meeting of the Interim Committee for the Treaty, a section of the document on the possible Work Programme and Budget of the Interim Committee for the Treaty was devoted to the Funding Strategy. The Interim Committee for the Treaty did not discuss that section of the document,¹ and “decided to postpone until its second meeting consideration of [...] the funding strategy for the implementation of the Treaty”.²
3. The present document discusses the Funding Strategy in more detail. On the basis of this review, the guidance of the Interim Committee for the Treaty is sought on any actions that it may wish to request its Secretariat to undertake, in preparation for the first meeting of the Governing Body.

II. THE NATURE OF THE FUNDING STRATEGY

4. The Funding Strategy is established by Article 18 of the Treaty. Its objectives are “to enhance the availability, transparency, efficiency and effectiveness of the provision of financial resources to implement activities under this Treaty”.³
5. The Treaty has provisions both on how these resources will be mobilized and what sort of activities the Funding Strategy will address. The Funding Strategy is not in itself a fund. It includes both certain resources directly under the control of the Governing Body (held, “as needed in an appropriate mechanism, such as a Trust Account”),⁴ and funds not directly under its control, the allocation of which the Treaty will however influence. The Funding Strategy also includes both national actions with national resources in all Contracting Parties,⁵ and funds mobilized at the international level. In this connection, the Treaty provides that international cooperation shall, in particular, be directed, *inter alia*, to implementing the funding strategy of Article 18.⁶
6. The Treaty provides that “in order to mobilize funding for priority activities, plans and programmes, in particular in developing countries and countries with economies in transition, and taking the *Global Plan of Action* into account, the Governing Body shall periodically establish a target for [...] funding”.⁷

¹ Document CGRFA/MIC-1/02/9, *Intersessional Work of the Commission acting as the Interim Committee for the International Treaty on Plant Genetic Resources for Food and Agriculture: Work Programme and Budget 2003-2004*, paragraphs 15-21.

² Document CGRFA/MIC-1/02/REP, Report of the Commission on Genetic Resources for Food and Agriculture acting as the Interim Committee for the International Treaty on Plant Genetic Resources for Food and Agriculture, para. 17.

³ Article 18.2.

⁴ Article 19.3f.

⁵ Article 18.4d.

⁶ Article 7.2d.

⁷ Article 18.3.

III. THE MOBILIZATION OF RESOURCES WITHIN THE FUNDING STRATEGY

7. Financial resources under the direct control of the Governing Body include those arising from the sharing of monetary benefits of commercialization under the Treaty's Multilateral System of Access and Benefit-sharing.⁸ Resources deriving from this source will follow the establishment and implementation of the standard Material Transfer Agreement.⁹ Because of this and the time lag between accessing a resource and commercializing a relevant product,¹⁰ it is unlikely that financial resources from this source will be available in the short term.

8. Provision is also made for voluntary contributions from Contracting Parties, the private sector, non-governmental organizations and other sources; the Governing Body will "consider modalities of a strategy to promote such contributions".¹¹ There is a specific provision that "The Contracting Parties shall consider modalities of a strategy of voluntary benefit-sharing contributions whereby Food Processing Industries that benefit from plant genetic resources for food and agriculture shall contribute to the Multilateral System".¹² These two references are both mentioned and brought together in the provision that the Governing Body will consider modalities of a strategy to encourage voluntary contributions.¹³

9. Financial resources not directly under the control of the Governing Body include those to be mobilized by Contracting Parties, who will "take the necessary and appropriate measures within the Governing Bodies of relevant international mechanisms, funds and bodies to ensure due priority and attention to the effective allocation of predictable and agreed resources for the implementation of plans and programmes under this Treaty".¹⁴ One of the functions of the Governing Body is to "establish and maintain cooperation with other relevant international organizations and treaty bodies, including in particular the Conference of the Parties to the Convention on Biological Diversity, on matters covered by this Treaty, including their participation in the funding strategy".¹⁵

10. Also pursuant to the funding strategy, "The Contracting Parties that are developed countries also provide, and Contracting Parties that are developing countries and Contracting Parties with economies in transition avail themselves of, financial resources for the implementation of this Treaty through bilateral and regional and multilateral channels".¹⁶ Such channels shall include the "appropriate mechanism" mentioned above.

