



The International Treaty

ON PLANT GENETIC RESOURCES FOR FOOD AND AGRICULTURE



E

Item 9.2 of the Provisional Agenda

FOURTH SESSION OF THE GOVERNING BODY

Bali, Indonesia, 14 – 18 March 2011

REPORT ON THE IMPLEMENTATION OF THE FUNDING STRATEGY

Note by the Secretary

EXECUTIVE SUMMARY

1. *By its Third Session, the Governing Body had already adopted the Funding Strategy of the International Treaty and its four accompanying annexes. The Governing Body welcomed the Strategic Plan for the implementation of the Benefit-sharing Fund of the Funding Strategy (Strategic Plan), at its Third Session.*
2. *Since the Third Session of the Governing Body, there has been good and rapid progress in the implementation of the Funding Strategy of the Treaty, especially with regard to the resources available to, and operations of the Benefit-sharing Fund that holds the resources under the direct control of the Governing Body.*
3. *This document provides an update on resource mobilization efforts for the Benefit-sharing Fund and the implementation of the Strategic Plan. It then summarizes progress made and key challenges ahead in the further operationalization of the Benefit-sharing Fund, including with regard to the implementation of its project cycle and to the development of procedures and institutional arrangements to support the Fund's functioning and impact. The document also addresses other elements of the Funding Strategy, in particular resources not under the direct control of the Governing Body. It concludes by providing a brief analysis of the intergovernmental work that needs to be undertaken in the next intersessional period.*
4. *A draft Resolution is attached to this document in Appendix 1. The Governing Body is requested to provide guidance on future resource mobilization efforts for government, private sector and foundations prospects of the Benefit-sharing Fund. The Governing Body may also wish to acknowledge the progress made in the implementation of the first and second rounds of the project cycles of the Benefit-sharing Fund and provide guidance on the implementation of future rounds, and especially on the further operationalization of the Benefit-sharing Fund, in particular on procedures and institutional arrangements. The Draft Resolution also contains possible measures to further address those resources of the Funding Strategy not under the direct control of the Governing Body.*

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Appendix 1: Draft Resolution: Implementation of the Funding Strategy of the Treaty

I. INTRODUCTION

1. This document reports progress in the implementation of the Funding Strategy of the Treaty, with a special focus on the Benefit-sharing Fund that holds the resources under the direct control of the Governing Body.

2. Pursuant to Article 18 of the Treaty, the Contracting Parties undertake to implement a funding strategy for the implementation of the Treaty. By its Third Session, the Governing Body had already adopted the Funding Strategy of the International Treaty and its four accompanying annexes on: priorities for the use of resources under the Funding Strategy; eligibility criteria for the use of resources under the direct control of the Governing Body; operational procedures for the use of resources under the direct control of the Governing Body; information and reporting requirements under the Funding Strategy.¹

3. At its Third Session, the Governing Body adopted Resolution 3/2009 on the implementation of the Funding Strategy. The Governing Body, *inter alia*:

- welcomed the *Strategic Plan for the implementation of the Benefit-sharing Fund of the Funding Strategy (Strategic Plan)* and established a target of US\$ 116 million between July 2009 and December 2014. It agreed that this plan constitutes a basis for resource mobilization for the Benefit-sharing Fund by the Secretariat and the Contracting Parties;
- adopted *Annex 4 of the Funding Strategy, Information and Reporting Requirements under the Funding Strategy*.

4. Through Resolution 3/2009, the Governing Body also provided guidance on the work to be carried out during the intersessional period preceeding its Fourth Session, in particular with regard to:

- resource mobilization efforts, including on innovative approaches;
- operation of the Benefit-sharing Fund, including on the disbursement and reporting procedures;
- monitoring of the implementation of the overall Funding Strategy, including resources not under the direct control of the Governing Body.

5. The Governing Body decided to reconvene the *Ad Hoc* Advisory Committee on the Funding Strategy in order to advise the Bureau and the Secretary on the areas highlighted above. The Committee held two sessions during the intersessional period and its advice was fundamental especially to support resource mobilization efforts, the design and execution of the second round of the project cycle of the Benefit-sharing Fund and the further operationalization of the Benefit-sharing Fund. The Governing Body also decided to delegate authority for the execution of the project cycle during the biennium 2010/2011 to the Bureau of the Fourth Session.

6. This document provides an update on resource mobilization efforts for the Benefit-sharing Fund and the implementation of the *Strategic Plan*. It then summarizes progress made and key challenges ahead in the further operationalization of the Benefit-sharing Fund, including with regard to the implementation of its project cycles and to the development of procedures and institutional arrangements to support the fund's functioning and impact. The document also addresses other elements of the Funding Strategy, in particular resources not under the direct control of the Governing Body. It concludes by providing a brief analysis of the intergovernmental work that needs to be undertaken in the next intersessional period.

¹ http://www.planttreaty.org/funding_en.htm

7. The document has an *Addendum “Implementation of projects approved under the second project cycle of the Benefit-sharing Fund”*,² that will be published separately. It details the information and decisions relevant to the procedures and arrangements enabling the next steps of the second project cycle (funds disbursement, reporting and monitoring, evaluation).

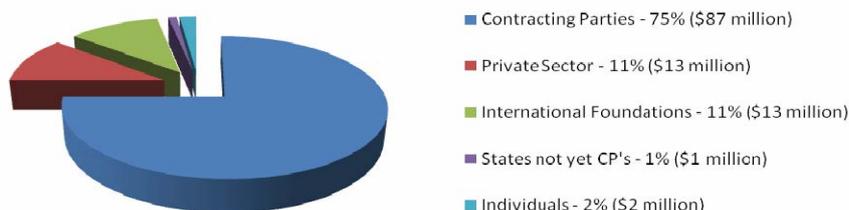
8. The Governing Body needs to consider this document in conjunction with two other documents IT/GB-4/11/8 *Report of the Co-Chairs of the Ad Hoc Advisory Committee on the Funding Strategy* and the in-session document IT/GB-4/11/Inf.12, *Report on Projects approved in the Project Cycle of the Benefit-sharing Fund in the 2010/2011 biennium*, which would list the projects approved by the Bureau to be funded by the Benefit-sharing Fund.

II. REPORT ON THE BENEFIT-SHARING FUND

A. RESOURCE MOBILIZATION: IMPLEMENTATION OF THE STRATEGIC PLAN FOR THE IMPLEMENTATION OF BENEFIT-SHARING FUND

9. At its Third Session, the Governing Body adopted the Strategic Plan for the Implementation of the Benefit-sharing Fund of the Funding Strategy. The Strategic Plan establishes a goal of US\$ 116 million to be secured by December 2014, and provides a framework for its implementation. This subsection reports on the Treaty’s progress toward that objective.

10. The Strategic Plan envisaged Contracting Parties, the Private Sector and International Foundations playing the following roles:



11. In particular, Contracting Parties were asked to consider voluntary contributions based on a tiered structure. Tiering is based on capacity, interest in the issue and history of giving to other global initiatives.

Tier	Annual investment level
Tier I	Up to \$2.6 million
Tier II	Up to \$870,000
Tier III	Up to \$345,000

Resource Mobilization progress

12. As a first step the Strategic Plan aimed to secure US\$10 million by December 2010 to be invested in the Call for Proposals 2010 of the second round of the project cycle of the Benefit-

² IT/GB-4/11/9 Addendum

sharing Fund. Led by Dr. Shakeel Bhatti, Treaty Secretary and supported by CCS (a specialist fundraising firm) in Rome, London and New York, resource mobilization since the Third Session of the Governing Body has been prioritized securing 'Top of Tier' investments from Contracting Parties in addition to developing relationships with International Foundations and the Private Sector.

13. By December 2010, the following Contracting Parties had contributed to the Benefit-sharing Fund:

Donor	Level
Spain	US\$ 2.2 million
Italy	US\$ 1.2 million
Australia	US\$ 870,000
Ireland	US\$ 660,000
Norway	US\$101,000

14. During this biennium, the Fund received its first-ever voluntary contribution arising from the commercialization of a product resulting from use of plant genetic resources for food and agriculture. A Canadian research programme has made a voluntary contribution to the Benefit-sharing Fund for a triticale line that is being commercialized for a total value of US\$1,190.

15. In addition, a number of international organizations have decided to support the further development of the Benefit-sharing Fund, such as the United Nations Development Programme (UNDP) and the International Fund for Agricultural Development (IFAD).

16. UNDP presented a submission to the fifth meeting of the *Ad Hoc* Advisory Committee on the Funding Strategy where it informed that the organization is particularly interested in working with the Benefit-sharing Fund in helping farmers adapt to climate change through the management of plant genetic resources for food and agriculture and intends to commit more than US\$10 million to this work. At the second meeting of the Bureau, a representative of UNDP explained the main elements of a possible partnership with the UNDP, including on investing on the call, supporting joint resource mobilization, strategic policy advice and project operation, such as disbursement, monitoring and reporting. The Bureau of the Fourth Session of the Governing Body highly appreciated the positive and constructive offer from UNDP to partner with the Benefit-sharing Fund and requested the Secretary to formalize the partnership. The Bureau and the *Ad Hoc* Advisory Committee on the Funding Strategy have been regularly informed of progress in the cooperation with UNDP since then.

