



منظمة الأغذية
والزراعة
للأمم المتحدة

联合国
粮食及
农业组织

Food
and
Agriculture
Organization
of
the
United
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Organisation
des
Nations
Unies
pour
l'alimentation
et
l'agriculture

Organización
de las
Naciones
Unidas
para la
Agricultura
y la
Alimentación

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Item 8 of the Provisional Agenda

INTERNATIONAL TREATY ON PLANT GENETIC RESOURCES FOR FOOD AND AGRICULTURE

SECOND SESSION OF THE GOVERNING BODY

Rome, 29 October – 2 November 2007

REPORT OF THE CHAIR OF THE *AD HOC* ADVISORY COMMITTEE ON THE FUNDING STRATEGY

TABLE OF CONTENTS

	<i>Paras.</i>
I. Introduction	1-4
II. General Remarks	5-8
III. Priorities	9-11
IV. Eligibility Criteria	12
V. Operational Procedures	13-17
VI. Additional Documents	18-19
VII. Closing Remarks	20

Annex 1: Annex 1 of the Funding Strategy, entitled Priorities for the Allocation of Funds under the Direct Control of the Governig Body.

Annex 2: Annex 2 of the Funding Strategy, entitled Use of Resources under the Direct Control of the Governing Body: Draft Eligibility Criteria.

Annex 3: Annex 3 of the Funding Strategy, Use of Resources under the Direct Control of the Governing Body: Operational Procedures. Appendixes 1, 2a, 2b, and 3.

Annex 4: Membership of the Ad Hoc Advisory Committee on the Funding Strategy

I. INTRODUCTION

1. The *Ad Hoc* Advisory Committee on the Funding Strategy was established by the Governing Body in *Resolution 1/2006*, adopted in its first meeting in Madrid in 2006. The terms of reference state that the Committee shall be:

“composed of seven representatives of Contracting Parties, with one representative nominated by each of the FAO Regions. This Committee will, in particular, draft, on the basis of the preparatory work of the Secretariat and information provided by the Parties, priorities, eligibility criteria and operational procedures for the allocation of funds under the direct control of the Governing Body, for the consideration of the Governing Body”.

2. The Committee convened twice, i.e. from 26 to 28 March 2007, and from 7 to 8 June 2007. The membership of the Committee has been documented in the individual reports of these meetings, and is attached to this Chair’s report as *Annex 4*. This Chair’s report was based on the individual meeting reports.

3. The Committee was supported by the Interim Secretary and subsequently the Secretary of the Governing Body and the other staff members of the Secretariat. It wishes to thank the Secretariat for its excellent support.

4. The Committee worked in good harmony and was able to complete its work. With great satisfaction the Committee herewith submits the following agreed draft texts for consideration and adoption by the Governing Body:

- (a) *Annex 1 of the Funding Strategy, Priorities for the Allocation of Funds under the Direct Control of the Governig Body.*
- (b) *Annex 2 of the Funding Strategy, entitled Use of Resources under the Direct Control of the Governing Body: Draft Eligibility Criteria.*
- (c) *Annex 3 of the Funding Strategy, Use of Resources under the Direct Control of the Governing Body: Operational Procedures.*

II. GENERAL REMARKS

5. The availability of funds stemming from obligatory benefit-sharing according to the provisions of Article 13 of the Treaty may be very limited for a number of years. This renders the success of the Funding Strategy highly dependent on the ability to generate voluntary contributions. In order to effectively mobilize funds, any strategies adopted by the Governing Body to encourage voluntary contributions to the Benefit-sharing Fund should aim at uniqueness, rigour and distinctness.

6. In considering the likely availability of funds in the immediate future, the Committee noted that the Treaty provides for the Governing Body to mobilize funds from various sources for the Funding Strategy. In this context, the Committee recommends that the Governing Body might wish to establish a process by which Contracting Parties meet with the private sector to encourage voluntary contributions.

