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The International Treaty

ON PLANT GENETIC RESOURCES FOR FOOD AND AGRICULTURE



INTERNATIONAL TREATY ON PLANT GENETIC RESOURCES FOR FOOD AND AGRICULTURE

THIRD MEETING OF THE *AD HOC* OPEN-ENDED WORKING GROUP TO ENHANCE THE FUNCTIONING OF THE MULTILATERAL SYSTEM

Brasília, Brazil, 2–5 June 2015

THE BENEFIT-SHARING FUND AND THE GLOBAL CROP DIVERSITY TRUST:

SUCCINCT ANALYSIS OF TARGETS, CONTRIBUTIONS AND RESOURCE MOBILIZATION STRATEGIES AND OTHER RELEVANT INFORMATION

I. BACKGROUND

1. This document has been prepared following a request from the Ad-Hoc Open-ended Working Group to enhance the functioning of the Multilateral System. At its third meeting, the Working Group will continue discussing expected annual income to the Benefit-sharing Fund in the future and the relative weight of user-based income from the SMTA vis-à-vis voluntary contributions from Contracting Parties and other donors. In this context, the Working Group requested a “succinct analysis be made available at its third meeting about the targets, contributions to the Benefit-sharing Fund and to the Global Crop Diversity Trust and their respective resource mobilization strategies”.¹

2. The Benefit-sharing Fund is an element of both the Multilateral System of Access and Benefit-sharing and the Funding Strategy of the Treaty. The Global Crop Diversity Trust is an essential element of the Funding Strategy of the Treaty for the *ex-situ* conservation and availability of PGRFA.

3. In the context of the Funding Strategy, the Governing Body initiated the exercise to develop “innovative approaches to allow for the provision of resources to the Benefit-sharing Fund, including on a regular and predictable basis” at its Third Session.² It requested the *Ad Hoc* Advisory Committee on the Funding Strategy to advise in the development such innovative approaches.

4. The Committee, during the previous biennium, accordingly identified a number of such potential innovative approaches, many of which related to the enhancement of the Multilateral System of the International Treaty and aimed at putting use-based income to the

¹ IT/OWG-EFMLS-2/14/Report, para. 8

² Resolution 3/2009.

Benefit-sharing Fund on a sustainable and predictable long-term basis. The Committee recommended that the Governing Body consider the various innovative approaches identified, and any others that may be suggested, in an integrated manner, and that a package that “stacks” various sources of funds be identified. It recommended that a working group be convened, but under a substantially widened mandate, that acknowledges current challenges of implementation of the Treaty and prepares for decision-making of the Governing Body regarding the functioning of the Benefit-Sharing Fund in the context of the Multilateral System in an inclusive and comprehensive approach.

5. The Governing Body decided to establish an *Ad Hoc* Open-ended Working Group to Enhance the Functioning of the Multilateral System of Access and Benefit-sharing to develop a range of measures for consideration and decision by the Governing Body at its Sixth Session that will:

- (a) Increase user-based payments and contributions to the Benefit-sharing Fund in a sustainable and predictable long-term manner, and,
- (b) Enhance the functioning of the Multilateral System by additional measures.

6. For this purpose, the Governing Body requested the Secretariat to prepare a number of short, strategic preliminary studies, taking into account all available information, including a study estimating income to be expected from possible changes, consistent with the objectives of the Treaty, in the provisions governing the functioning of the Multilateral System. The study requested by the Governing Body on SMTA-based payments, which was presented during the second meeting of the Working Group concluded that “[r]eal world conditions all combine to suggest that, with the current structure of the Treaty’s access and benefit-sharing system, a number of contradictions in practice extrapolate to low limits on [user-based SMTA payments] that can realistically be expected”.³

7. The Working Group, at its second meeting, considered it important, in further developing the range of measures to increase user-based SMTA payments and other contributions, to have a common understanding on the relative weight of payments and contributions by the seed industry vis-à-vis contributions by others, in particular from Contracting Parties. The Working Group decided to continue discussing this issue at its third meeting. It was in this context, that the Working Group requested this succinct analysis.