17. The full project proposals channelled by UNDP through the Call for Proposals 2010 have strategic value in UNDP's wider programme. The proposals have been submitted to the Benefit-sharing Fund for appraisal and the portfolio submitted is of approximately US\$ 4 million. UNDP intends to seek the necessary funding to support the implementation of these proposals through the mobilization of new and additional resources, or the redeployment of resources from larger projects and programmes within which they may be nested. UNDP and the Treaty Secretariat will collaborate closely in the coming months, coordinating their existing activities with regard to resource mobilization to secure funding to implement proposals supported by UNDP and approved by the Bureau of the Fourth Session of the Governing Body. Joint approaches by UNDP and the Benefit-sharing Fund will provide additional credibility to resource mobilization efforts. The target would be to start implementation of these proposals as soon as possible after approval.

18. At the sixth meeting of the *Ad Hoc* Advisory Committee on the Funding Strategy, an IFAD representative underlined that IFAD and the Benefit-sharing Fund exhibited the same objectives

in prioritizing the conservation and use of biodiversity in addressing rural poverty reduction. He confirmed IFAD's pledge on US\$ 1,5 million to fall under the Call for Proposals 2010 of the Benefit-sharing Fund. In addition to its pledge, IFAD undertook to support mobilization of co-funding from another donor. The total financial support prompted through the partnership with IFAD could reach a maximum level of US\$ 3 million.

19. Altogether, it is anticipated that the 2010 US\$10 million target would be secured by the time the Bureau of the Fourth Session of the Governing Body meets prior to the Session of the Governing Body to approve the projects for funding within the second round of the project cycle. Such approval is undertaken according to the funds at the disposal of the Governing Body in that project cycle.

20. The Secretary has sought to engage all Contracting Parties in the initiative, through extensive personal meetings, events, tailored materials and group briefings. Contracting Parties leadership has been provided at varying levels by Ministers, Advisors, National Focal Points and Rome-based Permanent Representatives and Ambassadors to FAO. Encouraging early engagement levels have been experienced, with 15 Contracting Parties actively considering their support.

21. Private Sector and Foundation Relationships are developing, including those with the global seed sector, the food industry, the Bill and Melinda Gates and Nippon Foundations among others, but the Treaty has yet to secure a first investment from either.

22. In total, the Treaty's central resource mobilization tracking system has more than 450 prospects listed, with priority prospects supported by comprehensive research notes and reference materials. This list comprises existing donors, active prospects and others yet to be approached. As noted by the *Ad Hoc* Advisory Committee on the Funding Strategy, the "*Treaty still has far more prospects than it has the resources to manage.*" While it is encouraging to have unexamined prospects, it also indicates under-resourcing and opportunities being lost by the Treaty.

23. The Treaty's Secretariat continues to explore innovative approaches to financially support the initiative. The Norwegian Government's commitment to invest a % of seed sales annually provides a practical reference model. Discussions with the global seed sector and a number of Contracting Parties, who are considering similar models, continue.

Cultivation events

24. Cultivation events have proven to be the Treaty's most effective resource mobilization tool. They provide high-level platforms to make investment announcements and deadlines for decisions. Since November 2009, a series of cultivation events have been hosted by various Treaty leaders to update donors on the initiative, engage key prospects and secure media profiling.

25. These have included:

- A meeting hosted by Minister Brekk of Norway on the margins of the World Food Summit;
- The Bari policy seminar hosted by the Italian Government;
- A partnership with Bioversity International celebrating the International Day of Biodiversity;
- An invitation-only meeting hosted by the Spanish Government in Cordoba;
- A joint briefing with the Global Crop Diversity Trust at the Hague Climate Change Conference;
- The High Level Round Table hosted by Italy's Minister Galan in December 2010, which was attended by representatives from more than 60 countries.

26. Each event offered opportunities to engage, update and brief key prospects on progress and recruit new leaders. Each event saw tangible results in prompting investment decisions, developing new relationships and advancing discussions - all of which underline the importance of cultivation activities as outlined by the Strategic Plan.

27. Specifically, the meeting in Bari led to the Spanish investment announcement, the week of Biodiversity triggered the the announcement by Italy, and the High Level Round Table saw the announcement of Ireland's continued commitment to the Treaty. The ongoing implementation events according to the Strategic Plan will continue in 2011 in order to mobilize further resources for the Treaty accounting for various factors including geographic spread, proximity to prospects and cost.

28. The most effective cultivation events are those being:

- Small groups
- Country led, hosted and funded
- Attended at the highest levels, in particular by Ministers and key decision makers
- Tailored to the audience

Communications

29. Contracting Parties of the Treaty have expressed a recurrent concern that relative to the Treaty's growth, global remit, focus and impact, it is under the Treaty and its Fund need to perform higher in the area of communications and media profile. Since the Third Session of the Governing Body, neither the Treaty, a number of key communication activities and products have been conducted, such as newsletters and press releases for cultivation events. However, due to budgetary constraints, neither the Treaty, nor the Benefit-sharing Fund have secured any global mainstream media recognition. To date the Treaty has relied on legal, policy and technical leadership to shape its development. To ensure continued growth beyond this specialist network it is important to support a "mainstreaming" of the Benefit-sharing Fund message to a wider donor audience. To achieve this goal it is essential this remains a priority throughout the biennium and is resourced appropriately.

30. Small initial steps toward 'mainstreaming' have been taken. The Benefit-sharing Fund was branded 'Leading the Field' in December 2009.

31. Communications highlights in 2011 include:

- The Fourth Session of the Governing Body is the Treaty's prime global media event;
- Following the announcement of funded projects, the opportunity itself to promote the Treaty through specific media visits to the projects and personal interviews with the recipient organizations;
- The Call for Proposal 2010 of the Benefit-sharing Fund has a clear food security and climate change message. This has achieved recognition in recent months, most notably being listed by the UNFCCC adaptation funding interface.³ These and others are opportunities which should be developed further in the biennium 2011/2012.

³ http://unfccc.int/adaptation/implementing_adaptation/adaptation_funding_interface/items/4638.php

Leadership

32. To date Dr. Shakeel Bhatti has spearheaded the initiative, supported by a small Task Force which comprises Norway's Minister Lars-Peder Breek and Ambassador Walter Fust, former Director General of the Swiss Development Agency for Co-operation. In addition Professor M.S. Swaminathan has served as a Goodwill Ambassador.

33. While remaining financially ahead of the Strategic Plan, the Task Force membership is significantly below the 7 – 9 Task Force members and 2 – 3 Goodwill Ambassadors anticipated when the Benefit-sharing Fund plan was launched. To ensure the necessary momentum is maintained and investments secured increasing these numbers should be a 2011 priority. These voluntary leaders serve as global ambassadors for the initiative, raise its profile among their influential peers, diversify the audience and increase the Treaty's capacity to mobilize resources. The Secretariat will need to rely on support from member countries in this area to facilitate appropriate introductions and calls on member Governments to play a more active role in supporting this growth.

Human and financial support to resource mobilization

34. An initiative of this scale requires appropriate professional resourcing. The main investments are staff, communications and various printed or media materials, event over-heads and travel. To-date "*Leading the Field*" has been resourced through the significant time committed by the Secretary and full time on-site support from CCS.

35. CCS completed their full time on-site contract in December 2010. The Strategic Plan envisaged two in-house Treaty staff at P5 and P3 levels. Significant delays caused by administrative procedures meant the P3 started in January 2011, while Core Administrative Budget constraints have delayed the filling of the P5 post. Until the P5 is appointed the Secretariat is significantly under-resourced. Experience has shown that the recruitment process at this level is likely to take a minimum of 6 to 9 months, during which time the Treaty is likely to be challenged in reaching its financial targets.

Opportunities for the next intersessional period

36. The following paragraphs summarize some of the opportunities for resource mobilization during the next intersessional period:

- **Cultivation events:** these have been the most effective tool to secure investments and engaging donors. To further engage donors and prospects, such events should focus on varying donor groups and locations, particularly Foundations and the Private Sector.
- **Global positioning:** effective positioning of the Treaty among major global themes like Food Security, Biodiversity and Climate Change adaptation facilitates access to larger funding streams. These are being explored and developed for the next intersessional period.
- **High level investments from the Private Sector** – the private sector has yet to respond to the Treaty's early engagement but as '*Leading the Field*' develops its

clear agenda, work plan, selection process and most importantly global mainstream recognition, it is anticipated that the Private Sector will follow accordingly.

- **Securing a clear role for International Foundations** – the Treaty has not yet convinced Foundations that its network and screening process can secure and invest in those projects with the greatest global impact. Informing Foundations about the results of the Fourth Session of the Governing Body presents an opportunity for further direct engagement. Securing ‘buy-in’ from international Foundations can be achieved by demonstrating:
 - i. Investment decisions which are fully and purely science and impact based
 - ii. Low overheads
 - iii. Cost efficiencies
 - iv. Scalability
 - v. Impact on food security, biodiversity and climate change adaptation

- **Increased number of ‘National Champions’** – the Treaty relies on the support of ‘National Champions’ and has been successful where a contact, in particular Ministers of Agriculture, Environment or Overseas Development, based close to the decision making process, has encouraged financial leadership, participation in Treaty events, established meetings for the Secretary or supported the Treaty in similar ways. This number of circa 20 individuals should grow to 30 over the coming year, and more than 40 into 2012.

- **Direct relationships with donors** – the Treaty must continue to develop strong direct relationships with donors. This fosters clear reporting lines, long term partnerships and increased chances of multi-annual investments. The Secretary should continue to work on these relationships as a matter of priority.

