



September 2012

**INTERNATIONAL TREATY ON PLANT GENETIC RESOURCES
FOR FOOD AND AGRICULTURE**

**SEVENTH MEETING OF THE *AD HOC* ADVISORY COMMITTEE ON THE
FUNDING STRATEGY**

Geneva, Switzerland 18-20 September 2012

**RESOURCE MOBILISATION: IMPLEMENTATION OF THE
STRATEGIC PLAN FOR THE IMPLEMENTATION OF THE BENEFIT-
SHARING FUND**

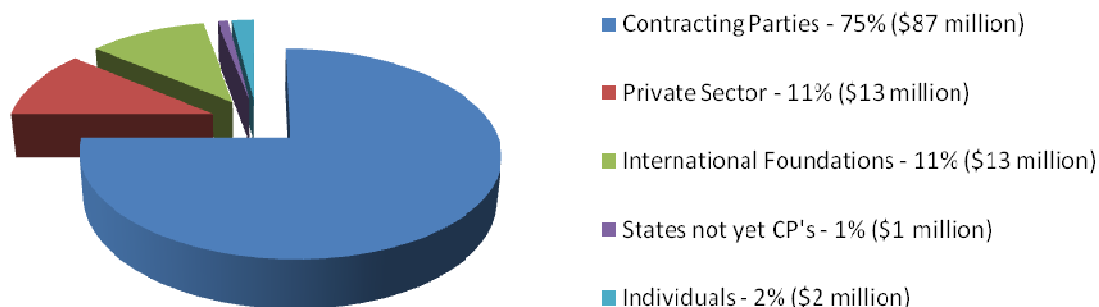
I. INTRODUCTION

1. This document provides an overview of the resource mobilization efforts, in particular since the last meeting of the Committee. It first reviews the progress made to achieve the funding target of the Strategic Plan. It also provides a detailed account of the issues that have adversely impacted the resource mobilization efforts of the Treaty. It then lists innovative approaches which have been identified by Contracting Parties and other stakeholders, based upon the request of the Governing Body, to ensure regular and predictable resources for the Benefit-sharing Fund. The document finally seeks advice from the Committee on how to take these key issues forward in support of the resource mobilization efforts for the Benefit-sharing Fund.

II. PROGRESS ON ACHIEVEMENT OF THE TARGET

Summary of key elements from the Strategic Plan

2. At its Third Session, the Governing Body of the Treaty established a funding target of USD 116 million by December 2014 for the Benefit-sharing Fund and agreed that the Strategic Plan for the Implementation of the Benefit-sharing Fund will constitute the basis for the implementation of the Fund. This Strategic Plan anticipated incomes as detailed in chart 1.



3. The Strategic Plan established the financial targets in table 1.

Year	2010	2011	2012	2013	2014
Cumulative	\$10m	\$27m	\$50m	\$80m	\$116m

Analysis of Financial Situation

4. The following table provides an overview of the funds contributed by Contracting Parties from 2010 - 2012 in relation to the targets which they have set for themselves in the Strategic Plan for the Implementation of the Fund.

Year	Funds Mobilized	Target	Shortfall
2010	\$4.6 million	\$10 million	\$5.4 million
2011	\$3.1 million	\$17 million	\$13.9 million
2012	\$7.4 million	\$23 million	\$15.6 million
TOTAL	\$15.1 million	\$50 million	\$34.9 million

Progress summary

5. With a contribution of \$6.6 million, the European Commission (EC) became the single largest institutional donor to the Benefit-sharing Fund. The contribution agreement was signed in 2012 and the funds are specifically allocated towards the third round of the Benefit-sharing Fund funding cycle. It is important to note that these funds are conditional upon co-financing and Contracting Parties are required to match the funds in order for the Benefit-sharing Fund to be able to utilize them for the third round of the Benefit-sharing Fund project cycle. There is therefore a high urgency for Contracting Parties to contribute to the Fund in 2012 or the first quarter of 2013, in order for the third round of benefit-sharing to become possible.

6. The Government of Italy was the largest contributing country to the Benefit-sharing Fund from amongst the Contracting Parties with a total contribution of \$1.7 million over the period 2011-2012. Due to the macro-economic situation, further contributions from Italy are not to be expected in 2012 or the near future.

7. A contribution of \$829,000 was made by the Government of Germany which was allocated towards the second round of the Benefit-sharing Fund funding cycle.