II. Context of the Benefit-sharing Fund and the Global Crop Diversity Trust

8. The International Treaty on Plant Genetic Resources for Food and Agriculture (the Treaty), through its Article 18.3, provides that its Governing Body shall periodically establish a target for the Treaty’s Funding Strategy. The Governing Body of the Treaty monitors its Funding Strategy regularly and can review it whenever necessary. The Benefit-sharing Fund and the Global Crop Diversity Trust are two elements of the Funding Strategy of the International Treaty.

9. The Benefit-sharing Fund is the mechanism established under Article 19.3 (f) of the International Treaty and became operational in 2009. The Governing Body has established eligibility criteria⁴ and operational procedures⁵ for the use of resources under its direct

³ IT/OWG-EFMLS-2/14/3, para. 58.

⁴ Funding Strategy, Annex 2.

control. The operational procedures define the responsibilities of the Governing Body and its subsidiary bodies at each step of decision-making on operational matters. The Governing Body delegates the authority of for the execution of the project cycle during the biennium to its Bureau. The initial priorities for the use of resources under the Benefit-sharing Fund are: information exchange, technology transfer and capacity-building; managing and conserving plant genetic resources on farm; and, the sustainable use of plant genetic resources.

10. The Global Crop Diversity Trust (the Crop Trust) was established in October 2004 as an independent organization under international law. This status was conferred on it through the signing of an Establishment Agreement by seven states from five FAO regions. As specified in its Constitution,⁶ the two most-relevant organs of the Crop Trust are: the Executive Board and the Donors' Council. The Trust has developed its Fund Disbursement Strategy, which was welcomed and supported by the Governing Body, at its Second Session.⁷ The Trust has been established to ensure the long-term conservation and availability of plant genetic resources for food and agriculture with a view to achieving global food security and sustainable agriculture.

11. As reflected in its Constitution, the Trust operates within the framework of the International Treaty as an essential element of its Funding Strategy. The Relationship Agreement⁸ between the Trust and the Governing Body was signed in 2006 at the First Session of the Governing Body. The Relationship Agreement specifies that the Governing Body shall provide overall policy guidance to the Trust on all matters within the purview of the International Treaty. The Relationship Agreement stipulates that the Governing Body shall appoint four out of the eight members to serve on the Executive Board of the Global Crop Diversity Trust, of whom at least two shall be from developing countries. At its Fifth Session, the Governing Body adopted the Procedures for selection and appointment of Members of the Executive Board of the Global Crop Diversity Trust by the Governing Body.

III. Resource mobilization strategies: targets and contributions

12. This section provides a brief background on the resource mobilization strategies of the Crop Trust and the Benefit-sharing Fund. It summarizes main features of the strategies, including targets and a contribution received so far and describes the main donor types of each mechanism. More background information can be found in the websites of the International Treaty and the Crop Trust.

Benefit-sharing Fund:

13. As described in the Funding Strategy, the resources under the direct control of the Governing Body through the Benefit-sharing Fund include voluntary contributions from Contracting Parties and others sources as well as financial resources resulting from the

⁵ Funding Strategy, Annex 3.

⁶ <https://www.croptrust.org/wp-content/uploads/2014/12/Constitution-english1.pdf>

⁷ <https://www.croptrust.org/wp-content/uploads/2014/12/Crop-Trust-Fund-Disbursement-Strategy.pdf>

⁸ https://www.croptrust.org/wp-content/uploads/2014/12/Signed-Relationship-Agreement_0.pdf

sharing of monetary benefits arising from the commercialization of plant genetic resources for food and agriculture under Article 13.2d(ii) of the Treaty.⁹

14. The Bureau of the Treaty is responsible for approval of individual projects following a competitive process to ensure technical merit and scientific rigor. The fund has prioritized funding projects on co-development and transfer of technologies which enable the creation and exchange of value-added information on crop genetic diversity as well as other efforts to adapt farming systems of vulnerable communities to climate change through the use of plant genetic resources. Resources provided by donors to the Benefit-sharing Fund are not earmarked for specific countries or projects though the Governing Body has already developed mechanisms within the Treaty financial structure to allow donors to support specific projects contained in a list of agreed by the Governing Body. The fourth funding round of the Benefit-sharing Fund will continue to introduce further innovative elements, programmes, and windows within the established funding priorities of the Fund, while building on the accomplished achievements - thus allowing focused and effective contributions by donors and maximum impact of supported projects for beneficiaries.