- **Global mainstream media recognition** - the Treaty’s communications plan is closely linked with resource mobilization. Its ability to update, engage and inform key prospects with news of impact from projects funded strengthens its ability to raise funds in the long term. The Treaty is must overcome its complex legal, technical and political language and convey a clear message of Food Security and Climate Change adaptation which are clear global public priorities.

- **Further extending collaboration with the Global Crop Diversity Trust** - the further development of relationships with the Global Crop Diversity Trust is critical to enhance resource mobilization efforts. Two joint resource mobilization events have taken place in 2010, one to the Dutch Government and another in the Hague as part of a global meeting on Climate Change. The Secretary is seeking further collaborations in 2011.

Maintaining momentum for “Leading the Field”

37. The intersessional period 2009/2010 has set a fast pace to “Leading the Field’s” work track. Maintaining levels of activity, investment and prospect engagement is a priority. A number of aspects challenge this growth. The fatigue caused by the intense leading into the Governing Body

Session can be avoided by planning and announcing a series of attractive high level 2011/2012 cultivations events post Governing Body's Session. Contracting Parties also need to realize that the Treaty's current practice to approve projects at the time of a biennial Governing Body meeting demonstrates a disconnect between the Treaty process and what in many cases is a donors annual funding cycle. A major challenge to be addressed in the next biennium is still the low profile of "Leading the Field" among decision makers.

38. To maintain momentum and activity levels, the Treaty should prioritize:

- **Increasing Contracting Party participation levels:** to-date only Spain, Italy, Australia, Ireland, Norway and Switzerland have made financial contributions. This is less than 8% participation by Contracting Parties. In addition to securing increased revenue, a diversification of a donor pool reduces the Treaty's reliance on a small number of donors and facilitates stronger long-term financial planning. The Secretary has had a clear focus on this goal during 2010 and anticipates a return on time invested in 2011.
- **Securing 'Top of Tier' investment levels:** the initiative continues to deliver the levels indicated by the Strategic Plan, having secured 'Top of Tier' investments throughout 2010. To achieve the US\$116 million target, this level must be maintained as a priority. The introduction of a reduced level is likely to cause a lowering of sights by others considering contributions and should be avoided.
- **Appropriate resourcing for "Leading the Field":** investments in "Leading the Field" has already yielded significant results and surpassed the 2010 goal. It is important to realize that the Treaty is in a competitive funding environment. Much of the investment to date has come from long-term committed Contracting Parties, those who were already heavily committed to the work of the Treaty. Moving forward and to address its larger 2011 – 2014 goals, the Treaty must broaden its donor base.
- **Ability to develop partnerships:** partnerships could account for more than 60% of the Treaty's 2010 income to the Benefit-sharing Fund. The *Ad-hoc* Advisory Committee on the Funding Strategy and the Bureau of the Fourth Session of the Governing Body have welcomed partnerships with UNDP and IFAD. However moving forward the Treaty's governance may inhibit collaboration with valuable prospective partners, many of who need input into the decision making and selection processes. The Gates Foundation, for example requires a seat at the Boards of many of their funded partners.
- **Securing multi-annual investments:** Norway is the only clear multi-annual investment confirmed. As highlighted by the *Ad-hoc* Advisory Committee on the Funding Strategy, securing multi-annual commitments is essential in facilitating long-term financial and project planning. All materials and requests from the Secretariat seek multi-annual contributions.
- **Maintaining Resource Mobilization as a continued "day-to-day" priority:** the success achieved to date has in large measure been due to the time and commitment of the Treaty Secretary, Dr. Shakeel Bhatti. Continued success will require that resource mobilization is maintained as a core priority for the Secretary, his team in Rome and the High Level Task

Force and Goodwill Ambassadors. This will be challenged by a growing workload and a wider Treaty development agenda. It will be essential to secure a series of investments throughout the biennium to avoid any perception of stagnation.

- **Global economic environment:** this is a challenging factor for the Treaty. However, the level of investment sought by the Fund is relative and should not be an inhibitor.
- **Transparent and merit-based approach:** resource mobilization is highly dependent on the successful operation of the Benefit-sharing Fund. It is of utmost importance for fund-raising to ensure and communicate the continued transparent and merit-based approach to funding decisions.

39. Finally, Contracting Parties also need to realize that a large pool of donors (including overseas development agencies and foundations) interested in the Benefit-sharing Fund will not financially contribute if a high percentage of their voluntary contribution is not dedicated directly to projects approved at each project cycle. There is an understanding of the need to financially support the administrative and operational costs of projects approved. Supervision, monitoring, reporting and evaluation of funded projects to ensure high-quality implementation and impact. At the same time, experience from other multilateral financial mechanisms is that these project overhead costs be kept to a minimum, and that the general functioning of the Fund, including global project cycle and programme management, intergovernmental policy formulation, resource mobilization and relations with key stakeholders, be supported by the regular budget of the mechanisms.

40. To give some examples, information is provided on fee policies by other similar institutions. The Global Adaptation Fund for the Kyoto Protocol has a 8,5 % fee. The UN-REDD initiative charges 1 % of donor contribution as administrative fee and a maximum of 7% of project budget for indirect costs. UNEP and FAO charge 13 %.⁴ The GEF Council has established a flat system of 10% for GEF Grants. Such fee covers, at 9 %, the costs associated with project management (project identification and preparation; project start –up; implementation and supervision; completion and evaluation). It also comprises a 1% fee to cover the GEF Agencies support to the GEF Secretariat in policy, outreach and knowledge-sharing.⁵ Contracting Parties need to understand that governments and bilateral development agencies will compare the Benefit-sharing Fund with other multilateral financial mechanisms to which they contribute. It should be noted that a number of prospects from the private sector and foundations have voiced their concern over possible high percentage fees being charged to each donation made to the fund. To highlight one example, when approached from a highly respected and sought after foundation regarding funding they said that the “Leading the Field” initiative fit into their funding priorities, which disperses about US\$ 10 million per year to similar initiatives. When the foundation learned that up to 20% of their donation could be spent on overhead costs they declined to move forward with any further discussions.

⁴ GEF/C.39/9, Rules and guidelines for agency fees and project management costs.
www.thegef.org/gef/events/39th_GEF_council

⁵ *Ibid.* The functions and services carried out by GEF Secretariat, including governance, programme management and relationships with constituents, are covered through a corporate budget regularly adopted by GEF Governing Bodies.

B. OPERATIONS OF THE BENEFIT-SHARING FUND

Implementation of the first round of the project cycle of the Benefit-sharing Fund

41. At its Second Session, the Governing Body adopted the Operational Procedures for the Benefit-sharing Fund. The Operational Procedures included concrete steps in the project cycle to enable disbursement, monitoring and reporting and independent evaluation. These procedures indicated that transparent and secure procedures were necessary to enable disbursement and that standard monitoring and reporting procedures be used in project implementation.

42. At its Third Session, the Governing Body noted the list of the eleven small scale projects approved by the Bureau of the Third Session of the Governing Body to be funded under the first round of the project cycle of the Benefit-sharing Fund. Through Resolution 3/2009, the Governing Body requested the Secretary to make the necessary practical arrangements, and proceed with the disbursement of funds for the approved projects under the Benefit-sharing Fund of the International Treaty. The Governing Body requested the Secretary to consult within FAO, in order to find interim arrangements for the disbursement of funds, and project reporting and monitoring, for the conclusion of the first round of the project cycle.

43. This subsection provides an overview on the status of funds disbursed under the first round of the project cycle and on the arrangements made by the Secretary to enable the implementation of the approved projects.

44. Implementation of the 11 small-scale projects funded under the first round of the project cycle of the Benefit-sharing Fund is progressing adequately and it is expected that these projects will be completed by the end of 2011. Once this happens, the Secretariat could prepare and make available a summary report on the implementation and impact of this first project portfolio building upon the final reports of each individual project.

45. At its Third Session, the Governing Body decided that plant genetic resources for food and agriculture listed in *Annex 1* of the International Treaty resulting from the projects funded by the Benefit-sharing Fund shall be made available according to the terms and conditions of the Multilateral System, and that information generated by these projects shall be made publicly available within 1 year of the completion of the project. The Governing Body may wish to request the Secretariat to develop practical measures that facilitate the entities implementing approved projects meet such requirements.

First project cycle: funds received and disbursed

46. Following the Second Session of the Governing Body in 2006, funds for the first time became available to the Benefit-sharing Fund of the Treaty. In March 2008, Norway announced, at the opening of the Svalbard Global Seed Vault in Longyearbyen, Norway, that it will make an annual voluntary contribution of 0.1% of national seed sales in Norway to the Benefit-sharing Fund of the Treaty.

47. Norway first annual voluntary contribution to the Benefit-sharing Fund (US\$ 78,000) was made available for the first round of the project cycle. Further voluntary contributions to the Benefit-sharing Fund were also made by Italy (US\$ 344,476), Spain ((US\$ 130,000) and Switzerland (US\$ 28,612), altogether making a total of US\$ 581,088 by April 2009 to be invested in the first round of the project cycle. The Bureau of the Third Session of the Governing Body decided to invest up to US\$ 580,000 in the first round of the project cycle of the Benefit-sharing Fund.

48. In May 2009, the Bureau approved eleven small scale projects to be funded, of a maximum individual cost of US\$50,000 and a total portfolio cost of US\$ 543,004.