7. The Committee felt that professional help might be required in order to develop an effective strategy to attract voluntary funds.

8. The Committee felt that its recommendations on priorities, eligibility criteria and operational procedures should be commensurate with the scale of resources and activities likely to be available in the foreseeable future.

III. PRIORITIES

9. The Committee wishes to highlight that the draft text on *Priorities for the Use of Resources under the Funding Strategy* that is part of this report, has exclusively focussed on priorities for the allocation of funds under the direct control of the Governing Body, as requested by the Governing Body. The Committee wishes to call to the attention of the Governing Body that the Funding Strategy referred to in Article 18 of the Treaty encompasses both funds under the direct control of the Governing Body and other funds. The Governing Body is advised to distinguish between these funds, in considering adoption of the proposal by this Committee in order to set priorities for the funds under its own direct control.

10. The Committee felt it appropriate to take the Priority Activities of the FAO *Global Plan of Action for the Conservation and Utilisation of Plant Genetic Resources for Food and Agriculture* (GPA) as its point of departure, since the GPA is recognized as one of the supporting components of the Treaty. It also felt that, in order for the Funding Strategy to attract voluntary contributions, the priorities for the use of funds under the direct control of the Governing Body should be distinct from these globally accepted priority activities included in the GPA, by selecting a subset of priority activities that best fitted the benefit-sharing objectives of the Treaty and best attract additional voluntary funding by complementing other ongoing efforts.

11. In its deliberations, the Committee recognised the complexity in finding common ground on the set of priorities for the Funding Strategy as far as under the direct control of the Governing Body. Nevertheless, it was able to agree on a unanimous selection that is sufficiently concise to distinguish this element of the Funding Strategy from other parts of the Funding Strategy. The selection concerns (1) information exchange, technology transfer and capacity building, (2) managing and conserving plant genetic resources on farm, and (3) the sustainable use of plant genetic resources. The Committee advises the Governing Body from time to time to revisit and adjust its list of priorities as appropriate.

IV. ELIGIBILITY CRITERIA

12. The Committee recommends keeping the eligibility criteria as simple and transparent as possible. The criteria concern adherence to the objectives of the Treaty and the priorities established by the Governing Body, as well as the targeting of beneficiaries and the involvement of the Contracting Parties.

V. OPERATIONAL PROCEDURES

13. The proposal on operational procedures contains a number of elements, i.e. (1) the principles that should direct further elaboration and implementation of operational procedures, (2) a project cycle to structure the work of the Governing Body and its Secretariat and to provide optimal clarity to applicants for funding, and (3) a set of selection criteria.

14. The principles should promote the generation of voluntary funds.
15. The project cycle will normally have a duration of two years or, alternatively, a duration equal to the period between two subsequent meetings of the Governing Body, and distinguish between a pre-proposal phase and a full proposal phase.
16. The selection criteria should function as a guidance (not a blueprint) in evaluating and prioritizing project proposals submitted to the Governing Body.
17. The Governing Body may wish to address the following issues:
 - (d) Whether or not moneys under the direct control of the Governing Body should, where applicable, only be applied to crops listed in *Annex 1* of the Treaty;
 - (e) Whether the germplasm resulting from projects funded by the Governing Body should be made available according to the terms and conditions of the Multilateral System;
 - (f) Whether or not to delegate the possibility to approve projects between sessions, within an agreed ceiling and up to a limited percentage of the total budget available in the project cycle, and to determine under which circumstances such decisions would be warranted;
 - (g) How to make optimal use of experience gained by the *Global Crop Diversity Trust* in developing its operational procedures, by seeking its close collaboration in relation to the further development of the operational procedures for the Funding Strategy.