8. Norway had previously confirmed an annual investment of 0.1% of national seed sales to the Fund. During the reporting period, the value of this contribution was \$235,343. Approximately 50% of this contribution was received in 2011 while the remainder was received in 2012.

9. During the reporting period, other than these three Contracting Parties, there have been no contributions from the remaining 125 Contracting Parties to the Benefit-sharing Fund. The lack of investments from the Contracting Parties has led to a sizable gap (\$34.9 million) between the resources mobilized and the targets which the Contracting Parties have set for themselves in the Strategic Plan for the implementation of the Fund.

10. Several Contracting Parties indicated an interest in funding the Benefit-sharing Fund but contributions in this regard have not yet been forthcoming. The Treaty Secretariat has raised this issue at several meetings and highlighted the funding gap as well as the implications for the future rounds of the Benefit-sharing Fund.

11. It is important to note that approximately 82% of the total funds raised in the reporting period were contributed by two donors i.e. the European Commission and the Government of Italy.

12. It is clear from initial discussions with the private sector and foundations that the development of these prospects into regular contributing partners would be a lengthy and detail intensive process. Discussions in this regard have been initiated and senior representatives from these prospects have been regularly invited to Treaty organised events and meetings.

13. Notwithstanding the overall funding gap, based on the current funding situation, the third round of call for proposals of the Benefit-sharing Fund will have a larger amount of funding available for disbursement as compared to previous rounds. However, an analysis of

the flow of funds to date indicates that there is a significant and severe shortfall of funds to be expected for the funding rounds beyond the third round. While at present most Contracting Parties do not yet feel this impact, the Secretariat wishes to bring this foreseeable development to the early notice of the Committee and the Contracting Parties.

III. SUMMARY OF RELATIONSHIPS WITH DONORS

14. Since the last Ad-hoc Advisory Committee meeting, briefing sessions have been organised for the Contracting Parties on a regular basis and tailored written materials prepared for key priority prospects.

15. The Treaty's prospect tracking chart had initially more than 400 entries at varying levels of engagement. Keeping in view the time and resources required to follow up on these prospects, this list is being trimmed to a more streamlined number.

16. The Treaty has been successful in securing funding where the donor prospect has been actively engaged with the Treaty and where a 'local champion' has served as the Treaty's voice outside of briefings and in meetings where decisions are made.

Contracting Parties

17. The Strategic Plan places much expectation (75%+ of income) on the participation of Contracting Parties. During the reporting period, the Secretary has further developed relations with senior officials of several Contracting Parties and continues to engage with others through bilateral meetings, cultivation events and briefing sessions.

18. The strong working relationships the Secretary has developed with key supporters has facilitated the contributions received to date as well as additional support in the form of institutional recognition of the Treaty, media profiling and cultivation activities among others.

19. Of those Contracting Parties that have contributed to the Benefit-sharing Fund, the current split between once-off and multi-annual investments is 75%:25%. The Secretariat is working with all donors to encourage multi-annual investments allowing the Governing Body to receive clearer longer-term commitments. The Strategic Plan encourages investments directly to the Treaty, allowing it to foster clear long-term relationships and avoid delays or uncertainties through addiniola systems or relays.

Private Sector

20. There has been some progress in engagement with the private sector, with the strategic focus on seed, food, food processing and agricultural businesses. Since the last meeting of the Ad-hoc Advisory Committee, a number of meetings have been held with the private sector companies who have shown interest in the Treaty's work and where there is a scope for collaboration in the area of corporate social responsibility.

21. The Secretariat secured membership of the Clinton Global Initiative (CGI) and the Secretary participated in its annual meeting in New York in September 2011. The CGI convenes a community of global leaders to forge solutions to the world's most pressing challenges. CGI Annual Meetings bring together more than 150 heads of state, and hundreds of leading CEOs, heads of foundations and NGOs, major philanthropists, and members of the media. A number of prospects were generated by the Secretary's participation in the CGI

annual meeting, where several former heads of state and CEOs of large corporations were engaged.

International Foundations

22. Significant work remains to be done to secure further attention of international foundations but early meetings have taken place with Syngenta, Christensen Fund and Prince Albert of Monaco Foundation.

23. Further contacts were also made with the Bill and Melinda Gates Foundation. The discussion to date indicate that a contribution at this stage is not likely since the Benefit-sharing Fund is still at an early stage of development compared to some of the other partners that the Foundation is currently funding.

