

August 2013



# The International Treaty

ON PLANT GENETIC RESOURCES FOR FOOD AND AGRICULTURE



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## Item 21 of the Provisional Agenda

### FIFTH SESSION OF THE GOVERNING BODY

Muscat, Oman, 24 – 28 September 2013

### Draft Work Programme and Budget for the 2014-15 Biennium

#### *Note by the Secretary*

1. This document is presented to the Governing Body in accordance with Resolution 9/2011, paragraph 12, in which the Governing Body requested the Secretary to prepare and submit the draft Work Programme and Budget for the biennium 2014-2015 to the Governing Body at this Session, including a Secretariat staffing table, and a Draft Resolution for consideration.
2. The document proposes a bare-bones zero real growth *Core Work Programme* and *Core Administrative Budget*, compared to the approved budget level in 2012-13.
3. It also identifies the substantially broadened potential contribution base following the accession to the Treaty of a number of new Contracting Parties, which should provide some latitude in the construction of the budget, without increasing the fiscal pressure on individual Contracting Parties. It accordingly also identifies an augmented budget option, which foresees increasing key priority activities, while still maintaining the *individual* voluntary contributions of Contracting Parties *at a zero real growth level*, according to the indicative scale of Contributions.
4. The Governing Body is invited to review the proposals contained in the document (with particular reference to *Annexes 1, 2 and 3, and 1A, 2A and 3A*), and approve the *Core Administrative Budget*.
5. Furthermore, the Governing Body is requested to consider and adopt, subject to those amendments that it may consider appropriate, the Draft Resolution contained in the document, thereby approving and adopting the *Core Work Programme* for the 2014-15 biennium, and the *Core Administrative Budget*. Additionally, the Governing Body is requested to adopt the indicative scale of contributions presented in Addendum 1 to this document, in accordance with the Financial Rule V.1b.

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**TABLE OF CONTENTS**


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	<i>Para.</i>
I. Introduction	1-13
II. Methodology for establishing the Draft Work Programme and Budget 2014-15	14-25
III. Maintenance Functions of the Treaty, to be funded by the Core Administrative Budget in the 2014-15 biennium	26-42
IV. Core Implementing Functions of the Treaty, to be funded by the Core Administrative Budget in the 2014-15 biennium	43-78
V. Resource levels in the Draft Core Administrative Budget 2014-15	79
VI. Donor-supported projects, in addition to the Core Work Programme	80
VII. The Working Capital Reserve	81-84

Possible elements of Resolution \*\*\*/2013, *Work Programme and Budget 2014-15*

*Annex 1 Proposed zero real growth Core Work Programme: 2014 - 2015 Biennium – Resource requirements*

*Annex 2: Proposed zero real growth Maintenance Functions: 2014 - 2015 Biennium – Resource requirements*

*Annex 3: Proposed zero real growth Core Implementing Functions: 2014 - 2015 Biennium – Resource requirements*

*Annex 4: Proposed zero real growth Core Administrative Budget and Work Programme: 2014 - 2015 Biennium - cost variation by budget category*

*Annex 5: Proposed zero real growth Core Implementing Functions*

*Annex 1A Augmented option Core Work Programme: 2014 - 2015 Biennium – Resource requirements*

*Annex 2A: Augmented option Maintenance Functions: 2014 - 2015 Biennium – Resource requirements*

*Annex 3A: Augmented option Implementing Functions: 2014 - 2015 Biennium – Resource requirements*

*Annex 4A: Augmented option Core Administrative Budget and Work Programme: 2014 - 2015 Biennium - cost variation by budget category*

*Annex 5A: Augmented option Core Implementing Functions*

*Annex 6: Assumptions used in estimating the Core Administrative Budget*

## I. INTRODUCTION

1. The draft Work Programme and Budget for the biennium 2014-15 has been prepared with the same basic approach and methodology that were developed and used for the Third and Fourth Sessions of the Governing Body. It is based on the experiences gained in the 2010-2011 and 2012-13 biennia, updated to incorporate the far-reaching development and successful growth of the Treaty in the current biennium. At the systemic and governance levels, the aim is to:

- Consolidate the functioning and evolution of the Treaty systems, on a sustainable financial basis;
- Utilize the limited resources available in the most effective way, to obtain maximum results, acknowledging the continuing growth of the Treaty, and the necessary evolution and expansion of its systems, at this critical phase;
- Maintain the transparency of governance of the Treaty, and ensure the effective capacity of the Governing Body to decide on the work programme of the Treaty and its biennial budget;
- Make possible a clear comparison of the approved work programme of the 2012-13 biennium with the proposed work programme for 2014-15, by maintaining the same basic structure;
- Clearly identify the different sources of funding with which it is proposed to sustain the Treaty's core operations, through its Core Work Programme for 2014-2015.