49. The first disbursement was made to the 11 Recipient Organizations upon the signature of the corresponding agreements. The total cost of the first disbursement was of US\$ 305,909. All Recipient Organizations submitted their mid-term reports on activities and expenditures by mid December 2010. At that time, eight mid-term reports had already been approved by the Secretariat and the second disbursement of funds had been processed by the Secretariat. Following the submission of the interim reports field visits were conducted to monitor four projects in Egypt, India, Kenya and Peru, and monitoring reports of the supervision missions have been prepared. The total cost of the second disbursement made as for the approval of the mid-term reports was US\$ 154,294. Mid-term reports of two projects are pending for approval, subject to additional information requested by the Secretariat, and consequently, the disbursement of US\$28,500 to these Recipient Organizations is conditioned to the approval of their mid-term reports.

Arrangement for fund disbursement and project reporting and monitoring

50. After the approval of the eleven projects, the Secretariat undertook consultations and informed relevant Departments of FAO, including the Legal Office, Finance Department, the Office of Programme, Budget and Evaluation, to establish interim arrangements for the disbursement of funds, project reporting and monitoring.

51. After five months of intense consultations within FAO, a standard agreement form was concluded that contained the main provisions for fund disbursement as well as for project reporting and other clauses to ensure effective and transparent project implementation. The type of agreement used corresponds to FAO's Letter of Agreement. Individual agreements were then elaborated and signed by FAO and sent to the Recipient Organizations for their signature. Some Recipient Organizations took up to 4 months to sign the agreement and sent it back to the Secretariat, due to internal procedures.

52. According to the agreements, the payment schedule is as follows: i) up to a 60% of the funds requested upon the signature of the agreement; ii) up to 30% upon acceptance of the mid-term report and the statement of expenditures; and iii) up to 10% upon acceptance by FAO of the statement of expenditure and the final technical report of activities.

53. Funds have been disbursed directly to the bank accounts identified by the Recipient Organizations in the agreements. The Organizations have agreed that funds provided will be used exclusively in support of the projects approved by the International Treaty. A detailed budget has been annexed to the agreements specifying the cost involved for staff, supplies, services, travels and equipment for the implementation of the project.

54. If after meeting the costs of the projects, there are unexpended funds under each agreement, the Recipient Organizations shall return such unexpended funds. In the event the organizations does not comply or partially comply with the terms of the agreement signed, it will return any payment already received regarding the activities that have not been performed to a standard considerable acceptable to the Treaty.

55. According to the agreements, the Recipient Organizations are responsible for the implementation of the projects. Organizations are obliged to submit to the Secretary of the International Treaty a mid-term progress report at the end of the first year of the project, according to a Format provided by the Secretariat. The report includes: i) a report on the status of implementation of the project objectives and activities, as well as the delivery of outputs; and ii) an itemized statement of expenditures.

56. The Recipient also needs to submit to the Secretary of the Treaty a final itemized statement of expenditures, certified by the Chief Accountant or similar officer of the Recipient Organization at the end of the project. The final report has to be submitted within 2 months following the completion of the Project, according to a Format provided by the Secretariat. The final report will include: i) a report on the implementation of the project objectives and activities, as well as the

delivery of outputs; ii) an assessment of the project contribution towards the economic development, the conservation and sustainable use of plant genetic resources for food and agriculture; iii) an assessment of the project impact on relevant national and regional plans and programmes; iv) a description of the project benefits to targeted communities; and v) a description of collaborative arrangements promoted through the project.

57. The Recipient Organizations shall maintain supporting documentation showing the use of funds of the Benefit-sharing Fund and all other documentation and records related to the project implementation for a period of 3 years following the completion of the project, during which, the Treaty will have the right to review or audit the relevant records.

Implementation of the second round of the project cycle

Expert advice

58. The design and execution of the Call for Proposals 2010 of the second round of the project cycle of the Benefit-sharing Fund has been one of the key areas of focus and work by the Secretariat, the Bureau and the *Ad Hoc* Advisory Committee on the Funding Strategy during 2010/2011. The design of the Call had an strategic value, not only to attract interest and resources to the Benefit-sharing Fund but to further develop a programmatic approach for future rounds of the Fund based on the priorities established by the Governing Body.

59. The Bureau requested the *Ad Hoc* Advisory Committee on the Funding Strategy to advise the Bureau and the Secretary on the execution of the second round of the project cycle, on the basis of preparatory work done by the Secretary, including the engagement of the necessary expert advice. The Secretary sought the advice of a selected number of high-level international experts, namely: Dr. Geoffrey Hawtin, Dr. Roberto Acosta Moreno, Prof. M.S. Swaminathan, Dr. Bala Ravi Sekhara Pillai and Dr. David Hegwood.

60. The experts produced the document *Expert advice on the second call for proposals, including a strategy and programme for the Benefit-sharing Fund*.⁶ The *Ad Hoc* Advisory Committee on the Funding Strategy commended the work of the experts for the high-quality advice provided, which formed an excellent basis for preparing the Call for Proposals 2010. The document be published and disseminated widely as recommended by the Committee.

Thematic focus

61. The *Expert advice* document provided a number of suggestions, including the identification of a need for a focused strategy and programme for the use of funds of the Benefit-sharing Fund. It emphasized the importance that, fully consistent with the three priorities adopted by the Governing Body at its Second Session, the use of funds be focussed thematically. The choice of the thematic focus must represent a real, major and urgent area of concern to all, and particularly developing countries, and must respond to international concerns and the priorities of potential large-scale voluntary donors to the Benefit-sharing Fund.

62. The high-level experts agreed that, in their view, the major thematic focus of the Benefit-sharing Fund, at least over the coming two rounds of the project cycle and probably longer, should be on the conservation and use of plant genetic resources for food and agriculture to help ensure food security in the face of climate change. Such a focused approach should in particular benefit the most vulnerable farmers and rural populations.

63. Following the expert advice, the *Ad Hoc* Advisory Committee on the Funding Strategy recommended to set the thematic focus of the Call for Proposals on:

⁶ ftp://ftp.fao.org/ag/agp/planttreaty/funding/experts/bsf_exp_p01_en.pdf. The paper contains a brief presentation of the professional and scientific background of each of the experts engaged by the Secretary.

“helping ensure sustainable food security by assisting farmers to adapt to climate change through a targeted set of high impact activities on the conservation and sustainable use of plant genetic resources for food and agriculture.”

64. The *Ad Hoc* Advisory Committee on the Funding Strategy emphasized that this thematic focus does not imply broadening or modifying the three agreed priorities of the Benefit-sharing Fund. Rather it constitutes a precise, consistent and concrete implementation of the agreed priorities with the aim of increasing the positive impact of the Fund to international concerns, in particular of developing countries, and priorities of real and potential donors.

Design and opening of the Call for Proposals 2010

65. Based on the expert advice, the *Ad Hoc* Advisory Committee on the Funding Strategy finalized the preparation of the draft Call for Proposals 2010. Its design contained two complementary windows: one for Strategic Action Plans and another for Immediate Action Projects. The Call also contained the timeline for the second round, the expected size of projects and of the Call and new features such as a number of criteria for the screening of pre-proposals.

66. The Bureau made minor modifications to the text of the Call and adopted the Call for Proposals 2010 with all its annexes, and requested the Secretary to proceed with the opening of the Call accordingly as soon as possible.

67. The Call for Proposals 2010 was opened on late June 2010, by posting it on the website of the Treaty and by notification to the National Focal Points of the Treaty and Permanent Representatives of the Contracting Parties to FAO. Dissemination letters of the Call for Proposals 2010 were sent to more than 400 people and organizations, including the Convention on Biological Diversity, the United Nations Organization for Food and Agriculture (FAO), the United Nations Framework Convention on Climate Change and UNDP. Additionally, the flyer titled “Leading the field: keeping farmers ahead of the climate change curve” was widely distributed with reference to where applicants can find further information about the Call for Proposals 2010.

Helpdesk function

68. Following the expert advice, the *Ad Hoc* Advisory Committee on the Funding Strategy and the Bureau took note of the proposed Helpdesk function to support preparation of pre-proposals and full project proposals during the second round of the project cycle of the Benefit-sharing Fund. The Helpdesk function has been financially supported through the Joint Programme for Capacity Building for the implementation of the Treaty.

69. During the pre-proposals phase, the Helpdesk was established to provide relevant information to all potential applicants upon request, give technical support when submitting pre-proposals on how to complete the Pre-proposal Forms, inform on the channels to be used to submit pre-proposals, inform on the eligible Contracting Parties of the Call for Proposals 2010, receive and confirm receipt of pre-proposals submitted to the Secretariat of the Treaty. The Helpdesk received around 135 inquiries by e-mail from potential and actual applicants, which were answered within a period of 4 days after its submission. The Helpdesk also responded to phone calls regarding the Call for Proposals 2010 and provided information in English, French and Spanish. No inquiries were submitted in Arabic.

70. During the preparation of full project proposals, the Helpdesk continued to provide technical information to applicants when submitting full project proposals, including on channels to be used and on how to complete forms. A series of regional workshops were undertaken to coach applicants under Window 1 to prepare high-quality proposals. The Helpdesk function also took pro-active approach offering more support to under-represented regions in preparing the full project proposals, including through the regional workshops.