11. In this context, the Treaty states, in Article 8, *Technical Assistance*, that:

"The Contracting Parties agree to promote the provision of technical assistance to Contracting Parties, especially those that are developing countries or countries with economies in transition, either bilaterally or through the appropriate international organizations, with the objective of facilitating the implementation of this Treaty."

⁸ In accordance with Article 13.2d. Article 18.4e specifies that these are part of the Treaty's Funding Strategy.

⁹ Article 12.4.

¹⁰ In accordance with the provisions of Article 13.2d(ii).

¹¹ Article 18.4f.

¹² Article 13.6.

¹³ Article 19.3j, referring to the provisions regarding voluntary contributions in Articles 13 and 18.

¹⁴ Article 18.4a.

¹⁵ Article 19.3g.

¹⁶ Article 18.4c.

The Global Crop Diversity Trust as an element of the Funding Strategy

12. The mobilization of resources under the funding strategy is already underway, through the establishment of the Global Crop Diversity Trust. During the Commission's Ninth Session, this initiative was universally appreciated and supported, and appeals were made to donors to assist in the establishment of the Trust. The Trust would, it was hoped, attract new and additional funds from a wide-range of donors¹⁷. A report on the status of the Global Crop Diversity Trust is before the Interim Committee for the Treaty.¹⁸

13. While the Global Crop Diversity Trust is not directly under the control of the Governing Body, "the Trust shall operate within the framework of the International Treaty on Plant Genetic Resources for Food and Agriculture, as an essential element of its Funding Strategy. [...] The Trust shall operate in accordance with overall policy guidance to be provided by the Governing Body of the International Treaty".¹⁹

14. It should be noted that the Global Crop Diversity Trust does not address the funding strategy as a whole, but deals only with long-term *ex situ* conservation, and related capacity-building. In this, it does not respond to all of the twenty priority activities of the *Global Plan of Action*.²⁰

IV. THE USE OF RESOURCES UNDER THE FUNDING STRATEGY

15. The Treaty states that "the Contracting Parties agree that priority will be given to the implementation of agreed plans and programmes for farmers in developing countries, especially in least developed countries, and in countries with economies in transition, who conserve and sustainably utilize plant genetic resources for food and agriculture".²¹ In the context of benefit-sharing under the Multilateral System, the Treaty similarly notes that "the Contracting Parties agree that benefits arising from the use of plant genetic resources for food and agriculture that are shared under the Multilateral System should flow primarily, directly and indirectly, to farmers in all countries, especially in developing countries, and countries with economies in transition, who conserve and sustainably utilize plant genetic resources for food and agriculture".²²

16. In addition to these criteria that the Governing Body may wish to derive from the above, the Treaty contains the provision that "the Governing Body shall, at its first meeting, consider relevant policy and criteria for specific assistance under the agreed funding strategy established under Article 18 for the conservation of plant genetic resources for food and agriculture in developing countries, and countries with economies in transition whose contribution to the diversity of plant genetic resources for food and agriculture in the Multilateral System is significant and/or which have special needs".²³

17. The Treaty further recognizes that "the extent to which Contracting Parties that are developing countries and Contracting Parties with economies in transition will effectively

¹⁷ Document CGRFA-9/02/REP, *Report of the Ninth Regular Session of the Commission on Genetic Resources for Food and Agriculture*, paragraph 50.

¹⁸ CGRFA/MIC-2/04/6.

¹⁹ Article 1.4 and 1.5 of the Trust's Constitution, available on the internet at <http://www.startwithaseed.org/items/governance.php?itemid=112>.

²⁰ Activity no. 5, sustaining existing *ex situ* collections. For discussion of the Funding Strategy and the *Global Plan of Action*, see part V of this document, below.

²¹ Article 18.5.

²² Article 13.3

²³ Article 13.4.

implement their commitments under this Treaty will depend on the effective allocation, particularly by the developed country Parties, of the resources referred to in Article 18. Contracting Parties that are developing countries and Contracting Parties with economies in transition will accord due priority in their own plans and programmes to building capacity in plant genetic resources for food and agriculture”.²⁴

V. THE FUNDING STRATEGY AND THE *GLOBAL PLAN OF ACTION*

18. The *Global Plan of Action for the Conservation and Sustainable Use of Plant Genetic Resources for Food and Agriculture*²⁵ is a supporting component of the Treaty.²⁶ The Treaty provides for the *Global Plan of Action* to play a number of roles in relation to the funding strategy.