V. ADDITIONAL DOCUMENTS

18. For the information of the Governing Body and future applicants, this report also contains a preliminary text for a *Call for Proposals (Appendix 1)*, and explanatory appendices on *Monitoring Procedures (Appendix 2a)* and on *Evaluation Procedures (Appendix 2b)*. Finally, for the information of the Governing Body and as a basis of an information document for future applicants this report contains an appendix on *Financial Procedures (Appendix 3)*.

19. With regard to financial procedures, the Committee recommends that the Governing Body opts for national execution of projects, in which a legal entity in-country will be responsible for project implementation. By choosing this possibility, the Governing Body could develop a customized mechanism that is tailored to its specific needs. It would allow the Governing Body to benefit from the existing support structure of FAO, while maintaining its full political and technical autonomy and while minimizing financial risks.

VI. CLOSING REMARKS

20. With this report the Committee has fulfilled its task. Should the Governing Body identify additional issues to address, including those addressed in paragraphs 5, 6 and 7 of this report, this Committee may continue its work under new terms of reference.

ANNEX I

DRAFT PRIORITIES

Annex I addresses Priorities for the Use of Resources under the Funding Strategy. In what follows, the *Ad hoc* Committee, as requested in Resolution 1/2006, paragraph 15, presents draft priorities for the allocation of funds under the direct control of the Governing Body, for the consideration of the Governing Body.

Taking the rolling Global Plan of Action as a framework, the Governing Body will use the funds at its disposal in the benefit-sharing fund strategically, to play a catalytic role in international cooperation in the area of plant genetic resources for food and agriculture. It will:

1. Lay the basis for the coherent development of the Funding Strategy.
2. Augment its impact, improve its visibility, and increase transparency in the project selection process.
3. Focus on critical conservation and sustainable use activities in developing countries not adequately funded elsewhere.
4. Avoid duplication of work and take advantage of synergies, including synergies that mobilize greater resources in the overall Funding Strategy.
5. Develop its funding strategy in such a way as to attract voluntary contributions to the benefit-sharing fund.

Within the priority areas of the Global Plan of Action, the Governing Body will focus on achieving benefits, in a staged process, in the pressing priority areas, identified for a limited period of time. The next iteration of the rolling Global Plan of Action will be important in the identification of future priorities. Based on consultations with Contracting Parties, the initial priorities will be:

1. Information exchange, technology transfer and capacity-building (reflecting Global Plan of Action priority activities 15 and 19),
 - a. *Building strong national programmes is essential for capacity-building in developing countries and furthering the implementation of the Treaty. It is a prerequisite for sustainability of efforts to strengthen and develop national capacities in the conservation and utilization of plant genetic resources for food and agriculture.*
 - b. *Expanding and improving education and training in developing countries is a sine qua non, in order to build capacity. Education and training is a long-lasting investment in the sustainable management of the diversity of plant genetic resources for food and agriculture in developing countries.*
2. Managing and conserving plant genetic resources on farm (reflecting Global Plan of Action priority activity 2);
 - a. *Supporting on-farm management and conservation of plant genetic resources for food and agriculture is the most direct way of reaching farmers, indigenous and local communities in developing countries to whom benefits should flow. It forms a strong contribution to the maintenance of on-farm diversity of plant genetic resources for food and agriculture. Only by strengthening these efforts can on-farm management of diversity complement ex situ conservation.*

3. The sustainable use of plant genetic resources (reflecting Global Plan of Action priority activities 9, 10, and 11);
 - a. *Expanding the characterization and evaluation of collections is necessary to promote and facilitate their use. More complete characterization and evaluation will increase the relevance of germplasm held ex situ and on farm for breeding.*
 - b. *Diversification of crop production, genetic enhancement and broadening the genetic base of crops will directly contribute to increasing the sustainability of agricultural production. This will lessen dependence on external inputs, increase productivity, and respond to the challenge of climate change.*

ANNEX 2

**DRAFT USE OF RESOURCES UNDER THE DIRECT CONTROL OF THE
GOVERNING BODY: ELIGIBILITY CRITERIA**

Projects must:

1. Meet the objectives of the International Treaty.
2. Fall within the priorities that will, from time to time, be established by the Governing Body.
3. Benefit Contracting Parties that are developing countries.
4. Be presented through the Contracting Party or Parties concerned.

