



The International Treaty

ON PLANT GENETIC RESOURCES FOR FOOD AND AGRICULTURE



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Item 7 of the Provisional Agenda
FOURTH SESSION OF THE GOVERNING BODY
Bali, Indonesia, 14 – 18 March 2011
FINANCIAL RULES OF THE GOVERNING BODY

Note by the Secretary

1. The Governing Body adopted its Financial Rules at its First Session. In adopting them, it noted that some Rules remained in brackets. The outstanding brackets relate to whether or not Contracting Parties voluntary contributions to the Treaty's Core Administrative Budget should be "*based on an indicative scale of contributions*".
 2. At its second and third sessions the Governing Body did not reach a consensus but "agreed on the urgent need to finalize the Financial Rules at its Fourth Session".
 3. The Governing Body is invited to finalize the Financial Rules contained in this document.
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INTRODUCTION

1. Article 19.7 provides that the Governing Body shall adopt and amend, as required, its financial rules.
2. At its First Session the Governing Body adopted its Financial Rules,¹ as contained in the *Appendix* of this document, noting that some rules in Rule V remained in brackets, to be resolved at its Second Session.
3. The Governing Body considered the document *Financial Rules of the Governing Body*² during its Second Session. It did not reach consensus on the need to finalize them at that session and decided to consider its Financial Rules at its Third Session³.
4. At its Third Session, by Resolution 5/2009, the Governing Body requested the Secretary to establish the “Third Party Beneficiary Operational Reserve”, for the purpose of defraying costs and expenses that may be incurred by the Third Party Beneficiary in the fulfilment of its roles and responsibilities under the Third Party Beneficiary Procedures.
5. By Resolution 5/2009, the Governing Body incorporated the Third Party Beneficiary Operational Reserve into the Core Administrative Budget and, for this purpose, amended the the Financial Rules .
6. At its Third Session, the Governing Body “agreed on the urgent need to finalize the Financial Rules at its Fourth Session”.⁴
7. The Financial Rules, as adopted by the Governing Body at its First Session, as amended at its Third Session, are given in the *Appendix* of this document, for consideration and finalization by the Governing Body.

¹ See paragraph 10 of document IT/GB-1/06/Report, available at <ftp://ftp.fao.org/ag/agp/planttreaty/gb1/gb1repe.pdf>

² See document IT/GB-2/07/6, available at <ftp://ftp.fao.org/ag/agp/planttreaty/gb2/gb2w6e.pdf>

³ See paragraph 43 of document IT/GB-2/07/Report, available at <ftp://ftp.fao.org/ag/agp/planttreaty/gb2/gb2repe.pdf>

⁴ See paragraph 23 of document IT/GB-3/Report, available at

Appendix

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

**Rule I
Applicability**

- 1.1 These rules shall govern the financial administration of the Treaty.
- 1.2 The Financial Regulations of the FAO shall apply, *mutatis mutandis*, to all matters not specifically dealt with under the Treaty or the present Rules.

**Rule II
The Financial Period**

The financial period shall be two calendar years, coinciding with the financial period of FAO.

**Rule III
The Budget**

- 3.1 The Budget shall cover income and expenditures for the financial period to which it relates, and shall be presented in United States dollars.
- 3.2 The Budget shall include the programme of work for the financial period, and such information, annexes or explanatory statements as may be requested by the Governing Body.
- 3.3 The Budget shall comprise the following parts:
- a) The Core Administrative Budget, relating to:
 - the amount provided for the Treaty in the Regular Programme of Work and Budget of the FAO under Rule V.1a;
 - the voluntary contributions of Contracting Parties under Rule V.1b;
 - the voluntary contributions of States that are not Contracting Parties, of inter-governmental organizations, of non-governmental organizations and other entities, under Rule V.1c; and
 - funds carried over under Rule V.1h, and miscellaneous income, including interest derived from the investment of funds held in trust under Rule V.1i.
 - b) Special Funds, relating to additional voluntary contributions by Contracting Parties, and voluntary contributions by States that are not Contracting Parties, by inter-governmental organizations, by non-governmental organizations and other entities:
 - for agreed purposes, under Rules V.1d and e;
 - to support the participation of representatives of developing country Contracting Parties and of Contracting Parties with economies in transition in the Governing Body and its subsidiary bodies, under Rules V.1f and V.1g.