19. Article 14 reads as follows:

“Recognizing that the rolling *Global Plan of Action for the Conservation and Sustainable Use of Plant Genetic Resources for Food and Agriculture* is important to this Treaty, Contracting Parties should promote its effective implementation, including through national actions and, as appropriate, international cooperation to provide a coherent framework, inter alia, for capacity-building, technology transfer and exchange of information, taking into account the provisions of Article 13”.²⁷

20. In Article 13, *Benefit-sharing in the Multilateral System*, Contracting Parties agree that benefits arising from the use of plant genetic resources for food and agriculture from the Multilateral System shall be shared, “taking into account the priority activity areas in the rolling *Global Plan of Action*”.²⁸ “The Contracting Parties recognize that the ability to fully implement the *Global Plan of Action*, in particular of developing countries and countries with economies in transition, will depend largely upon the effective implementation of Article 13 and of the funding strategy”.²⁹

21. In Article 18, *Financial Resources*, the Governing Body will take the *Global Plan of Action* into account “in order to mobilize funding for priority activities, plans and programmes, in particular in developing countries and countries with economies in transition”, in establishing a target for such funding.³⁰

²⁴ Article 18.4b.

²⁵ In 1991, the Commission on Genetic Resources for Food and Agriculture requested the development of a rolling *Global Plan of Action for the Conservation and Sustainable Utilization of Plant Genetic Resources for Food and Agriculture*, with programmes and activities aimed at filling in gaps, overcoming constraints and facing emergency situations identified in the *Report on the State of the World's Plant Genetic Resources*. The first *Global Plan of Action* was developed under the guidance of the Commission, through a country-driven preparatory process. It was adopted in 1996 by 150 countries at the Fourth International Technical Conference in Leipzig. It comprises twenty priority activities, covering *in situ* and *ex situ* conservation, plant genetic resources utilization, and institutions and capacity-building. Governments would monitor and guide overall progress, through the Commission. At the time of preparing this document (July 2004), the Commission was to consider the arrangements and timing for the monitoring of the implementation of the *Plan* and for the preparation of the second *Report on the State of the World's Plant Genetic Resources*, at its Tenth Regular Session, which immediately precedes the present meeting of the Interim Committee.

²⁶ Supporting components are listed in Part V of the Treaty.

²⁷ Article 14.

²⁸ Article 13.2.

²⁹ Article 13.5.

³⁰ Article 18.3.

22. The Commission has overseen the development of country-driven procedures and indicators for monitoring the implementation of the *Global Plan of Action*. Because of this and the role foreseen for the *Global Plan of Action*³¹ within the Treaty, the Governing Body may wish to establish a framework for cooperation with the Commission.

The Facilitating Mechanism for the implementation of the Global Plan of Action

23. In 2002, at its Ninth Regular session, the Commission considered a proposal to establish a Facilitating Mechanism for the implementation of the *Global Plan of Action*.

“The Commission considered that renewed efforts to promote implementation of the Plan, through the development of the facilitating mechanism, should build upon the momentum created by the adoption of the Treaty. The facilitating mechanism should give high priority to assisting in the development of the funding strategy to be adopted by the Governing Body of the International Treaty. The experience gained would facilitate implementation of the Treaty, on its entry into force, and, as appropriate, could contribute to the development of its funding strategy. However, the Commission noted that there should be no ambiguity in the roles of the Commission and the Governing Body of the International Treaty, or duplication of activities under the facilitating mechanism and the funding strategy of the International Treaty”.³²

24. At the Commission’s request, its Inter-governmental technical Working Group in Plant Genetic Resources for Food and Agriculture developed operational principles, activities and an operational structure for the Facilitating Mechanism, for the consideration of the Commission at its Tenth Regular Session, immediately preceding the current meeting of the Interim Committee for the Treaty. It requested FAO and IPGRI to submit an operational plan to the Tenth Regular Session of the Commission.

25. Depending on the decisions of the Tenth Regular Session of the Commission regarding the Facilitating Mechanism, and the build-up of its operational capacity, the Governing Body may wish to consider the possible role of the Facilitating Mechanism in relation to the development of the funding strategy.

VI. GUIDANCE SOUGHT FROM THE INTERIM COMMITTEE FOR THE TREATY

26. On the basis of the above review of the provisions of the Treaty regarding its Funding Strategy, the Interim Committee for the Treaty is invited to discuss what needs to be done to make it possible for the Governing Body to address the Funding Strategy during its first session, and, in particular, to give guidance to its secretariat for any preparatory tasks it would wish it to undertake.