ANNEX 3

DRAFT USE OF RESOURCES UNDER THE DIRECT CONTROL OF THE GOVERNING BODY: OPERATIONAL PROCEDURES

This *Annex* contains Principles, Project Cycle and Selection Criteria.

I. Principles

These operational procedures are based on the following principles:

1. Transparency and impartiality.
2. Simplicity and accessibility.
3. Efficiency and effectiveness.

II. Project Cycle

The project cycle (the period between the meetings of the Governing Body) will normally have a duration of two years and consist of:

1. Opening a call for proposals
 - a. issued by the Governing Body, in the official languages of the Treaty, and containing relevant information and procedures – priority areas;¹ concept note and project documents format; eligibility, selection and approval criteria; timing and deadlines; expected funds available;
 - b. advertisement on the Treaty website and through the national focal points;
 - c. responsibility: prepared by the secretariat, under the guidance of the Bureau, and implemented on the decision of the Governing Body.
2. Submission of pre-proposals
 - a. in any of the Treaty languages plus a translation in either English, French or Spanish;
 - b. according to an agreed format and within agreed deadlines;
 - c. target: 2-3 pages;
 - d. addressing the selection criteria;
 - e. responsibility: Contracting Parties or legal or natural persons, in consultation with the Contracting Party or Contracting Parties in question. The formal submission should be by Contracting Party or Parties in question to the Secretary of the Governing Body;
3. Screening and response to pre-proposals
 - a. according to eligibility criteria;
 - b. according to other relevant criteria established as part of the call for proposals, e.g. budget parameters;
 - c. response to be provided within agreed timelines;
 - d. responsibility: Bureau, on the basis of preparatory work by the Secretariat. The Bureau might work through email, and make its final decisions in a regular meeting.

¹ *The Governing Body may wish to address the following issues: whether moneys under the direct control of the Governing Body should, where applicable, only be applied to Annex 1 Crops; whether the germplasm resulting from projects funded by the Governing Body should be made available according to the terms and conditions of the Multilateral System.*

4. Submission of project proposals from approved pre-proposals
 - a. in any of the Treaty languages plus a translation in either English, French or Spanish;
 - b. according to an agreed format for project documents and within agreed deadlines
 - c. addressing the selection criteria;
 - d. recipient and channels of payment will be identified;
 - e. Contracting Parties to be responsible for making submissions;
 - f. list of submissions to be made public;
 - g. responsibility: Contracting Parties or legal or natural persons, in consultation with the Contracting Party or Contracting Parties in question. The formal submission should be by Contracting Party or Parties in question to the Secretary of the Governing Body.

5. Appraisal of project proposals
 - a. ranking of project proposals according to selection criteria;
 - b. portfolio of project proposals meeting the requirements prepared for approval within agreed deadlines;
 - c. portfolio to be made public;
 - d. responsibility: Bureau, on the basis of recommendations by a panel of experts designated by the Bureau in consultation with their Regions. The panel of experts will work without remuneration with resources provided under the core administrative budget for any meeting necessary.

6. Approval of projects for funding within the project cycle
 - a. according to the funds at the disposal of the Governing Body in that project cycle;
 - b. according to other possible considerations, such as geographical balance and relative regional needs, distribution across crops, types of activities (e.g. capacity-building and training, conservation and use of plant genetic resources for food and agriculture), the duration of the Project;
 - c. projects not fundable within that year will be presented to donors for possible funding, or may be re-submitted in the following budgetary period;
 - d. responsibility: Governing Body, or, if delegated², the Bureau.

7. Disbursement
 - a. transparent and secure procedures necessary;
 - b. responsibility: Secretary, according to procedures to be approved by the Governing Body.