71. The Helpdesk organized regional workshops in Ouagadougou, Burkina Faso; Nairobi, Kenya; Lima, Peru; Cairo, Egypt and Chennai, India. All applicants under window 1 who have been invited to present full project proposals were invited to attend the two days workshops. Only those applicants under window 2 from weakly represented regions (Near East and South West Pacific) were invited to participate in the coaching activities, as decided by the Bureau of the Fourth Session of the Governing Body.

72. During the Helpdesk workshops applicants had the opportunity to arise their awareness on the Treaty, had general information on how to prepare project proposals and its main elements and received specific feedback from experts through individual coaching on those elements that needed to be strengthened in the proposal to increase their quality.

73. The coaching function of the Helpdesk was very well received by the applicants, who appreciated the workshops and highlighted their importance on technical support to develop good quality of project proposals and to meet other applicants whose pre-proposals refers to the same crops or related activities and with whom possible partnerships may be build in the future.

Screening of pre-proposals and invitation to prepare full project proposals

74. By the time of its closing of the Call in September 2010, the Secretary of the Treaty had received 402 pre-proposals, of which 344 were submitted on time, through the national authorities of eligible Contracting Parties, and having Pre-proposal Forms fully completed. From the 344 pre-proposals submitted through the national authorities, 85 pre-proposals were received under Window 1 (Strategic Action Plans) and 259 pre-proposals under Window 2 (Immediate Action Projects).

75. The Bureau at its second meeting acknowledged the offer made by the *Ad Hoc* Advisory Committee on the Funding Strategy to support the work of the Bureau in screening the pre-proposals. The Committee, at its sixth meeting, reviewed the preparatory screening work done by the Secretariat and advised the Bureau accordingly. The Bureau finalized the screening of pre-proposals at its third meeting and the Secretary accordingly invited in November 2010 the 136 approved pre-proposals to develop full project proposals.

Appraisal and approval of full project proposals

76. By the time of publication of this document, invited applicants are developing full project proposals for submission to the Secretary by 27 January 2011. The *Ad Hoc* Advisory Committee on the Funding Strategy and the Bureau have provided guidance on the appraisal by a Panel of Experts of submitted full project proposals and on the project approval by the Bureau. Each project proposal should be appraised by three experts, one of whom shall be from the Region of the proposal appraised. Project proposals will be appraised by using a standard appraisal sheet prepared by the Secretariat, according to the Selection Criteria included in the Operational Procedures and adopted by the Governing Body at its Second Session, and other relevant criteria established in the Call for Proposals 2010. The Panel of Experts will meet to conclude their task and a timeline for the establishment, selection and invitation of experts to appraise project proposals has been established.

77. The Bureau emphasized that quality and technical merit shall determine the appraisal and approval of full project proposals and agreed that approval of proposals to be funded shall be exclusively based on the scientific review and appraisal from the Panel of Experts. This is an important lesson learned to be taken into account in the further development of the Operational Procedures of the Benefit-sharing Fund.

78. The Bureau will meet back-to-back to the Fourth Session of the Governing Body to *inter alia* approve the projects for funding within the second round of the project cycle and to provide recommendations on favourably appraised proposals not fundable with the resources available in the Benefit-sharing Fund. The in-session document, IT/GB-4/11/Inf.12, *Report on Projects approved in the Project Cycle of the Benefit-sharing Fund in the 2010/2011 biennium*, list the projects approved by the Bureau to be funded by the Benefit-sharing Fund.

Next steps in the implementation of the second project cycle

79. The Addendum “Implementation of projects approved under the second round of the project cycle of the Benefit-sharing Fund”,⁷ gives information and lessons learned relevant to the adoption of further decisions on the procedures and arrangements enabling the disbursement of funds, reporting, monitoring and evaluation of projects funded in the second round of the project cycle.

80. More information on progress made to establish procedures and institutional arrangements to facilitate fund disbursement and project monitoring and evaluation is described in the subsection below *Further operationalization of the Benefit-sharing Fund, including procedures and institutional arrangements*.

Implementation of future rounds of the project cycle

81. Following the expert advice, the *Ad Hoc* Advisory Committee on the Funding Strategy also emphasized that enabling farmers to enhance food security and adapt to climate change is an objective of immense importance and a medium- and long- term activity. Activities in this area should not be piecemeal but conceived and implemented within a strategic framework. A programmatic approach should provide for reviewing progress and lessons learned, respond to evolving priorities of the Governing Body, enhance partnerships with international organizations and scale up activities if more funds become available.

82. The Committee recommended that the Secretariat prepare elements for developing a mid-term programme of the Benefit-sharing Fund to ensure sustainable food security and climate change adaptation. The Bureau took note of the advice of the Committee regarding the need to prepare a mid-term programme based on the *Expert advice* paper which should be strategic, result-driven and concise.

83. Given the load of work on the second round of the project cycle of the Benefit-sharing Fund and the development of partnerships with multilateral institutions to support the further development of the Fund, the Secretariat has not been able to finalize a programmatic approach for the consideration of the Governing Body at its Fourth Session. The Governing Body may wish to request the Secretary to develop a mid-term programmatic approach for the Benefit-sharing Fund building upon the thematic focus of second project cycle and in full alignment with the priorities adopted by the Governing Body.

84. The Committee also recommended that lessons learned on the Operational Procedures, including selection criteria, be prepared by the Secretariat for use in future rounds of the project cycle of the Benefit-sharing Fund.

85. In line with the decision made at its Third Session, the Governing Body may wish to delegate authority for the execution of the project cycle to the Bureau.

Further operationalization of the Benefit-sharing Fund, including procedures and institutional arrangements

86. At its Third Session, the Governing Body requested the Secretary to develop disbursement, reporting and monitoring procedures for the operation of future project cycles, for consideration and approval of the Governing Body at its Fourth Session and to continue collaborating with other

⁷ IT/GB-4/11/9 Addendum

international organizations, including the Global Crop Diversity Trust, in the further development and implementation of operational procedures for the Benefit-sharing Fund.

87. The Governing Body also requested the *Ad hoc* Advisory Committee on the Funding Strategy to advise the Secretary and the Bureau on the operation of the Benefit-sharing Fund, including on the disbursement and reporting procedures. In doing so, the *Ad Hoc* Advisory Committee on the Funding Strategy was requested by the Bureau, at its first meeting, to examine all possible options for the establishment of institutional arrangements to be put in place for the oversight and implementation of the projects to be funded under the Benefit-sharing Fund.

88. This area of work has concentrated a considerable amount of attention by the Secretary, the *Ad Hoc* Advisory Committee on the Funding Strategy and the Bureau during the intersessional period. Following the advice of the *Ad Hoc* Advisory Committee on the Funding Strategy, the Secretariat prepared the following documentation to enable decision-making in this area:

- a comparative analysis of the disbursement, reporting and monitoring procedures as well as institutional arrangements developed and implemented by other multilateral financial mechanisms, taking into account established international standards and lessons to be learned for the implementation of the Benefit-sharing Fund;
- relevant information and analysis for customizing the disbursement, reporting and monitoring procedures to the functional needs of the Treaty's Benefit-sharing Fund, given the status of the International Treaty as a legal instrument adopted under Article XIV of the FAO basic texts;
- information on the deliberations of the Programme Committee and other processes of FAO related to Article XIV bodies as well as their background documentation relevant to the operation of the Benefit-sharing Fund;
- draft interim procedures for disbursement, reporting and monitoring, in accordance with the Operational Procedures of the Fund, as adopted by the Governing Body.⁸

89. The importance of establishing procedures and institutional arrangements to monitor and evaluate projects funded by the Benefit-sharing Fund and to effectively disburse funds to project recipients has been continuously stressed throughout the intersessional period. As emphasized by the Committee, these procedures and institutional arrangements will enhance the operation of the Benefit-sharing Fund by promoting accountability and facilitating the assessment and dissemination of results and impact achieved as well as by identifying lessons learned from projects. Having an efficient monitoring and evaluation framework is also vital for assessing project quality and support further resource mobilization. At the same time, these procedures should not burden applicants with an overly burdensome amount of reporting.

Establishment of institutional arrangements: UNDP and IFAD

90. In order to explore options for the establishment of institutional arrangements to support project oversight and implementation, the Secretary published a notification addressed to all potential international partners of the Benefit-sharing Fund to express their interest in developing

⁸ The document *Operations of the Benefit-sharing Fund: institutional arrangements and procedures* was considered by the Committee, at its sixth meeting. The document: informs about the on-going processes in FAO's governing bodies on the autonomy of statutory bodies such as the Treaty; provides a full comparative analysis of the institutional architecture, procedures and arrangements of relevant multilateral financial institutions (the Adaptation Fund; the Global Environmental Facility; the Trust Fund of the Global Agriculture and Food Security Program (GAFSP); the Multilateral Fund for the implementation of the Montreal Protocol; and, the Global Fund to fight AIDS, Tuberculosis and Malaria); and contains draft interim procedures for fund disbursement and project reporting, monitoring and evaluation, as well as draft elements for agreements establishing institutional arrangements with implementing entities and models of draft agreements used by other multilateral funds. The document is available at: <http://ftp.fao.org/ag/agp/planttreaty/gb4/acfs6/acfs6w06.pdf>

possible partnerships with the Treaty to implement the Fund. The notification requested relevant international organizations to submit information on their mandates; work; technical and financial capacity to implement projects and on their interest in supporting the strategic development of the Benefit-sharing Fund. It would be particularly valuable to cooperate with those multilateral institutions that act as implementing entities for other multilateral funds, have a comparative advantage in the area of plant genetic resources for food and agriculture and a recognized capacity for project and financial management, are present at field level and are capable to support co-funding of projects.