Inter-governmental Agencies / International Organisations

24. Notable progress was made in developing partnerships with international organisations. Although the Strategic Plan does not place any focus on this area, experiences during the reporting period have highlighted the importance of these partnerships both in terms of raising the profile of the Treaty as well securing additional resources for the Benefit-sharing Fund.

25. Currently, partnership agreements are being finalised with UNDP and UNEP with joint resource mobilization identified as a key area of cooperation. Additionally, discussions have been initiated with the Global Environment Facility (GEF) and the World Bank which could potentially lead to direct contributions towards the Benefit-sharing Fund. One of these partners i.e. IFAD has already made a contribution of \$1.5 million and at the last meeting of the ACFS, the possibility of funding for the future rounds of the Benefit-sharing Fund was left open by the representative of IFAD.

IV. SUMMARY OF CULTIVATION EVENTS

26. The Strategic Plan emphasizes the importance of cultivation activities for prospects as a central part of a successful resource mobilisation activity. Due to the active leadership of several Contracting Parties, a series of activities have taken place since the Fourth Session of the Governing Body and have been supported by the Secretariat. These cultivation events have proven to be central to the success of the implementation of the Fund and its Strategic Plan.

27. The cultivation activities have included:

- A Ministerial Breakfast Briefing session was organised on the margins of the 66th session of the United Nations General Assembly in New York. The event was organised jointly with the Secretariat of the Convention on Biological Diversity (CBD) and the Treaty, and was attended by ministers from several countries. The Secretary briefed the participants on the Treaty's Multilateral System and its Benefit-sharing Fund and encouraged them to contribute towards the Benefit-sharing Fund. A key outcome of this meeting was the interest shown by the Global Environment Facility (GEF) in partnering with the Treaty. Several rounds of discussions have since been held with the GEF and may resume after the Eleventh Conference of the Parties to the CBD, subject to the outcomes of the Conference. The Bureau of the Fifth Session has been kept informed and consulted on the process.

- The 2nd High Level Roundtable was held on the margins of the Rio+20 conference in Rio de Janeiro. The event was organised under the patronship of the High Level Task Force of the Benefit-sharing Fund of the ITPGRFA and co-organised by Brazil and Italy. On the basis of the good experience of the First High-Level Round Table, the Treaty had to further enhance and promote partnerships with donors and to profile the Fund among high-level political decision makers. The event led to the announcement of contributions from the European Commission and Germany.
- The Treaty celebrated its 10th anniversary in Rome on 14 November 2011. The event was attended by high level representatives from Contracting Parties as well as senior officials from international organisations. The event provided an excellent opportunity to showcase the successful implementation of the Treaty over the past years following many years of negotiations and work at FAO. The event led to announcements by the CEO of GEF, Executive Director of UNEP and the Bureau Director of UNDP to explore partnership opportunities with the Treaty.
- Briefing sessions for the Permanent Missions in Rome were organised on a regular basis with the last one organised in Rome on 7 September 2012. One aim of these events is to ensure that Contracting Parties remain up-date about new developments within the Treaty as well as aware of the need for further support for the Benefit-sharing Fund.

V. INNOVATIVE APPROACHES

28. In 2008, the Minister of Agriculture of Norway announced that Norway would give a voluntary contribution to the International Treaty's Benefit-sharing Fund for financing plant breeding in developing countries which would equal 0,1 percent of the value of all seeds that are sold in Norway. The Governing Body "commended the Norwegian decision... as an example of innovative approaches to allow for the provision of resources to the Benefit-sharing Fund on a regular and predictable basis"¹

29. In Resolution 3/2009, the Governing Body "*invite[d]* Contracting Parties to explore, including with relevant stakeholders, the development of innovative approaches to allow for the provision of resources to the Benefit-sharing Fund, including on a regular and predictable basis."² In the same Resolution, the Governing Body requested the Committee to "advise the Bureau and the Secretary on resource mobilization efforts, including on innovative approaches."³

30. At its Fourth Session, the Governing Body "*emphasize[d]* the need to further explore innovative approaches in engaging voluntary donors to the Benefit-sharing Fund, in particular various private sector prospects such as the seed and the food processing industry."⁴ It again requested the Ad Hoc Advisory Committee to advise on resource mobilization efforts. There has been extensive discussion among Contracting Parties and stakeholders on a multitude of innovative approaches which the Committee might wish to consider and advise the Governing

¹ Paragraph 27, Report, Third Session of the Governing Body of the International Treaty, 2009.