8. Reporting and monitoring
 - a. use of standard reporting and monitoring procedures;
 - b. recipients will report according to a reporting schedule in the project document, and will assess progress at milestones identified in the project document;
 - c. further development of the monitoring procedures can be found in appendix II to the document;
 - d. responsibility for project monitoring: The executing entity develops the monitoring products and deposits them with the Secretary, according to procedures to be approved by the Governing Body.

9. Independent Evaluation

² *The Governing Body may wish to delegate the possibility to approve projects between sessions, within an agreed ceiling and up to a limited percentage of the total budget available in the project cycle, and under which circumstances.*

- a. use of standard evaluation procedures based on norms and standards of the United Nations Evaluation Group;
- b. evaluation of the sustainable effects and impacts of projects or groups of projects, providing accountability on results and aiming at facilitating the further development of the Funding Strategy;
- c. evaluation of the components of the Funding Strategy addressed under this annex will be periodically commissioned by the Governing Body;
- d. responsibility for evaluation: the Governing Body.

III. Selection Criteria

1. Project relevance.
 - a. Are the priorities of the Funding Strategy and the strategic principles and priorities established by the Governing Body for the allocation of funds at its disposal clearly incorporated and represented in the proposed goals and expected outputs of the proposal?
 - b. Is the project contributing to a rational global conservation system? Is the project contributing to the Millennium Development Goals, in particular goals 1 and 7?
 - c. What is the relevance of the project to a country's or region's priorities in its plans and programmes for PGRFA? What information is available on such priorities?
 - d. Does the project duplicate activities already carried out or underway? Does the project complement activities already carried out or underway?
2. Feasibility
 - a. Is the proposed activity feasible in terms of resources and timing? In particular, is the budget adequate to fully cover the proposed activities and produce the expected results?
3. Effectiveness and efficiency
 - a. Are the anticipated project costs warranted against the expected project results and benefits?
 - b. Are the types of activities most effective towards achieving the project's net results, its outcome and impact?
4. Benefits and beneficiaries.
 - a. Who are the immediate beneficiaries?
 - b. Will the results of the proposed project, directly or indirectly, reach the proposed beneficiaries?
 - c. What is the potential contribution of the project to economic development?
5. Team composition and capacity.
 - a. Can the capacity of the team be considered sufficient? Does the team include partners with different disciplines?
 - b. Does the project proposal foresee use of available local expertise?
6. Collaboration.
 - a. What is the extent of collaboration promoted by the project proposal?
 - b. How does this collaboration contribute to the effectiveness and efficiency of the project?
 - c. Is there counterpart funding or input in kind by the applicant?

7. Planning and Monitoring.
 - a. Have proper milestones and indicators been incorporated in the project proposal?
 - b. Does the proposal indicate how project progress will be monitored and its impact assessed?
 - c. To what extent is the expected positive impact measurable?
8. Sustainability.
 - a. How sustainable are the activities and beneficial changes introduced by the project?
 - b. Is technology transfer and capacity building realized?
 - c. Has a training component been incorporated?
9. Geographic extension.
 - a. How wide is the geographic scope and impact of the proposed project?
 - b. What is the global and/or regional importance of the project in achieving the objectives of the Treaty?
10. Crop relevance.
 - a. What is the contribution of the crop or crops, for which activities are proposed, to global or regional food security and sustainable utilization?
 - b. What is the relevance of the crop or crops, for which activities are proposed, to the quality and diversity of the human diet or animal feed?
 - c. What is the contribution of the proposed project to conservation and utilization of the crop's or crops' gene pool?
 - d. Is the project addressing the conservation and/or utilization of a crop in one of its centres of diversity?
 - e. To what extent is the gene pool covered by the proposed project activities threatened at a national, regional or global level?