3.4 The draft Budget shall be prepared by the Secretary and shall be circulated to Contracting Parties not less than six weeks before a regular session of the Governing Body.

3.5 The Core Administrative Budget for the financial period shall provide for Administrative Expenditures under the Treaty including expenses of the Secretariat.

3.6 The Secretary may make transfers within each of the main appropriation lines of the approved Core Administrative Budget. The Secretary may also make transfers between such appropriation lines up to limits that the Governing Body may set as appropriate.

Rule IV Appropriations

4.1 After the Core Administrative Budget has been adopted, the appropriations therein shall, subject to Rule III.6, constitute the authority for the Secretary to incur obligations and make payments for the purposes for which the appropriations were voted and up to the amounts so voted, provided that commitments shall be covered by related contributions received or funds available in the Working Capital Reserve, subject to the provisions of Rule VI.4, and interest earned on funds held in trust.

4.2 The Secretary may incur obligations and make payments under Rules V.1d and V.1e, in accordance with guidelines established by the Governing Body, or for purposes specified by agreement between the contributor and the Secretary, from the date at which the contributions are received.

4.3 The Secretary may incur obligations and make payments under Rules V.1f and V.1g to support the representatives of developing country Contracting Parties and of Contracting Parties with economies in transition in the Governing Body and its subsidiary bodies, in accordance with relevant decisions of the Governing Body, subject to funds being available.

4.4 Any unliquidated prior year obligation relating to voluntary contributions shall at the end of the financial period be cancelled or where an obligation remains a valid charge, retained for future disbursement.

Rule V Provision of Funds

5.1 The resources of the Treaty shall comprise:

a) Upon approval by the Governing Bodies of FAO, the amount provided for the Treaty in the Regular Programme of Work and Budget of the FAO;

b)

Option 1 for V.1b

[Voluntary contributions to the Core Administrative Budget from Contracting Parties based on such indicative scale of contributions as shall be adopted by the Governing Body by consensus, based on the scale of contributions adopted from time to time by the United Nations, adjusted so as to ensure [that no developing country Contracting Party shall be required to pay more than any developed country Contracting Party ensuring] that no Contracting Party contributes less than 0.01 per cent of the total, that no one contribution exceeds 22 per cent of the total and that no contribution from a least developed country Contracting Party exceeds 0.01 per cent of the total];

OR

Option 2 for V.1b

[Voluntary contributions to the Core Administrative Budget from Contracting Parties for the purposes of administration and implementation of the Treaty in general;]⁵

- c) Voluntary contributions to the Core Administrative Budget from States that are not Contracting Parties, from inter-governmental organizations, from non-governmental organizations or other entities, for the purposes of administration and implementation of the Treaty in general;
- d) Other voluntary contributions made by the Contracting Parties in addition to those under (b) above to be used in accordance with guidelines established by the Governing Body, or for purposes specified by agreement between the contributor and the Secretary;
- e) Other voluntary contributions made by States that are not Contracting Parties, by inter-governmental organizations, by non-governmental organizations or other entities in addition to those under (c) above to be used in accordance with guidelines established by the Governing Body, or for purposes specified by agreement between the contributor and the Secretary;
- f) Voluntary contributions made by the Contracting Parties to support the participation of representatives of developing country Contracting Parties and of Contracting Parties with economies in transition in the Governing Body and its subsidiary bodies;
- g) Voluntary contributions made by States that are not Contracting Parties, by inter-governmental organizations, by non-governmental organizations or other entities, to support the participation of representatives of developing country Contracting Parties and of Contracting Parties with economies in transition in the Governing Body and its subsidiary bodies;
- h) The uncommitted balance of voluntary contributions from previous financial periods carried forward;
- i) Miscellaneous income, including interest derived from the investment funds held in trust, in accordance with Rule V.7;
- j) Mandatory and voluntary contributions pursuant to Article 13.2 of the Treaty, and
- k) Voluntary contributions from any source to implement the Funding Strategy provided for in Article 18 of the Treaty.