2. The key strategic objectives reflected in the Work Programme for the biennium are to:

- Improve the Multilateral System, both for access and for benefit-sharing, through the further development of access and benefit-sharing under the Treaty's governance. The immediate thrust is to increase use-based monetary benefit-sharing as fast as possible, through innovative approaches, while simultaneously expanding the coverage of the Multilateral System, both of which have the potential to increase revenue flows to the Benefit-sharing Fund. This will be done while sustaining high-quality and reliable operations of the Treaty's core systems, namely the Multilateral System and the Benefit-sharing Fund;
- Address the increasing dematerialization of the use of plant genetic resources for food and agriculture, where knowledge management, rather than access to physical material *per se*, is increasingly the sources of revenue, by implementing the governance of the Treaty downstream, in the exchange and use of related information and technology, including as non-monetary benefit-sharing;
- Continue the harmonious and coordinated joint implementation of the Treaty and the Nagoya Protocol, as complementary and essential parts of the International Regime on Access and Benefit-sharing that was created in Nagoya. In order to ensure that the Treaty maintains its recognised key role in the governance of plant genetic resources for food and agriculture, the Governing Body has requested increased and expanded direct collaboration with the Nagoya Protocol and the Convention on Biological Diversity within existing frameworks;
- Provide improved assistance and support to countries, in order to be able to access, use and implement the core supporting systems and mechanisms of the Treaty. For non-core activities (*e.g.*, sustainable use, conservation, and supporting components), the Secretariat acts as a catalyst for the governance function of the Governing Body, by transmitting its policy guidance, coordinating implementation by stakeholders, and facilitating their reporting to the Governing Body. This amplifies the Treaty's policy outreach.

### **Constraints and opportunities addressed in the draft Work Programme and Budget**

3. The proposed draft *Work Programme and Budget* has been constructed so as to ensure that the Treaty can survive the current critical passage in its history, at the intersection of multiple conflicting constraints and opportunities, which the Contracting Parties will need to address.

4. This budget is based on the recognition that the global economic downturn of recent years continues to impose financial constraints, at national level, on many Contracting Parties, which are reflected in their policies regarding their international budgetary obligations, including those to Treaties and Conventions. The efforts of Contracting Parties in their 2012-13 *Core Administrative Budget* that have sustained the Treaty's successful start-up and growth within this restrictive fiscal environment, are recognized and appreciated. Nevertheless, the specific circumstances of individual international instruments, particularly those that are still in the early stage of implementation, such as the Treaty, must be allowed for. Universal and indiscriminate reduction of budgets and work programmes would, in such cases, be counter-productive.

5. However, the financial health of the Treaty has been bolstered by the accession of a number of new members, which has substantially broadened the potential contribution base for the Core Administrative Budget. This should provide some latitude in the construction of the budget, without increasing the fiscal pressure on individual Contracting Parties. It provides an opportunity to regularize an over-dependence on donor resources, outside the *Core*

*Administrative Budget*, which are now largely depleted, and to respond to the important new challenges arising from, in particular, the establishment of the International Regime on Access and Benefit-sharing.

6. It is patently obvious that recent changes in the international legal and policy environment regarding genetic resources require a rapid and concerted response by the Treaty, and the mission-critical evolution and growth of its core systems, in order to maintain its long-term relevance, status, and power of governance over plant genetic resources for food and agriculture within the international framework for genetic resources. During the biennium, Contracting Parties have already initiated the further evolution of the Treaty, through the work of the *Ad Hoc* Advisory Committee on the Funding Strategy. They have proposed a process for the development of a package for the full and effective implementation of the Treaty, through the establishment of an *Ad Hoc* Working Group to Expand Benefit-sharing and the Scope of the Multilateral System. The long term viability of the Treaty necessitates increased investment in this process to sustain the evolution of the Treaty's core systems.