ANNEX 4

**MEMBERSHIP OF THE AD HOC ADVISORY COMMITTEE
ON THE FUNDING STRATEGY**

AFRICA Region	<p>Mr Carlos A. AMARAL Counsellor Alternate Permanent Representative to FAO Embassy of the Republic of Angola Via Druso, 39 00184 Rome Tel/Fax: +39 06 77254299 Tel: +39 06 772695233 Fax: + 0677590009 Cell.: 348 8142566 E-mail: carlosamaral@tiscalinet.it camaral@tiscali.it</p>
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The North America Region was represented at the First Meeting of the Committee by:

NORTH AMERICA Region	<p>Ms Kathryn MCKINLEY Alternate Permanent Representative Canadian Embassy (Office of the Deputy and Alternate Permanent Representatives) Via Zara, 30 00198 Rome Phone: 06 854442552 Fax: 06 854442930 E-mail: kathryn.mckinley@international.gc.ca</p>
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*Appendix 1***Call for Proposals**

The objectives of the International Treaty on Plant Genetic Resources for Food and Agriculture (the Treaty) are the conservation and sustainable use of plant genetic resources for food and agriculture and the fair and equitable sharing of the benefits arising out of their use.

The Contracting Parties undertake to implement a funding strategy for the implementation of this Treaty. 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 utilize in a sustainable manner plant genetic resources for food and agriculture.

The Governing Body of the Treaty invites applications for funding under the Funding Strategy of the Treaty.

How to Apply for a Grant

The Governing Body will consider to provide grants to any national or regional, public or private institution that contributes to the conservation and use of genetic resources for food and agriculture, in accordance with the objectives of the Treaty.

All applications must be submitted through the national authorities of a country that is a Contracting Party to the Treaty. For information on the relevant authorities in your country, please contact the National Focal Point for the Treaty. A list of focal points is available in the web site at <http://www.planttreaty.org>.

It is strongly recommended that you read the applicable *eligibility criteria*, *selection criteria*, *pre-proposal* and *proposal* outline and all other essential information in the Treaty web site before preparing a submission.

Deadlines

The Governing Body will award grants on a biennial cycle. The total funds available for the 20[--]-20[--] biennium are [...].

Applicants seeking grants should submit a pre-proposal before the following date:
[--/--/--]

What happens after you have submitted a pre-proposal?

First, you will receive an online confirmation that we have received your submission. If you do not receive a response within a few days, please contact the Secretariat (see **Questions on Submissions**).

If the pre-proposal is considered for funding, based on the eligibility criteria, you will be asked to provide a **Full Proposal**. The Governing Body will only accept full proposals provided at the invitation of its Secretariat.

Applications can be made on-line or in written form.

Questions on Submissions

If you have any questions, please first visit our Frequently Asked Questions page. If you have other questions or difficulties in submitting a request for funding, you may contact us by e-mail at PGRFA-Treaty@fao.org or by phone at (39) 065705[----] Please type “Application Questions” in the subject line of the e-mail.

To start the submission of a pre-proposal, please follow one of the links below:

Online Pre-proposal

If unable to complete the on-line form, please **download the text version** and email or fax it to us: (39) 065705[----]

*Appendix 2a***Monitoring Procedures**

The purpose of monitoring is to guarantee, insofar as possible, the full, correct and timely execution of agreed work plans, and to provide evidence for such performance.

Monitoring of projects involves:

- The incorporation in the Full Proposal project document of a schedule of reports to be prepared by the institution executing the project;
- Monitoring narrative and financial reports on the implementation of periodic and annual work plans, and the achievement of milestones in these plans by the institution executing the project;
- Supervision missions, to be undertaken under the direction of the Governing Body, if necessary;
- Clearance of final reports by the Governing Body or the Secretariat, under specific delegation from the Governing Body.

Monitoring of individual projects will be commensurate with project size and complexity, and will be guided by practicality.