[5.2 In respect of contributions made pursuant to Rule V.1b:

⁵ *Note by the Secretariat:* There are two drafting texts for Rule V.1b; option 1 foresees voluntary contributions “based on [an] indicative scale of contributions”; option 2 does not foresee such a scale of contributions. Brackets are maintained around Rules V.2, V.4 and V.5, because these depend entirely on which option is adopted for Rule V.1b.

- a) Contributions for each calendar year are expected on or before 1 January of that year;
- b) Each Party shall, as far in advance as possible of the date due for the contribution, inform the Secretary of the contribution it intends to make and of the projected timing of that contribution.]⁶

5.3 Contracting Parties that are not Members of FAO shall contribute towards the amount provided for the Treaty in the FAO Regular Programme of Work and Budget in a proportionate amount to be determined by the Governing Body.

[5.4 For determining the indicative annual contributions of each Contracting Party, the assessed contribution for such Contracting Party for the financial period pursuant to Rule V.1b above, shall be divided into two equal instalments, one of which is payable in the first calendar year and the other in the second calendar year of the financial period.]⁷

[5.5 At the beginning of each calendar year the Secretary shall inform Contracting Parties of their indicative annual contributions to the budget.]⁸

5.6 All contributions to the Administrative Budget shall be paid in United States dollars or its equivalent in a convertible currency. Where a contribution is paid in a convertible currency other than United States dollars, the applicable rate shall be the bank currency conversion rate in effect on the day the payment is made.

5.7 Contributions not immediately required shall be invested at the discretion of the Director-General of FAO. The resulting income shall be credited to the specific Trust Fund from which the invested moneys derive.

Rule VI Funds

6.1 All contributions and other receipts shall be placed in Trust Funds administered by FAO.

6.2 With respect to the Trust Funds referred to in Rule VI.1, FAO shall maintain the following Funds:

- a) A General Fund, to which shall be credited receipts of all contributions made by Contracting Parties under Rule V.1b, Rule V.1c, and the uncommitted balance of voluntary contributions carried forward under Rule V.1h;
- b) Special Funds, for purposes consistent with the objectives and the scope of the Treaty, to which shall be credited receipts of all contributions made by Contracting Parties under Rule V.1d, and by States that are not Contracting Parties, by intergovernmental organizations, by non-governmental organizations, or other entities, under Rule V.1e;
- c) A Fund to support the participation of representatives of developing country Contracting Parties and of Contracting Parties with economies in transition in the Governing Body and its subsidiary bodies, to which shall be credited all contributions made by Contracting Parties under Rule V.1f and by States that are not Contracting

⁶ *Note by the Secretariat:* Rule V.2 would apply in the case of there being no indicative scale of assessment.

⁷ *Note by the Secretariat:* Rule V.4 would apply in the case of there being an indicative scale of assessment.

⁸ *Note by the Secretariat:* Rule V.5 would apply in the case of there being an indicative scale of assessment.

Parties, by inter-governmental organizations, non-governmental organizations or other entities, in accordance with Rule V.1g;

6.3 In addition, with respect to Rules V.1j and V.1k, upon request by the Governing Body, FAO shall maintain a Trust Account or Accounts, as provided for in Article 19.3f of the Treaty, to implement Article 18 of the Treaty, and to receive the funds foreseen in Article 13.2 of the Treaty.