Mobilization of Financial Resources:

Financial resources under the direct control of the Governing Body

27. Funds deriving from benefit-sharing on commercialization are unlikely to require immediate action, but actions may immediately be taken to encourage voluntary contributions. In this regard:

³¹ And other components of the FAO Global System, a number of which are listed in Part V of the Treaty as supporting components.

³² Document CGRFA-9/02/REP, *Report of the Ninth Regular Session of the Commission on Genetic Resources for Food and Agriculture*, para. 29.

- a) What actions, if any, should the secretariat undertake, prior to the first session of the Governing Body, to seek to mobilize voluntary contributions?
- b) In particular, should any of the possible contributors mentioned (“Contracting Parties, the private sector, non-governmental organizations and other sources”,³³ and “Food Processing Industries that benefit from plant genetic resources for food and agriculture”³⁴) be contacted and informed of the relevant provisions of the Treaty? If so, which and how?
- c) Is any action required to assist the Governing Body to consider the modalities of a strategy to promote voluntary contributions?³⁵

Financial resources not under the direct control of the Governing Body

28. In this context, it is recalled that operative paragraph 12 of Conference Resolution 3/2001 specifically “requests the Commission on Genetic Resources for Food and Agriculture, acting as the Interim Committee for the Treaty, to initiate the establishment of cooperation with the Conference of the Parties to the Convention on Biological Diversity and, as appropriate, with other relevant international organizations and treaty bodies, *in particular in relation to the provisions of Article 18.4a of the International Treaty on Plant Genetic Resources for Food and Agriculture*” (emphasis added).

- a) The Interim Committee for the Treaty may therefore wish to encourage Contracting Parties to “take the necessary and appropriate measures within the Governing Bodies of relevant international mechanisms, funds and bodies to ensure due priority and attention to the effective allocation of predictable and agreed resources for the implementation of plans and programmes under this Treaty”,³⁶ and inform the Governing Body at its first meeting of any action they have taken.
- b) Should the secretariat take any action in this regard, and, if so, what?
- c) When discussing the report of the Global Crop Diversity Trust, the Interim Committee for the Treaty may wish to identify any information that it would request the Trust to make available to the Governing Body at its first meeting.

Holding of financial resources under the direct control of the Governing Body

29. When such financial resources become available, it will be necessary to establish an “appropriate mechanism, such as a Trust Account”³⁷ to hold them. It is possible that some resources will become available even before the first meeting of the Governing Body.

- a) The Interim Committee for the Treaty may accordingly wish to request the Director-General to make appropriate arrangements to hold any resources that become available before the first meeting of the Governing Body on an interim basis, and report on these to the Governing Body.
- b) The Interim Committee for the Treaty may wish to request FAO to prepare a document for the first meeting of the Governing Body for the establishment of a Trust Account under the FAO financial regulations, within the framework of the Funding Strategy.

Periodic establishment by the Governing Body of a target for funding

30. Is any immediate action necessary to assist the Governing Body to establish a target for funding?³⁸ If so, what action is required?

³³ Article 18.4f.

³⁴ Article 13.6.

³⁵ Articles 18.4f and 19.3j.

³⁶ Article 18.4a.

³⁷ Article 19.3f.

³⁸ Article 18.3.

Development of the Funding Strategy

31. The Treaty specifies that the funding strategy involves both national resources³⁹ and international resources.⁴⁰ In the latter case, it includes both financial resources under the direct control of the Governing Body, and financial resources not under its direct control. The Governing Body may accordingly need a variety of tools to create, adopt and periodically review the Funding Strategy.⁴¹ These include ways to establish policies, priorities and criteria for the overall Funding Strategy; criteria for specific assistance in accordance with Article 13.4; ways to monitor the implementation of the overall Funding Strategy; the role of the *Global Plan of Action*; and operational procedures for the use of financial resources under the direct control of the Governing Body.