15. At its Third Session, the Governing Body welcomed a *Strategic Plan for the Implementation of the Benefit-sharing Fund*,¹⁰ which focused on mobilizing voluntary contributions, primarily by Contracting Parties but also from other Treaty constituencies, as described in *Figure 1*. The *Strategic Plan* included the establishment of a target of USD 116 million for the 5-year period from July 2009 to December 2014. This equates to an average annual target of USD 23 million.

16. The Strategic Plan emphasizes the many and varied motivations that donors tackling global public policy issues have to contribute to the Benefit-sharing Fund, including enhancing food security, adaptation to climate change, science and innovation or reaching directly the poor and vulnerable. Since 2009, more than USD 23 million have been contributed to the Benefit-sharing Fund for implementation of projects in developing countries. The *Strategic Plan* relied on contributions from governments that are Contracting Parties for circa 95% of the funding mobilized so far. Contributions were received from different government institutions. Contributions received from Ministries for Foreign Affairs and Official Development Assistance agencies were considerably higher than those received from other public institutions.

17. No non-parties, foundations or individuals have contributed so far to the fund. The Strategic Plan did not foresee payments resulting from the use of material received under an SMTA among planned sources of income, and none materialized. A small contribution was received from one company, representing 0.01% of the private sector target. Two innovative approaches — the Norwegian initiative to contribute the equivalent of 0.1% of the value of seed sales on the national territory; and a contribution for access to a seed trade patent licensing platform established as a private sector initiative, which requires such a contribution as a condition of access — also contributed. Partnerships with international organizations also resulted in contributions to the Benefit-sharing Fund, in particular by IFAD.

⁹ Funding Strategy, Section IV.

¹⁰ <http://www.planttreaty.org/content/strategic-plan-implementation-benefit-sharing-fund-funding-strategy>

Sector	Treaty Constituencies Rational for Support	Relative Share of the Total Targets (%)
Contracting Parties	<ul style="list-style-type: none"> • Should constitute the base of support for the Treaty and its aims. • Direct over USD 2 billion a year in ODA to agricultural projects. The Benefit-sharing Fund should be the recipient of some portion of these funds. • Their support is essential if the Treaty is to be successful in raising funds from other contributors. 	75 – 85
States which are not yet Contracting Parties	<ul style="list-style-type: none"> • While the primary base of support comes from the Contracting Parties, as the Treaty specifies, nothing prevents states who are not (yet) Contracting Parties from making voluntary contributions to the Fund. 	0 – 1
Private Sector	<ul style="list-style-type: none"> • Food security is an issue of concern around the world. • Prospects for support would include philanthropic private sector companies around the world. 	7 – 11
Foundations /Donor Advised Funds	<ul style="list-style-type: none"> • Foundations are a growing source of funds for international donations. • Foundations have the capacity to make seven- and eight-figure commitments over a multi-year period. 	7 – 11
Individuals	<ul style="list-style-type: none"> • Significant potential to cultivate donors with interest in themes of global food security, Bioversity, sustainability, and international cooperation who can make six- and seven-figure personal commitments. 	1 – 2

Fig 1: Planned sources of income for the USD 116 million target in *The Strategic Plan 2009–2014*¹¹

18. All contributions taken into account, the actual income to the Benefit-sharing Fund amounted to 20.14% of the USD 116 million target. *Appendix 1* provides a summary of actual income from July 2009 to February 2014, compared to the target in *The Strategic Plan 2009–2014*.

19. The Governing Body, at its Sixth Session, will consider a package of measures to enhance the Multilateral System of the Treaty prepared by the *Ad-Hoc* Open-ended Working Group to enhance the functioning of the Multilateral System. Within such package, it would need to deliberate on the funding target for the period from 2018 to 2023 and the strategies to arrive to such target in a sustainable and predictable long-term manner, through user-based income and voluntary contributions.

The Global Crop Diversity Trust:

20. Over the past decade, the Crop Trust has received pledges and voluntary contributions from a range of donors, including sovereign countries, multilateral organizations and foundations, other non-profit organizations, private corporations and individual donors. Donor funding for the endowment, in an unrestricted manner, is the primary objective of the Crop Trust's activities. Donor resources for projects are earmarked and short-term in nature and complement the Crop Trust's core activities.