6.4 Within the General Fund there shall be maintained a working capital reserve at a level to be determined from time to time by the Governing Body by consensus. The purpose of the working capital reserve shall be to ensure continuity of operations in the event of a temporary shortfall of cash. Drawdowns from the working capital reserve shall be restored from contributions as soon as possible.

6.5 Within the General Fund there shall be maintained a Third Party Beneficiary Operational Reserve at a level to be determined for each biennium by the Governing Body by consensus, to which shall be credited as priority an adequate part of contributions under Rule V.1b, Rule V.1c, and the uncommitted balance of voluntary contributions carried forward under Rule V.1h. The purpose of the Third Party Beneficiary Operational Reserve shall be to cover all costs and expenses incurred by the Third Party Beneficiary in carrying out its roles and responsibilities, in accordance with the Third Party Beneficiary Procedures.

Rule VII Reimbursement

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 the FAO.

Rule VIII Accounts and Audit

8.1 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.

8.2 During the second year of the financial period FAO shall provide the Contracting Parties with an interim statement of accounts for the first year of the financial period. FAO shall also, as soon as practicable, provide to the Contracting Parties a final certified statement of accounts for the full financial period.

Rule IX Amendments

Amendments to these Rules may be adopted by consensus. Consideration of proposals of amendments to these rules shall be subject to Rule V of the Rules of Procedure and documents on the proposals shall be circulated in accordance with Rule V.7 of the Rules of Procedure, and in no case less than 24 hours prior to their consideration by the Governing Body.

Rule X Over-riding Authority of the Treaty

In the event of any conflict between any provision of these rules and any provision of the Treaty, the Treaty shall prevail.

Rule XI
Entry into force

These Rules and any amendments thereto shall come into force upon their approval by consensus by the Governing Body unless, by consensus, the Governing Body decides otherwise.

SOURCE AND USE OF MONEYS, AND TRUST FUND STRUCTURE

REFERENCE IN RULE V	CORE ADMINISTRATIVE BUDGET	TRUST FUND STRUCTURE RULE VI
Rule V.1a	The amount provided for the Treaty's Core Administrative Budget in the FAO Regular Programme of Work and budget	
Rule V.1b	Voluntary contributions by Contracting Parties for the purposes of administration and implementation of the Treaty in general	GENERAL FUND <i>Income in the biennium</i> Rule VI.2a <i>includes the</i> <i>Working Capital Reserve</i> Rule VI.4 <i>and the</i> <i>Third Party Beneficiary</i> <i>Operational Reserve</i> Rule VI.5
Rule V.1c	Voluntary contributions by states that are not Contracting Parties, from IGOs, or NGOs or other entities, for the administration and implementation of the Treaty in general	
Rule V.1h	The uncommitted balance of voluntary contributions carried forward	
Rule V.1i	Miscellaneous income, including interest derived from investment of the funds in the General Trust Fund	
SPECIAL FUNDS		
Rule V.1d	Other voluntary payments by Contracting Parties, for purposes agreed between the contributor and the Secretary	MULTIDONOR FUND <i>where agreed with donor</i> ----- SEPARATE FUNDS <i>where required by donor</i> Rule VI.2b
Rule V.1e	Other voluntary payments by Contracting Parties, by IGOs, or NGOs or other entities for purposes agreed between the contributor and the Secretary	
Rule V.1f	Voluntary payments by Contracting Parties to support the participation of developing countries	FUND TO SUPPORT THE PARTICIPATION OF DEVELOPING COUNTRIES Rule VI.2c
Rule V.1g	Voluntary payments by contributions by states that are not Contracting Parties, from IGOs, or NGOs or other entities, to support the participation of developing countries	

BENEFIT-SHARING IN ACCORDANCE WITH ARTICLE 13.2 OF THE TREATY**Rule V.1j**

Mandatory and voluntary contributions pursuant to Article 13.2d

Rule V.1k

Contributions from international mechanisms, funds and bodies

BENEFIT-SHARING FUND**Rule VI.3**