Documentation for the session of the Governing Body

32. The following guidance is sought from the Interim Committee for the Treaty:
- a) Would the Interim Committee for the Treaty wish the secretariat to develop a draft Funding Strategy for the consideration of the Governing Body at its first meeting, and, if so, what form should this take and what aspects of the matters discussed in this document should it cover?
 - b) Should the secretariat prepare any background studies or assemble any information for the consideration of the Governing Body, and if so, what?
 - c) Should any other bodies or persons be requested to provide information or documentation in this context, and if so, who and what?
 - d) In this context, the Interim Committee for the Treaty may wish to request Contracting Parties to provide the Governing Body at its first meeting with information on “financial resources for the implementation of this Treaty [provided] through bilateral and regional and multilateral channels”,⁴² in particular on technical assistance of relevance to the implementation of the Treaty.⁴³

Policy, priorities and criteria for the overall Funding Strategy

33. Prior to the first session of the Governing Body, what action, if any, should the secretariat take to assist the Governing Body to consider the policy, and criteria for priority activities, plans and programmes under the funding strategy, in the light, in particular, of the *Global Plan of Action*, and in order to provide a coherent framework for capacity-building, technology transfer and the exchange of information?⁴⁴ If a background paper is recommended, what should it address?

³⁹ Article 18.4d.

⁴⁰ Articles 8.

⁴¹ Article 19.3c.

⁴² Article 18.4c.

⁴³ Article 8.

⁴⁴ Articles 8, 13.5 and 18.3.

Criteria for specific assistance in accordance with Article 13.4

34. The Treaty provides for the Governing Body, at its first session, to adopt “relevant policy and criteria for specific assistance [...] for the conservation of plant genetic resources for food and agriculture in developing countries, and countries with economies in transition whose contribution to the diversity of plant genetic resources for food and agriculture in the Multilateral System is significant and/or which have special needs.” Should the secretariat prepare a document considering possible elements of such policy and criteria, for the consideration of the Governing Body? If so, on what basis?

Monitoring and reporting

35. Prior to the first session of the Governing Body, what action, if any, should be undertaken by the Secretariat to assist the Governing Body to consider monitoring and reporting on implementation of the Funding Strategy and to enable the periodic adoption of a target for funding?

The role of the Global Plan of Action

36. The Commission on Genetic Resources for Food and Agriculture monitors the implementation of the *Global Plan of Action*. As has been noted in this document, the *Global Plan of Action* plays a number of roles in relation to the Treaty’s Funding Strategy. At its Tenth Regular Session, immediately proceeding the current session of the Interim Committee for the Treaty, the Commission will consider how it can cooperate with the Governing Body, and in particular the way in which the *Global Plan of Action* and other components of the FAO Global System can contribute to the implementation of the Treaty.

- a) The Interim Committee for the Treaty may wish to request the secretariat to provide information to the first session of the Governing Body on the status of implementation of the *Global Plan of Action*, and on the schedule for the updating of the *Report on the State of the World’s Plant Genetic Resources for Food and Agriculture* and its implications for the rolling *Global Plan of Action*.
- b) The Interim Committee for the Treaty may wish to recommend to the Governing Body that it establish a framework for cooperation with the Commission, in order to develop the *Global Plan of Action* and other relevant components of the FAO Global System, so that these may fulfil the role foreseen for them in the Treaty.
- c) On the basis of any relevant decisions made by the Commission at its Tenth Regular Session, the Interim Committee for the Treaty may wish to give guidance for any role that the Facilitating Mechanism for the Implementation of the *Global Plan of Action* can play in the development and implementation of the Funding Strategy.

Operational procedures for the use of financial resources under the direct control of the Governing Body

37. In order to be able to consider how to use financial resources in the Funding Strategy that are under its direct control, the Governing Body will need to establish practical and cost-effective operational procedures, by which the transparency, efficiency and effectiveness of the use of these resources can be achieved. These could include: procedures for identifying priority activities, plans and programmes; procedures for receiving, in this context, requests for assistance; procedures for evaluating such requests; the form of agreements that will need to be established between the Governing Body and those to whom financial resources are provided; provisions for the disbursement of moneys; and monitoring, reporting on, and evaluating the use of such moneys. FAO, because of its experience in project assistance, has considerable knowledge of such operational questions.

- a) Should the secretariat prepare a document on possible operational procedures for the consideration of the Governing Body at its first session?

- b) If so, would the Interim Committee for the Treaty wish to give any specific guidance as to what should be addressed, and how?

Further possible work

38. Should the Interim Committee for the Treaty consider that further development of the funding strategy be undertaken at the inter-governmental level, this could be done by the Technical Committee proposed in paragraph 13 of document, *Draft Work Programme and Budget for the Interim Committee*,⁴⁵ for which additional extra-budgetary resources would be required.

⁴⁵ Document CGRFA/MIC-2/04/7.