¹¹ *The Strategic Plan*, p. 13, tab. 3.

21. Since its inception in 2003, the Crop Trust has raised total funding USD 263 million. Of this amount, some USD 160 million was provided into the financial endowment of the Crop Trust, and the balance for various projects implemented through the organization. The current market value of the endowment is about USD170 million. The bulk of funding for the endowment has been provided by 14 governments, the Bill and Melinda Gates Foundation and the Grains Research Development Corporation. About 95% of the funding received for the endowment has been committed by governments. Drawing on investment income from the endowment, the Crop Trust currently provides long-term grants of USD 2.5 million annually to support 20 international collections that have signed Article XV agreements with the Governing Body of the Treaty.

22. The Crop Trust has developed a Fundraising Strategy 2014-2018 to reach an endowment target of USD 850 million by 2018, which would equate to an average of USD 34 million of projected annual investment from the endowment to secure the long-term conservation and availability of crop genetic diversity. It is important to note that these targets reflect one off investments by donors and will not require replenishment.

23. The Strategy foresees raising funding for the endowment in two phases. The first phase would aim to raise some additional \$330 million for the endowment (or an additional USD 350 million since October 2013, the official start of the fundraising campaign). Taking into account the current endowment value of \$170 million, this would bring the total endowment to the first target of \$500 million, to finance core operations of international collections under Article 15 of the International Treaty. In April 2016 the Crop Trust will convene a Pledging Conference in Washington, DC, in the margins of the IMF/World Bank Spring Meetings. The conference will be co-chaired by the Governments of Germany and Norway, supported by the United Nations and the World Bank/CGIAR Fund Council. In a second phase the Crop Trust intends to raise the endowment further, to a total size of USD 850 million, to fund selected national crop collections and other long-term costs, with most of the further funding sought from private donors. A methodology is developed to identify national collections of global importance.

24. Within the new Fundraising Strategy, governments will continue to be the primary source of funding for the endowment over the near term. The Crop Trust will work with existing donor countries and at the same time expand its country donor universe. Multilateral fundraising for public goods often involves the concept of fair cost attribution among donor countries. In order to do so, the Strategy suggests calculated minimum contribution amounts by country, based on the size of an economy and its relative wealth, which are adjusted by amounts already paid by a donor to the endowment of the Crop Trust, see *Appendix 2*.

25. The Crop Trust will also continue targeting other types of contributors. It will build further strategic partnerships with foundations, primarily for short-term projects, as well as with private sector as an essential stakeholder of the Crop Trust's work but being mindful of the possible reputational risks associated with private sector partners. While not significant as a share of total contributions over the near term, donations by individuals will still be sought to broaden the global support base of the Crop Trust.

IV. Further considerations

26. The Crop Trust and the Benefit-sharing Fund are the only two international funding mechanisms specifically developed and with an operational focus on the conservation and

sustainable use of plant genetic resources for food and agriculture. They are two key elements of the Funding Strategy of the International Treaty.

27. In order to be effective, the long-term conservation and availability of the global crop gene pool in genebanks needs to be matched with the sustainable use of the pooled genetic material by farmers and breeders to address the challenges of today and prepare for tomorrow. The priorities set for Crop Trust and the Benefit-sharing Fund are therefore complementary. Both mechanisms contribute to strengthening the Multilateral System of the International Treaty. The Crop Trust ensures the long-term conservation of the plant genetic resources in the System and the Benefit-sharing Fund builds the capacities of stakeholders in developing countries that are Contracting Parties, so that they can better use the gene pool of the Multilateral System to improve food security. At the same time, these mechanisms are different in legal nature and have specific approaches and needs in the mobilization and disbursement of funds, as summarized in the table in *Appendix 3*.

28. The Benefit-sharing Fund, as the Crop Trust, plays a critical role in supporting the delivery of major global public goods for food security and climate change, and such delivery requires multilateral approaches and international cooperation. The Governing Body needs to lay the basis for the next iteration of the Strategic Plan for implementation of the Benefit-sharing Fund and can do so by learning lessons from experience gained since the plan was established, as well as of the fundraising strategy of the Crop Trust, including the need to reach adequate levels of decision-making in Ministries for Foreign Affairs and Official Development Assistance agencies and to consider measures for Contracting Parties to coordinate contributions to different elements of the Funding Strategy.