² Resolution 3/2009, part III, para 8, Report, Third Session of the Governing Body of the International Treaty, 2009

³ Resolution 3/2009, part III, para 5(i), Report, *ibid.*

⁴ Resolution 3/2011, para 9, Report, Fourth Session of the Governing Body of the International Treaty, 2011.

Body. Two of the most formalized approaches, which have already been practically implemented by the proponents, are described below.

31. *Percentage of seedsales:* In his speech at the opening of the Svalbard Global Seed Vault, H.E. Terje Riis Johansen, the Minister of Agriculture of Norway, announced that “starting in 2009, the contribution from the Norwegian Ministry of Agriculture and Food [to the Benefit-sharing Fund] will be equal to 0,1 percent of the value of all seeds that are sold in Norway. In a ten-year period of contribution should come to a million dollars’. He invited other Contracting Parties to join this voluntarily innovative approach by Norway and stated that “by our calculations, if all developed countries contribute a similar percentage from sales of sees, the International Treaty’s Benefit-sharing Fund would have 200 million dollars during a ten year period.” A summary of H.E. Minister Johansen’s speech is available on the Norwegian Ministry website⁵ and will be made available in hardcopy at the meeting.

32. *Percentages of technology transfer and licensing fees:* In December 2011, Syngenta Crop Protection AG launched an e-licensing platform for patented and currently commercialized native traits under fair, reasonable and non-discriminatory terms. In an open letter, Syngenta committed to “donate 20% of the total royalty income for basic native traits from any licensee signing up within the first five months to [the Benefit-sharing Fund of] the International Treaty on Plant Genetic Resources for Food and Agriculture for the entire lifetime of the patent. Of this, E5’000 will be paid to the [Benefit-sharing Fund] immediately upon receiving the signed license agreement.”⁶ The full letter issued by Syngenta in December 2011 about their initiative is on the Treaty web site and will be made available in hardcopy at the meeting.⁷ Aside from monetary benefit-sharing through the benefit-sharing Fund, innovative approaches operationalized by such licensing platforms also contribute to non-monetary benefit-sharing tools of the Treaty system. At a Workshop in August 2012, Embrapa and IAARD explored the establishment of a technology transfer platform under the Treaty, which might contribute to such non-monetary benefit-sharing through a concrete and operational non-monetary benefit-sharing mechanism of the Treaty.⁸ At this Workshop, Syngenta provided an update which indicated that further progress has been made with the elicensing platforms and additional approaches might be considered. A presentation about the initiative will be made by Syngenta at the Information Day preceding the meeting of the Committee.

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33. These innovative approaches, which are related to the exchange of germplasm or transfer of technologies in the context of the Treaty, are additional to the standard contributions that result from the exchange of germplasm under the Standard Material Transfer Agreement of the Treaty. In order for Contracting Parties to have a fact-based understanding of benefits arising from such standard operations of the Multilateral System, base on the request and generous support of the Government of Australia, a study was undertaken to identify the potential monetary and non-monetary benefit-sharing arising from the utilization of plant genetic resources under the Multilateral System of the Treaty. One of the objectives of the study was to developed a model to provide the best possible estimate of income to the Treaty, over time, from the workings of the SMTA to the Benefit-sharing Fund, in order to, inter alia, bring home to donors the probable need for substantial and multi-year

⁵ See: <http://www.regjeringen.no/en/dep/Imd/whats-news/2008/norway-contributes-to-plant-breeding-in-/norway-contributes-to-plant-breeding-in-.html?id=501711>

⁶ See: http://www.planttreaty.org/sites/default/files/Notification_of_Syngenta_licensing.pdf

⁷ See: <http://www.planttreaty.org/sites/default/files/Letter%20E-Licensing.pdf>

⁸ See: http://www.planttreaty.org/sites/default/files/NCP_GB5_TTW-Brasilia2012_en.pdf

voluntary contributions to the Benefit-sharing Fund in the period before the operations of the Multilateral System bring sufficient monetary resources to the Fund. While the study merely provides an initial, hypothetical model, a presentation about the findings of the study will be made at the meeting of the Committee in order to give a fact-based background for the consideration of innovative approaches.