7. There is also currently a critical need to finance two further rounds of the project cycle of the Benefit-sharing Fund so as to avoid a stand-still of benefit-sharing under the Treaty until innovative approaches generate sufficient use-based income to make the project cycle self-sustaining. Monetary benefits have been slow in coming, and a large funding shortfall has accumulated in relation to the target of USD 116 million between July 2009 and December 2014, established in the *Strategic Plan for the Implementation of the Benefit-sharing Fund of the Funding Strategy*, which the Governing Body welcomed in Resolution 3/2009 as a basis for the implementation of the Benefit-sharing Fund. It is therefore urgent to give highest priority and intensify efforts to mobilize contributions in order to sustain immediate income in the Benefit-sharing Fund until innovative approaches substitute voluntary contributions with use-based income.

8. If these issues in the Work Programme and Budget 2014-2015 are not addressed, and financial shortfalls are allowed to affect and frame the governance, political and operational processes of the Treaty, the Treaty could spiral into an acute crisis.

9. Given these severe and conflicting pressures, the current draft Work Programme and Budget has been constructed with rigorous fiscal restraint to achieve the following goals:

- (1) *Propose a basic zero real growth budget relative to the 2012-13 biennium budget*, as requested by some Contracting Parties, that does not take into account the broadened potential contribution base;
- (2) *Identify key priority activities that the Governing Body may wish to consider within an "augmented budget option"*, which would allow it to take the broadened potential contribution base into account, while keeping the contributions of individual Contracting Parties at zero growth;
- (3) *Thereby enable the strategic evolution and expansion of the Treaty*, in order to secure its continued relevance and viability, as proposed by the *Ad Hoc* Advisory Committee on the Funding Strategy;
- (4) *Ensure an adequate donor liaison capacity for the Treaty to be able to replenish all voluntary Funds*, and to avoid the collapse of basic Treaty functions because of the immanent depletion of these Funds, in the coming biennium;
- (5) *Ensure effective partnership and programme coordination with key strategic partners*, in the context of the new International Regime on Access and Benefit-sharing for genetic materials and of the emerging knowledge economy of plant genetic resources information systems.

10. The zero real growth budget has been attained by radically restrictive budgeting, and the elimination of all remaining dispensable costs. It is a bare bones, skeletal budget. The *only* new expenditure that has been accommodated, at the expense of a number of cuts, derives directly from the recommendations of the *Ad Hoc* Advisory Committee on the Funding Strategy for the future evolution of the Treaty. There is no real latitude to further cut the budget without removing the foundational processes and resources on which the Treaty stands. The second goal is to provide the Governing Body with the option of including the activities it wishes, within an augmented budget option. The third goal is to ensure continuity and predictability for the additional funds that will be required, within either option.

11. The fourth goal addresses the mobilization of donor contributions to the Trust Fund for Agreed Purposes, and to the Trust Fund to Support the Participation of Developing Countries, in order to enable the continuation of crucial central Treaty activities, which have been made possible by these funds outside the Core Administrative Budget. This donor liaison work will in addition be necessary for the continued mobilization of voluntary contributions to the Benefit-sharing Fund. The fifth goal establishes crucial liaison links: one with the Convention on Biological Diversity, in the context of the existing Memorandum of Understanding and Joint Initiative, during this crucial period, in which Parties to the Convention are putting in place national enabling frameworks for the International Regime on Access and Benefit-sharing established by the Nagoya Protocol, which need to also fully recognize the Treaty. The second link is with the Global Crop Diversity Trust, which is playing an increasingly central role in the Consultative Group on International Agricultural Research, and in the management of information on plant genetic resources for food and

agriculture. The importance of these links is underlined by the fact that both organizations have undertaken to fund half the cost of these liaison posts.

12. Through stringent budgeting, the zero real growth *Core Administrative Budget 2014-2015* has been held to 0.79% below the 2012-13 budget, even after the allocation of a sum of USD 200,000 towards the costs of implementing the recommendations of the *Ad Hoc* Advisory Committee on the Funding Strategy. It must be stressed that this budget represents the absolute minimum of what is operationally and financially indispensable to maintain the successful implementation of the Treaty, by respecting the provisions of the Treaty itself, the past decisions of the Governing Body and the advice of the inter-sessional Committees, while recognizing its need for evolution in a changing policy, legal and institutional environment. There is no slack.