29. One common feature of both mechanisms is the need for partnerships in order to realize its mandate. The Governing Body has called for cooperation with the Crop Trust and other international organizations in the operations of the Benefit-sharing Fund and the new Fundraising Strategy of the Crop Trust highlights that to make major fundraising efforts a success requires cooperation with many supporting institutional partners, including the Secretariat of the International Treaty and also the CGIAR Consortium. During this biennium, the Crop Trust Office and the Secretariat of the International Treaty have initiated joint activities on resource mobilization based on the complementarities and different needs described in this document. The Governing Body of the Treaty, at its Sixth Session, will provide guidance on cooperation with the Global Crop Diversity Trust, including in the area of joint resource mobilization and this information will be made available to support informed decision-making.

**Appendix I: Benefit-sharing Fund: actual income July 2009-May 2015,
compared to the target in *The Strategic Plan 2009–2014***

	TARGET		ACTUAL	
	%	USD	%	USD
CONTRACTING PARTIES				
Australia				870,000
Austria				24,176
Germany				563,096
European Commission				5,570,960
Indonesia				100,000
Ireland				659,800
Italy				4,451,577
Norway				6,495,062
Spain				2,348,935
Switzerland				28,612
Sub-total	75–85%	± 92,800,000	22.75%	21,112,218
OTHER COUNTRIES				
Sub-total	0–1%	± 580,000	0.00%	0
PRIVATE SECTOR				
Canadian seed company				1,297
Sub-total	7–11%	± 10,440,000	0.01%	1,297
FOUNDATIONS				0
Sub-total	7–11%	± 10,440,000	0.00%	0
INDIVIDUALS				0
Sub-total	1–2%	± 1,740,000	0.00%	0
TOTAL FUNDING STRATEGY	100%	116,000,000	18.20%	21,113,515
UNPLANNED: INTERNATIONAL FUNDS				
IFAD				1,500,000
Sub-total	Unplanned	116,000,000	1.29%	1,500,000
UNPLANNED: INNOVATIVE APPROACHES				
Norwegian initiative: 1.1% of national seed sales				738,178
Seed trade licencing platform				6,416
Sub-total	Unplanned	116,000,000	0.56%	744,594
TOTAL UNPLANNED	Unplanned	116,000,000	1.86%	2,244,594
GRAND TOTAL		116,000,000	20.14%	23,358,109