91. The response to the development of partnerships has been extremely positive. As a result of the process launched, a wide set of international organizations have showed interest to support the strategic development of the Benefit-sharing Fund in various manners, including: UNDP, IFAD, FAO, the Global Crop Diversity Trust, UNOPS, the World Bank, Oxfam Novib, CATIE. The full submissions made by organizations that were made available to the *Ad hoc* Advisory Committee on the Funding Strategy are found in the Treaty website.⁹ In addition, a senior officer from UNEP recently contacted the Secretary and informed him of the organization's interest to support the development of the Benefit-sharing Fund. UNEP is currently preparing a full submission and will soon send it to the Secretary.

92. As already explained above, there has been concrete progress in the development of partnerships with UNDP and IFAD. The Bureau and the *Ad hoc* Advisory Committee on the Funding Strategy have been informed and guided each step in the development of such partnerships. Following the requests received from them, the Secretary is elaborating a Memorandum of Cooperation with UNDP and another one with IFAD, setting out the roles and responsibilities of both partners. The aim is to have them finalized by the time the Governing Body meets in Bali.

93. As recognized by the Committee a partnership with UNDP and IFAD will build the credibility of the Benefit-sharing Fund further by having recognized and experienced institutions supporting it, including on the oversight and implementation of projects. These partnership would also help to bring a new constituency and a wide network of stakeholders to support the development of the Benefit-sharing Fund, including to position the Treaty and its Benefit-sharing Fund within new donor constituencies and national Ministries such as environment, finance or development.

94. While highly appreciating the positive and constructive offers of partnership from IFAD and UNDP, the Committee has identified a number of challenges in the development of these partnerships:

- The Governing Body should retain full responsibility and autonomy for the execution of the project cycle, including the approval of projects to be funded;
- Contracting Parties must remain responsible for resource mobilization for the implementation of the Strategic Plan. Any financial support from these organizations to the Benefit-sharing Fund does not diminish or substitute the responsibility of Contracting Parties to contribute to the Fund;
- The elaboration of the exact modalities of partnerships with the Treaty requires considerable time and engagement from the side of the Treaty Secretariat. The preference is to undertake well-considered elaboration and presentation of these partnerships;
- Partnerships would be on a non-exclusive basis, allowing the Governing Body to enter into other partnerships with other relevant international organizations.

⁹ See the webpages of the fifth and sixth meetings of the *Ad hoc* Advisory Committee on the Funding Strategy: http://www.planttreaty.org/gbpre_en.htm

95. The Bureau has requested that lessons be learned from the development of the partnerships with UNDP and IFAD. A standard procedure and cooperation framework for the establishment of partnerships with other interested international organizations should be developed in the next intersessional period.

Progress in the development of procedures for fund disbursement and project oversight

96. As explained above, the Secretariat has prepared the draft *interim* procedures for the disbursement of funds and for reporting, monitoring and evaluation of projects based on a review of state-of-the-art procedures employed by existing multilateral financial mechanisms.¹⁰

97. The *Ad hoc* Advisory Committee on the Funding Strategy considered the *interim* procedures prepared by the Secretariat and advised the Secretary to use the draft interim procedures as a basis for further work. As emphasized by the Committee, there a number of challenges in the further definition of these procedures:

- Procedures should retain sufficient flexibility to respond to the evolving needs of the Governing Body and its Benefit-sharing Fund;¹¹
- The Benefit-sharing Fund is at its start-up-phase and there are economies of scale to be considered in undertaking these activities (monitoring, evaluation, auditing);¹²
- Procedures need to integrate the auditing of projects more clearly;
- Procedures should not burden applicants with an overly complex and costly amount of monitoring, evaluation or auditing;
- The future roles and responsibilities of the *Ad hoc* Advisory Committee on the Funding Strategy and the Bureau in the implementation of these procedures needs consideration by the Governing Body;

98. There are further challenges that make it difficult for the Governing Body to approve permanent procedures for future rounds of the project cycle of the Benefit-sharing Fund. There is a need to carefully consider the role of the international organizations as implementing entities of the Benefit-sharing Fund to facilitate fund disbursement and transfer to the field level, or to support project design, implementation and evaluation.

99. Another challenge is the on-going review on the autonomy of statutory bodies such as the Treaty by the processes in FAO's governing bodies has yet to be finalized. Upon its conclusion, it will be more clear what is the capacity of the Governing Body to administer the Benefit-sharing Fund, including with regard to fund disbursement, independent evaluation or external auditing. In this context, the *Ad hoc* Advisory Committee on the Funding Strategy emphasized that the Benefit-sharing is under the direct control of the Governing Body and it is financed exclusively through the Strategic Plan that Contracting Parties have established for its implementation. The Committee therefore expects that, given that there is a high degree of self-financing, there should

¹⁰ The Governing Body requested draft monitoring and reporting procedures for its consideration at its fourth session. The Operational Procedures of the Benefit-sharing Fund also indicate that standard evaluation procedures are also required. The comparative analysis of relevant multilateral financial mechanisms has shown that many of these mechanisms deal with reporting, monitoring and evaluation in an integrated manner, and that they follow the principle of continuity of reporting throughout project implementation to allow tracking of results and progress. As the final product of any evaluation is also a report, it seems pertinent to deal with evaluation together with monitoring and reporting.

¹¹ Other multilateral financial mechanisms have developed the monitoring and evaluation framework in a gradual manner. Although GEF was established in 1991, its first framework for monitoring and evaluation was approved in 1997. Since then, it has been regularly reviewed and strengthened. A similar process took place in the Montreal Fund.

¹² For example, as indicated by the Committee, at least some of these activities could be undertaken for a sample of projects of a given project cycle and paid through an overall overhead cost reserved from the Benefit-sharing Fund. Another possibility is to reflect the costs of these activities into the budget of the full project proposal and aim to keep the fees for project cycle management as low as possible.

be an equally high degree of autonomy and self-administration in the operation of the Benefit-sharing Fund.

100. The Secretariat is preparing the Addendum document “*Implementation of projects approved under the second round of the project cycle of the Benefit-sharing Fund*” to this document which details the information and decisions relevant to the procedures and arrangements enabling funds disbursement, reporting and monitoring, evaluation of the second project cycle. Such document builds on the advice provided by the *Ad hoc* Advisory Committee on the Funding Strategy and the draft interim procedures considered by it. It follows the request by the Bureau, to prepare a document providing a clear understanding of the options available to support the implementation and monitoring of the second round of the project cycle, including possible implications for the future.

101. The procedures and arrangements to support the implementation and monitoring of the second round of the project cycle should provide a basis for the further development of procedures and arrangements to be used in future rounds of the project cycle.

III. REPORT ON RESOURCES OF THE FUNDING STRATEGY NOT UNDER THE DIRECT CONTROL OF THE GOVERNING BODY

102. At its Third Session, the Governing Body, adopted *Annex 4* of the Funding Strategy, *Information and Reporting Requirements under the Funding Strategy*, in order to facilitate the monitoring of the implementation of the Funding Strategy. Through such adoption, the Governing Body set out for the first time the requirements for information and reporting on resources not under the direct control of the Governing Body provided by Contracting Parties, non-Contracting Parties, international organisations with which the Governing Body has entered into agreements, and relevant international mechanisms, funds and bodies.

103. In reconvening the *Ad hoc* Advisory Committee on the Funding Strategy, the Governing Body requested the Committee to address remaining issues within the full remit of the Funding Strategy, i.e. not only the Benefit-sharing Fund but also other elements of the Funding Strategy, in particular resources not under the direct control of the Governing Body; and to advise on the monitoring of the implementation of the overall Funding Strategy and on the assessment of its efficacy.

104. At its sixth meeting, the Committee had its first discussion about the monitoring of resources of the Funding Strategy not under the direct control of the Governing Body. In preparation for the meeting, the Secretary of the International Treaty published a notification inviting Contracting Parties and non-Contracting Parties to provide information according to a standard format. The Secretariat compiled the submissions received by Contracting Parties and made it available to the Committee. The Committee noted that recognition of all activities under the Funding Strategy would raise the profile of the Treaty, and allow for a careful recognition of the gaps and shortcomings of the Funding Strategy and emphasized the importance of the provision of information by Contracting Parties and Non-Contracting Parties on resources not under the direct control of the Governing Body.

105. The Secretariat also prepared and presented to the *Ad hoc* Advisory Committee on the Funding Strategy a compilation of information on the mandates, priorities, eligibility criteria, procedures and availability of resources of international mechanisms, funds and bodies relevant to the support of actions for the implementation of the Treaty. A profile of the following international organizations was provided: the Consultative Group on International Agricultural Research; the Food and Agriculture Organization of the United Nations; the Global Environment Facility; the International Fund for Agricultural Development; the United Nations Development Programme; the United Nations Environment Programme; the World Bank and the Global Adaptation Fund.

106. In order to enhance cooperation with other international organizations relevant to the Funding Strategy, the Committee advised the Secretary to continue establishing contacts with

senior management of relevant institutions, including through the support from Contracting Parties. It also recalled the importance of strengthening cooperation with FAO and its Commission on Genetic Resources for Food and Agriculture, as the work on *The State of the World's Plant Genetic Resources*, the updated of the Global Plan of Action and the Facilitating Mechanisms were relevant to the implementation of the Funding Strategy. Finally it also recommended to cooperate with the Consultative Group on International Agricultural Research.