*Appendix 2b***Evaluation Procedures****The Purpose of Evaluation**

Evaluation is an instrument that is employed in the national and international public sectors as a means to provide substantive (rather than financial) accountability for the investments made, and as a basis for learning to improve the relevance and quality of future actions. For grants here provided, in the framework of the Funding Strategy under the direct control of the Governing Body, the following will apply:

- Use of standard evaluation procedures based on norms and standards of the United Nations Evaluation Group;
- Evaluation of the sustainable effects and impacts of projects or groups of projects, providing accountability on results and aiming at facilitating the further development of the Funding Strategy;
- Evaluation of the components of the Funding Strategy related to moneys under the direct control of the Governing Body as a whole, periodically commissioned by the Governing Body;
- The Governing Body has ultimate responsibility for evaluations.

Overall principles

Impartially and transparently conducted evaluations will assess the usefulness and impact of activities, as well as the sustainability of results. They will always be undertaken with reference to the specific objectives, aims and priorities of the components of the Funding Strategy related to moneys under the direct control of the Governing Body. Purposes of evaluation include understanding why, and the extent to which, intended and unintended results are achieved, and their impact on stakeholders.

Financial Procedures

The Governing Body adopted its Financial Rules as given in *Appendix E* of document IT/GB-1/06/Report during its First Session in Madrid in June 2006. In particular, the Governing Body adopted Rule I, Applicability, whereby *the Financial Regulations of the FAO shall apply, mutatis mutandis, to all matters not specifically dealt with under the Treaty or the present rules.* Under Rule VI, *all contributions and other receipts shall be placed in Trust Funds administered by FAO.*

Rule VII, Reimbursement, specifies that *the Trust Funds referred to in Rule VI.1 shall make provision for Project Servicing Costs to reimburse FAO for the administrative and operational support services provided to the Governing Body, its subsidiary bodies, and the Treaty Secretariat, under such terms as may, from time to time be established by the Governing Bodies of FAO.*

Finally, Rule VIII, Accounts and Audit, states that *the accounts and financial management of all funds governed by the present rules shall be subject to the internal and external auditing procedures of FAO.*

These Rules require the financial procedures for the projects selected by the Governing Body to be consistent with existing financial procedures of FAO. This can be achieved through a range of possibilities for project implementation.

Modalities for Project Implementation

The Governing Body has a range of project implementation modalities and may select any of the following for all its projects:

1. FAO execution

Under this modality, FAO assumes full responsibility for the execution of the project. Project inputs and activities will be delivered on the basis of full cost recovery, including a flat rate charge of 13 percent to cover indirect costs involved;

2. FAO execution with subcontracting of some activities

Under this modality, parts of the project may be sub-contracted to a third party, whereby FAO maintains full responsibility for the execution of the overall project. As in the previous case, project inputs and activities (including provisions for sub-contracts) will be delivered by FAO on the basis of full cost recovery, though a reduced flat rate (less than 13 percent) may be charged, depending on the share of the sub-contracted part of the budget;

3. Partnership in Development (National Execution - NEX)

Under this modality, responsibility for execution may be entrusted to a government or private national or regional entity, whereby FAO's involvement is limited to the provision of discrete financial, technical and/or operational services, always on the basis of full cost recovery, including a flat rate for indirect costs to be determined on a case-by-case basis. Since this NEX modality implies limited control over the process by FAO, the Organization's Financial Regulations have been amended to define the Organization's accountability in relation to the degree of its control over funding and expenditure.¹

¹ Vide FAO Financial Regulation 6.8

Choice of Project Implementation Modality

Choosing the first or second modality would make FAO responsible for project execution. This would introduce an extra layer in project execution, entail more costs and imply that FAO rather than the Governing Body would be responsible for the activity even though it fell under the Treaty's Funding Strategy. The third modality may allow the Governing Body to benefit from the existing support structure of FAO while maintaining its full political and technical autonomy and while protecting itself against high financial risks.