Appendix 2: Illustrative Donor Contributions - GCDT endowment¹²

<i>(in USD)</i>	A	B	C	D	$E = B *$	F	$G = F *$	H	$I = G - H$	K	L
Countries	Size of Economy		Economic Wealth		Donor	Adj.	Target	Prior	Target -	Net	Contrib.
	GNI (2011)	% of all	GBI/capita (2011)	vs.	Share	Share	Contrib.	Contrib.	Prior	Contrib.	for
	(USD bn)	donors	(USD)	U.S.		(for 100%)	(USD m)	(USD m)	(USD m)	(USD m)	\$350m (USD m)
Angola	80	0,13%	3.970	0,082	0,01%	0,02%	0,08	0,00	0,08	0,08	0,07
Argentina	202	0,32%	5.170	0,106	0,03%	0,05%	0,25	0,00	0,25	0,25	0,23
Australia	1.119	1,79%	50.120	1,032	1,85%	2,69%	13,46	16,32	-2,86	0,00	0,00
Austria	406	0,65%	48.170	0,992	0,65%	0,94%	4,69	0,00	4,69	4,69	4,25
Azerbaijan	47	0,08%	5.140	0,106	0,01%	0,01%	0,06	0,00	0,06	0,06	0,05
Belgium	506	0,81%	45.840	0,944	0,77%	1,11%	5,57	0,00	5,57	5,57	5,04
Brazil	2.107	3,38%	10.700	0,220	0,74%	1,08%	5,41	0,00	5,41	5,41	4,90
Brunei	13	0,02%	31.590	0,651	0,01%	0,02%	0,09	0,00	0,09	0,09	0,09
Bulgaria	49	0,08%	6.640	0,137	0,01%	0,02%	0,08	0,00	0,08	0,08	0,07
Canada	1.611	2,58%	46.730	0,963	2,49%	3,62%	18,08	0,00	18,08	18,08	16,36
Chile	212	0,34%	12.250	0,252	0,09%	0,12%	0,62	0,00	0,62	0,62	0,56
China	6.645	10,65%	4.940	0,102	1,08%	1,58%	7,88	0,00	7,88	7,88	7,13
Colombia	287	0,46%	6.090	0,125	0,06%	0,08%	0,42	0,00	0,42	0,42	0,38
Croatia	59	0,09%	13.830	0,285	0,03%	0,04%	0,20	0,00	0,20	0,20	0,18
Cyprus	25	0,04%	20.840	0,429	0,02%	0,02%	0,12	0,00	0,12	0,12	0,11
Czech Rep.	196	0,31%	18.720	0,386	0,12%	0,18%	0,88	0,00	0,88	0,88	0,80
Denmark	335	0,54%	60.160	1,239	0,67%	0,97%	4,84	0,00	4,84	4,84	4,38
Egypt	219	0,35%	2.760	0,057	0,02%	0,03%	0,15	0,17	-0,02	0,00	0,00
Estonia	20	0,03%	15.260	0,314	0,01%	0,01%	0,07	0,00	0,07	0,07	0,07
Ethiopia	34	0,05%	380	0,008	0,00%	0,00%	0,00	0,05	-0,05	0,00	0,00
Finland	257	0,41%	47.740	0,983	0,41%	0,59%	2,95	0,00	2,95	2,95	2,67
France	2.791	4,47%	42.690	0,879	3,93%	5,72%	28,60	0,00	28,60	28,60	25,88
Germany	3.618	5,80%	44.230	0,911	5,28%	7,68%	38,41	10,20	28,21	28,21	25,53

¹² This table contains a sample of countries and has been provided by the Global Crop Diversity Trust for illustrative purposes.

Appendix 3: Summary of main features: Benefit-sharing Fund and Global Crop Diversity Trust

Main features	Global Crop Diversity Trust	Benefit-sharing Fund
Legal nature	<ul style="list-style-type: none"> Independent organization under international law 	<ul style="list-style-type: none"> Trust Account established under Article 19.3 (f) of the International Treaty
Funding Priorities	<ul style="list-style-type: none"> Ensure the long-term conservation and availability of plant genetic resources for food and agriculture 	<ul style="list-style-type: none"> Sustainable Use and on-farm management: information exchange, technology transfer and capacity-building
Governance	<ul style="list-style-type: none"> Oversight by Executive Board of Crop Trust Policy guidance by ITPGRFA Governing Body 	<ul style="list-style-type: none"> Oversight and policy guidance by ITPGRFA Governing Body.
Current Funding Target	<ul style="list-style-type: none"> Long term endowment target: USD 850 million Equates to USD 34 million of annual investment from the endowment once the target has been reached Phase 1: USD 500 million Targets are one off – do not require replenishment 	<ul style="list-style-type: none"> 5-year target: USD 116 million Equates to an average annual target of USD 23 million
Types of funds contributors	<ul style="list-style-type: none"> Governments Private Sector (food and agriculture) Foundations Individuals 	<ul style="list-style-type: none"> Governments Private Sector (food and agriculture) Foundations Individuals
Strategies for predictable and sustainable funding	<ul style="list-style-type: none"> Options for burden sharing amongst donor countries developed as part of the Fundraising Strategy 2014-2018 	<ul style="list-style-type: none"> Currently under discussion by the Governing Body within the package of measures to enhance the Multilateral System of the Treaty
Funds mobilized by May 2015	<ul style="list-style-type: none"> Total: USD 263 million Funding to endowment: USD 160 million, which pt provides USD 2.4 million annually available for genebanks 	<ul style="list-style-type: none"> Total: USD 23 million
Share of funds provided by governments (May 2015)	<ul style="list-style-type: none"> Circa 95% of funding received for the endowment 	<ul style="list-style-type: none"> Circa 95%
Top 5 donor countries	<ul style="list-style-type: none"> United States of America Norway United Kingdom Australia Sweden 	<ul style="list-style-type: none"> Norway European Commission Italy Spain Australia