107. Finally, the Committee emphasized the importance of collaboration between the Benefit-sharing Fund and the Global Crop Diversity Trust. The Global Crop Diversity Trust is the only institution that has so far signed an agreement with the Governing Body. The Committee stressed the critical importance of the successful operation of the Trust for the implementation of the Funding Strategy of the Treaty and highlighted that the Treaty provides the policy and legal framework for its activities. The Committee advised the Secretary to explore with the Executive Director of the Global Crop Diversity Trust the possibility of practical mechanisms to further enhance the synergies between the Benefit-sharing Fund and the Global Crop Diversity Trust.

IV. INTERGOVERNMENTAL WORK ON THE FUNDING STRATEGY DURING THE NEXT INTERSESSIONAL PERIOD

108. This document has identified a number of challenges for the further development of the Funding Strategy, and in particular of its Benefit-sharing Fund, during the next intersessional period.

109. The *Ad Hoc* Advisory Committee on the Funding Strategy had a constructive and productive preliminary discussion on its possible future role. It highlighted the importance of future work by this or other inter-sessional processes to facilitate the operation of the Benefit-sharing Fund, which is one of the core systems of the Treaty, and for the implementation of the Funding Strategy. It also identified three tasks that would need to be undertaken regularly during the next inter-sessional periods: oversight of the rounds of the project cycle of the Benefit-sharing Fund, resource mobilization, and establishment and implementation of partnerships with relevant international institutions in the broader remit of the Funding Strategy. The Committee recognized that the Governing Body will need to discuss its possible future role in the general context of the future work of the different Committees vis-à-vis the work of the Bureau.

110. The Bureau also considered how, in the next biennium, the Governing Body might best organize its various committees in order to further enhance their efficiency and cost-effectiveness. It noted that it would be necessary to re-evaluate the work and meetings of the different Committees while taking into account the necessity for ensuring that relevant technical inputs continue to be provided to the relevant processes and work-tracks of the Governing Body, including the provision of specialized advice to the Governing Body and the different stakeholders of the Treaty.

111. There are three basic options that the Governing Body may wish to discuss in order to organize the intergovernmental work during the next intersessional period:

- Establish the Advisory Committee on the Funding Strategy as a permanent committee to provide regular specialized advice to the Governing Body on the Funding Strategy and its Benefit-sharing Fund and to execute the next round of the project cycle of the Fund;
- Reconvene the *Ad Hoc* Advisory Committee on the Funding Strategy for the next intersessional period and adopt new Terms of Reference;
- Transfer the responsibilities of the Committee to the Bureau.

112. If the Governing Body decides to reconvene the *Ad Hoc* Advisory Committee on the Funding Strategy, it may wish to do so with the draft Terms of Reference in the draft Resolution,

in *Appendix 1*. If the Committee is not convened again, the Governing may wish to decide on an alternative arrangement for carrying out these tasks.

DRAFT RESOLUTION XX/2011
IMPLEMENTATION OF THE FUNDING STRATEGY OF THE TREATY

THE GOVERNING BODY,

PART I: RESOURCE MOBILIZATION FOR THE BENEFIT-SHARING FUND

Recalling Resolution 1/2004 by which the Governing Body adopted the Funding Strategy;

Recalling that the aims of the Funding Strategy pursuant to Article 18 of the Treaty are the development of ways and means by which adequate resources become available for the implementation of the International Treaty, and the transparent, efficient and effective utilization of all resources made available under the Funding Strategy;

Recalling that the effective implementation of the Funding Strategy is critical to the implementation of the International Treaty;

Recalling that the Funding Strategy's Benefit-sharing Fund receives mandatory and voluntary contributions pursuant to Article 13.2 of the International Treaty as well as voluntary contributions from any source to implement the Funding Strategy of the International Treaty;

Recalling that the Governing Body, at its Third Session, welcomed the *Strategic Plan for the implementation of the Benefit-sharing Fund of the Funding Strategy* and agreed that this Plan constitutes a basis for resource mobilization for the Benefit-sharing Fund by the Secretariat and the Contracting Parties, with a target of mobilizing US\$ 116 million between July 2009 and December 2014.

Commending that the implementation of the Fund through voluntary contributions is ahead of the *Strategic Plan for the Implementation of the Benefit-sharing Fund*, which was welcomed by the Governing Body at its Third Session and specifies the achievement of the agreed funding target;

1. **Welcomes** the excellent progress in the implementation of the *Strategic Plan*, which has exceeded the target of mobilizing US\$ 10 million in the first eighteen months, and that these moneys are now available for the second round of the project cycle of the Benefit-sharing Fund;
2. **Warmly thanks** the governments of Australia, Ireland, Italy, Norway and Spain for their voluntary contributions to the Benefit-sharing Fund and expresses its gratitude for their support to the International Treaty;
3. **Warmly welcomes** the establishment of partnerships with IFAD and UNDP that have facilitated, *inter alia*, the mobilization of additional financial resources in support of the second round of the project cycle of the Benefit-sharing Fund;

4. **Thanks** the members of the High-level Task Force for resource mobilization for their support to the Benefit-sharing Fund and requests them to continue their active support of the Fund through the High-level Task Force;

5. **Commends** the Secretary for having spearheaded the successful resource mobilization efforts and requests him to further intensify his efforts in accordance with the Strategic Plan;

6. **Encourages** Contracting Parties and other donor prospects to make multi-annual and direct investments to the Benefit-sharing Fund and **requests** the Secretary to foster direct and long-term relationships and seek multi-annual commitments when approaching donors;

7. **Underlines** the importance of combining resource mobilization efforts and prospect cultivation efforts with a stronger communication and mainstream media strategy of the Treaty.

8. **Recognizes** the importance of developing and sustaining the capacity within the Secretariat of the Treaty on resource mobilization in order to consolidate and build on the successes already achieved in the implementation of the *Strategic Plan*, and also to address other funding needs of the Treaty;

9. **Emphasizes** the need for the Secretary to further enhance and promote direct relationships with donors and to profile the Fund among high level political decision makers, including through the effective positioning of the Treaty among major global themes like Food Security, Biodiversity and Climate Change adaptation, the realization of donor-driven cultivation events and the engagement of “goodwill ambassadors” and high-level individuals who contribute to increasing public awareness of the Fund and the Treaty;

10. **Emphasizes** 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, and **requests** the Secretary to establish a Stakeholder Platform to bring together a wide range of stakeholders and donors to explore the development of innovative approaches to resource mobilization, including on a regular and predictable basis;

11. **Welcomes** the use of the brand name *Leading the Field* as part of the communication and media strategy to make the Benefit-sharing Fund more accessible to the public in general.

PART II: OPERATIONS OF THE BENEFIT-SHARING FUND

Recalling that the Benefit-sharing Fund is administered through the Trust Account referred to in Article 19.3 (f) of the International Treaty;

Recalling that Resolution 1/2006 established the Funding Strategy for the implementation of the Treaty and that the Governing Body has further agreed on the priorities, eligibility criteria,

operational procedures¹³ and information and reporting requirements¹⁴ for the use of resources of the Benefit-sharing Fund;

Recalling that the Governing Body, at its Third Session, approved the first portfolio of projects funded by the Benefit-sharing Fund;

Welcoming the official recognition of the Benefit-sharing Fund of the Treaty as an Adaptation Funding Mechanism under the Adaptation Funding Interface of the UN Framework Convention on Climate Change (UNFCCC);

Thanking the Convention on Biological Diversity for having disseminated the Call for Proposals 2010 of the Benefit-sharing Fund through its mechanisms to a wide range of stakeholders working on the conservation and sustainable use of biological diversity, in particular the conservation of agricultural biodiversity;

Appreciating to the International Fund for Agricultural Development (IFAD) for its recognition of the Benefit-sharing Fund as a new mechanism to prioritize the conservation and use of the biodiversity in addressing poverty reduction and, in particular, for partnering with the Benefit-sharing Fund, including through possible contributions of financial resources;

Expressing its appreciation for the commitment of the United Nations Development Programme (UNDP) to partner with the Benefit-sharing Fund, including through strategic policy advice, programme and project operation and joint resource mobilization;

Recalling that the second round of the project cycle of the Benefit-sharing Fund, based on its programmatic approach, has established the Fund as a new multilateral approach to financing food security, biodiversity conservation and use, and climate change adaptation of food crops.