VI. KEY ISSUES / CHALLENGES

Level of Commitment of Contracting Parties

34. The Strategic Plan identifies Contracting Parties as the primary source of funding for the Benefit-sharing Fund. Financial support from Contracting Parties is key to the sustainability of the Benefit-sharing Fund considering that any support provided can be leveraged to secure support from other donors.

35. Several Contracting Parties have indicated their interest in funding the Benefit-sharing Fund whilst others have made commitments. Regardless of the political support, interest and commitments, contributions have not been forthcoming.

36. The continuing downward trend in the global economic conditions which has led to drastic cuts in development funds of some important donors such as Spain and Ireland. Other Contracting Parties which are a continued focus of the resource mobilization efforts have significantly reduced their contributions to their long-term development partners within the UN system.

37. The Strategic Plan focuses on mobilizing un-earmarked multi-year funding. This is at times in contrast to donor policies, as some donors prefer to retain certain amount of control over the allocation of funds by contributing towards specific projects/countries as opposed to contributing towards a global fund.

38. Several Contracting Parties have informed the Treaty that decisions related to the allocation of funds primarily rest at the country level. The decentralization of funds to the country level is a common practice in international development assistance as it ensures coherence with national priorities. These funds are managed by the embassies / missions in the country and are earmarked for use within that country.

39. The Benefit-sharing Fund is still at an early stage of development. Although project outcomes from the first funding round are now being collated, donors are reluctant to commit to a fund that does not have a track record of several years of demonstrated results. The risk averse policies of donors in this regard are evident in their “wait and see” approach, until the fund develops further and establishes a track record of delivering results.

Securing mainstream media attention

40. In spite of its significant successes neither the Treaty nor its ‘Leading the Field’ initiative have secured any mainstream media attention. The Treaty’s ability to communicate a coherent mainstream message based on climate change and food security will play a large part in securing additional funding particularly from the private sector and foundations. In addition to being clearly grasped, easily conveyed and championed by donors, food security and climate change have multiplier effects allowing the Treaty to access other global funds

which are receiving significant global attention and financial support. This area will require additional resourcing in the form of additional capacity, an increased number of press conferences, strategic media insertions, newsletters and regular press releases.

Demonstrating a clear track record of success

41. The Treaty has so far successfully launched two calls for proposals. Continued transparency in the process, science based decisions and expert advice will remain critical for the Treaty's ability to secure long term investments.

42. The Benefit-sharing Fund has now reached a stage where demonstration of results in the form of project success stories from the field will be a key factor in making a compelling case for support to potential donors. These stories would need to be tailored towards specific audiences such as technical experts, agriculture institutions, policy makers and the general public in order to ensure maximum impact.

VII. CONCLUSION

43. Since the last meeting of the Ad-hoc Advisory Committee the Treaty has not been able to continue the upward trend of mobilizing resources for the Benefit-sharing Fund despite increased efforts in this regard.

44. The funds which Contracting Parties have provided to date fall significantly short of the targets which they have established for themselves in the Strategic Plan for the Implementation of the Fund, which was agreed by the Governing Body as a basis for the implementation of the Fund. This shortfall, if not addressed through concrete new contributions in the near future, will have serious implications for future funding rounds of the Benefit-sharing Fund.

45. The impact of this shortfall is not being felt by the Contracting Parties at large, because initial funds have been successfully mobilized for the third round of the project cycle. However, the Secretariat wishes to give advance notice to the Contracting Parties about the future impact of this shortfall on the functioning of the Benefit-sharing Fund and Treaty systems at large beyond the third round of the Fund's project cycle.

46. Innovative approaches developed by Contracting Parties and stakeholders at the request of the Governing Body may have the potential to generate some supplemental and predictable income for the Benefit-sharing Fund in the medium term. Nevertheless, such income would not undo the urgent need for immediate direct contributions from Contracting Parties in the short term, in order to make the third round of the project cycle feasible. Such potential supplemental income would, however, ensure that it is possible to keep the Benefit-sharing Fund's funding cycle in motion at a minimum level in any case. The income could provide a minimal cushion to the Fund against global financial crisis, such as the one being experienced currently, changing donor priorities, and other unforeseen circumstances which have adversely impacted direct Contracting Party contributions in the past year.

VIII. ADVICE SOUGHT FROM THE COMMITTEE

47. The Committee is invited to advise the Bureau and the Secretary on resource mobilization efforts and on measures to be taken in preparation of, and by, the Governing Body.