Implementation of the first round of the project cycle

11. **Welcomes** the progress made in the implementation of the 11 small-grant projects funded under the first round of the project cycle of the Benefit-sharing Fund and **emphasizes** the importance of completion of these projects by the end of 2011, and **requests** the Secretary to prepare and make available a summary report on the implementation and impact of this first project portfolio building upon the final reports of each individual project;

12. Following the decision made at its Third Session, it **emphasizes** that plant genetic resources for food and agriculture listed in *Annex I* of the International Treaty resulting from the projects funded under the first round of the project cycle shall be made available according to the terms and conditions of the Multilateral System, and that information generated by these projects shall be made publicly available within 1 year of the completion of the project and **requests** the Secretariat to develop practical measures and systems that will facilitate that the entities implementing such projects meet such requirements;

Implementation of the second round of the project cycle (from the Opening of the Call for Proposals 2010 to the Approval of projects to be funded)¹⁵

¹³ IT/GB-2/07/Report Appendix D.1, D.2 and D.3

¹⁴ IT/GB-3/09/Report Resolution 3/2009

¹⁵ Information and decisions relevant to the procedures and arrangements enabling the next steps of the second project cycle (funds disbursement, reporting and monitoring, evaluation) are contained in the

13. **Welcomes** the design the Call for Proposals 2010 of the Benefit-sharing Fund agreed by the Bureau of the Fourth Session of the Governing Body, especially its thematic focus to help ensure sustainable food security by assisting farmers to adapt to climate change through a targeted series of high impact activities on the conservation and sustainable use of plant genetic resources for food and agriculture, and the Call's structure that integrates the realization of Strategic Action Plans with the implementation of Immediate Action Projects;

14. **Thanks** the Bureau and the *Ad Hoc* Advisory Committee on the Funding Strategy for the intergovernmental work carried out to support the design and execution of the second round of the project cycle of Benefit-sharing Fund and **takes note** of the in-session document, IT-GB-4/11/Inf.12 *Report on Projects approved in the Project Cycle of the Benefit-sharing Fund in the 2010/2011 beinnium* which contains the list of approved projects to be funded by the Fund;

15. **Commends** the work of the high level international experts engaged by the Secretary, following the request of the Bureau, for the high quality advice provided on the design of the second call for proposals;

16. **Welcomes** the establishment of the Helpdesk function to support the elaboration of pre-proposals and full project proposals during the second round of the project cycle and **requests** that lessons be learned for future project cycles based on the report of the Helpdesk;

17. **Thanks** the experts of the Panel of Experts for their valuable assistance in the appraisal of the project proposals;

18. **Thanks** the FAO, the Global Crop Diversity Trust, Bioersivity International and UNDP for the support to the Secretary in the design of the Call for Proposals 2010 of the Benefit-sharing Fund;

19. **Requests** the Secretary to bring project proposals favourably appraised but not funded during the second project cycle to the attention of relevant international mechanisms, funds and bodies, both bilateral and multilateral, in accordance with paragraph 6.c of the Operational Procedures;

20. **Invites** relevant international mechanisms, funds and bodies to consider those project proposals favourably appraised, and to inform the Secretary of the funding and progress of those projects, as part of the Funding Strategy;

Implementation of future rounds of the project cycle

21. **Noting** that the thematic focus of the second round of the project cycle of the Benefit-sharing Fund is of immense strategic importance to increase the impact of the Fund in responding to global challenges, **requests** the Secretary to develop a mid-term programmatic approach for the Benefit-sharing Fund building upon this thematic focus and in full alligment with the priorities adopted by the Governing Body at its Second Session;

addendum: *Implementation of projects approved under the second project cycle of the Benefit-sharing Fund.*

22. **Requests** the Secretary to take into account lessons learned on the Operational Procedures during the execution of the first and second rounds of the project cycle in the design and execution of future rounds of the project cycle;

24. **Decides** to delegate authority for the execution of the project cycle during the intersessional period of the 2012-13 biennium to the Bureau of the Fifth Session of the Governing Body;

25. **Emphasizes** that quality and technical merit shall determine the appraisal and approval of full project proposals in future rounds of the project cycle;

Further operationalization of the Benefit-sharing Fund, including procedures and institutional arrangements

26. **Acknowledges** the importance and value of building partnerships with international organizations to enhance the impact of the Benefit-sharing Fund, including with regard to resource mobilization and Fund programming, and the effectiveness of the Fund's operation, including by relying as much as possible on designated implementing entities which will fulfill high project and financial management and fiduciary standards to provide services of project formulation, supervision and implementation;

27. **Requests** the Secretary to use the *interim* procedures adopted for the second round of the project cycle as a basis for further work with a view of considering and adopting procedures for future rounds of the project cycle at the Fifth Session of the Governing Body;

28. **Notes with appreciation** the expressions of interest by FAO, the Global Crop Diversity Trust, IFAD, UNDP, UNEP, UNOPS, CATIE, Oxfam Novib and the World Bank to support the further operationalization of the Benefit-sharing Fund;

29. **Welcomes** the conclusion of Memoranda of Cooperation with IFAD and UNDP to support the further development of the Benefit-sharing Fund and the overall implementation of the Treaty;

30. **Requests** the Secretary to continue establishing partnerships with relevant international organizations to support the Benefit-sharing Fund, especially with those multilateral institutions that act as implementing entities for other multilateral funds, have a comparative advantage in the area of plant genetic resources for food and agriculture and a recognized capacity for project and financial management, are present at field level and are capable to support co-funding of projects;

31. **Requests** the Secretary to bring the work of the Fund to the attention of the UNFCCC and other relevant climate change processes, bodies and mechanisms such as the Global Environmental Facility and the Global Adaptation Fund; the Convention on Biological Diversity and other processes concerned with access and benefit-sharing for genetic resources; and relevant high-level fora on food security and agriculture, such as the Committee on Food Security (CFS), the Secretary General's High-level Task Force on the Global Food Security Crisis, and the Global Agriculture and Food Security Programme of the World Bank;

32. **Requests** the Secretary to develop a standard procedure and cooperation framework for the establishment of partnerships with other interested international organizations taking into account lessons learned in the development of partnerships with IFAD and UNDP;

33. **Emphasizes** that the Benefit-sharing Fund is under the direct control of the Governing Body and is financed exclusively through the Strategic Plan that the Contracting Parties have established for its implementation and, given this high degree of self-financing, it **stresses** the importance of maintaining a high degree of autonomy and self-administration in the operation of the Fund.

PART III: MONITORING THE IMPLEMENTATION OF THE FUNDING STRATEGY: RESOURCES NOT UNDER THE DIRECT CONTROL OF THE GOVERNING BODY

Recalling that the aims of the Funding Strategy are the development of ways and means by which adequate resources are available for the implementation of the International Treaty, and the transparent, efficient and effective utilization of all resources made available under the Funding Strategy;

Recalling that the Governing Body, at its First Session, requested the Secretary of the Treaty to positively pursue, with the secretariats of relevant international mechanisms, funds and bodies, means by which they might contribute to the implementation of the Funding Strategy, and the possibility of establishing memoranda of understanding with the Governing Body in this regard;

Recalling that the Governing Body, at its Third Session, adopted *Annex 4* of the Funding Strategy, *Information and Reporting Requirements under the Funding Strategy*, in order to facilitate the monitoring of the implementation of the Funding Strategy;

Recalling that *Annex 4* of the Funding Strategy sets out the requirements for information and reporting on resources not under the direct control of the Governing Body provided by Contracting Parties, non-Contracting Parties, international organisations with which the Governing Body has entered into agreements, and relevant international mechanisms, funds and bodies.

34. **Welcomes** the information compiled by the Secretariat and provided to the *Ad Hoc* Advisory Committee on the Funding Strategy on resources not under the direct control of the Governing Body, and emphasizes the importance of regular provision of such information to raise the profile of the Funding Strategy of the Treaty and to assess gaps and synergies in its implementation;

35. **Emphasizes** the importance of the successful operation of the Global Crop Diversity Trust for the implementation of the Funding Strategy and of collaboration between the Benefit-sharing Fund and the Trust, and requests the Secretary to explore with the Executive Director of the Global Crop Diversity Trust the possibility of practical mechanisms to further enhance the synergies and programmatic complementarities between the Benefit-sharing Fund and the Global Crop Diversity Trust, including, where relevant, a possible series of joint fundraising and programming activities;

36. *Requests* the Secretary to strengthen cooperation with other international organizations to support the implementation of the Funding Strategy, and in particular the further operationalization of the Benefit-sharing Fund, through the establishment of contacts with senior management of relevant institutions and the elaboration and implementation of cooperation arrangements with relevant international mechanisms, funds and bodies;

37. *Requests* the Secretary to promote the implementation of the full remit of the Funding Strategy by communicating the importance of the Funding Strategy to a wider audience.

PART IV: INTERGOVERNMENTAL WORK ON THE FUNDING STRATEGY DURING THE NEXT INTERSESSIONAL PERIOD: DRAFT TERMS OF REFERENCE FOR THE AD HOC ADVISORY COMMITTEE ON THE FUNDING STRATEGY

38. *Decides* to reconvene the *Ad Hoc* Advisory Committee on the Funding Strategy, with the following Terms of Reference:

- i. advise the Bureau and the Secretary on resource mobilization efforts, including on innovative approaches;
- ii. advise the Bureau and the Secretary on the operation of the Benefit-sharing Fund, including on:
 - design and structure of the next call for proposals based upon lessons learned and thematic focus of the second round of the project cycle;
 - support the work of the Bureau in screening the pre-proposals;
 - procedures for fund disbursement and project monitoring, evaluation and reporting and institutional arrangements with partner institutions;
 - the programmatic approach of the Benefit-sharing Fund;
 - the functional needs of the Benefit-sharing Fund in the context of FAO's processes on autonomy of statutory bodies;
 - review of implementation of project portfolio funded by the first and second rounds of the project cycle of the Benefit-sharing Fund;
 - review the Operational Procedures of the Benefit-sharing Fund, considering lessons learned from their implementation since their adoption by the Governing Body at its Second Session;
- iii. advise on the monitoring of the implementation of the overall Funding Strategy, including on strengthening collaboration with other relevant international mechanisms, funds and bodies, including the Global Crop Diversity Trust, IFAD, UNDP, and other partners;
- iv. report on the progress of its work to the Bureau and present the result of its work in the Fifth Session of the Governing Body.