13. This zero growth budget is proposed, including with the human resources at zero growth, in recognition of the effective financial difficulties facing Contracting Parties. Given the growth of Treaty system operations, maintaining the current level of programme delivery within the constraints of this budget will pose a severe challenge to the Secretariat. The Secretary will continue to exercise prudent financial management of resources and fiscal discipline.

## II. METHODOLOGY FOR ESTABLISHING THE DRAFT WORK PROGRAMME AND BUDGET 2014-15

### Source of funds for the Treaty's Work Programme

14. The Treaty has two sources of funding for its budget, (a) a contribution from FAO, and (b) the contributions of Contracting Parties.

15. The FAO contribution is decided independently by FAO, in the adoption of its Programme of Work and Budget of FAO. It currently provides about 28% of the Treaty core budget. However, it should be recalled that — by a decision, in which *all* Contracting Parties participated as Member States of FAO — the 2008 FAO Conference decided that “*statutory bodies and conventions will be strengthened, enjoying more financial and administrative authority within the framework of FAO and a greater degree of self-funding by their Members*”. Accordingly, the level of FAO's contribution has declined in past biennia and cannot be assumed at the same level in future biennia. The remainder of the Budget, currently about 72%, is to be paid by Contracting Parties. The funds from FAO are available at the beginning of the FAO Financial Year. The availability of funds from Contracting Parties is subject to the date of their being remitted, and late remittance can create difficult bottlenecks.

16. The international importance of the Treaty can be seen from the fact that the membership is expanding. Several instruments of accession or ratification have been deposited, and it is foreseen that additional States will become Contracting Parties by the time of the 2014-15 biennium. The Secretary will continue efforts to increase membership in the next biennium, and resources have been programmed for this purpose in the proposed Workprogramme.

17. Contracting Parties' contributions to the *Core Administrative Budget* are voluntary, but “*with an indicative scale of contributions [...], to serve as guidance regarding the possible level of [a Contracting Party's] contribution*”.<sup>1</sup> On the basis of the methodology by which the indicative scale is calculated, the new Contracting Parties would figure for about 16% of contributions, equivalent to about USD 800,000, with the proposed zero real growth budget, which, at that budget level, would lead to reduction in other Contracting Parties individual indicative levels of about 16%. The financial rationale for the augmented budget option contained in Annex 1A to 5A is that the *Core Work Programme and Budget* could absorb an additional USD 800,000, while still maintaining the *individual* voluntary contributions of a Contracting Party at a *zero real growth* level, according to the indicative scale of Contributions.

18. It must be stressed that the purpose of the augmented budget option is *not* purely to sop up a perceived “excess” in potential contributions, but rather to reflect the actual needs of the Treaty which had been relegated from *Annexes 1 to 5* of this document in pursuit of an absolute zero growth budget. These real needs of the Treaty include: firstly, to bring into the *Core Administrative Budget* a number of mission-central activities which have in the past been funded by individual donors, because donor funds are drying up and it is a more normal manner of funding communally agreed activities; secondly, to reflect more accurately real costs of, in particular, Sessions of the Governing Body; and thirdly, by making it possible for the Treaty to respond to and draw the maximum benefit from recent developments in the international framework for the governance of genetic resources.

### Structure of the Core Work Programme

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<sup>1</sup> Financial Rule Vb, which also provides the methodology, which is “*based on the scale of contributions adopted from time to time by the United Nations*”, by which the indicative scale is calculated.

The methodology for formulating the Core Work Programme and Budget begins with the establishment and costing of two separate components, which, when merged, constitute the full draft **Core Work Programme** for the forthcoming biennium, to be adopted in accordance with *Articles 19.3 b* and *d*. These components are:

- (1) The **Maintenance Functions** of the Treaty, and the minimum resources necessary to ensure these. These functions are the activities and resources required in order to maintain the existence of the Treaty as an international instrument, and service the Governing Body and its statutory bodies. They derive directly from Articles 19 and 20 of the Treaty, and past decisions of the Governing Body. This component is contained in *Annex 2* of this document.
- (2) The **Core Implementing Functions** of the Treaty, that is, the substantive activities to be undertaken, beyond the mere maintenance of the Treaty, to implement and develop its core systems. These resources are required to implement and advance the Treaty's systems and operations. The **Core Implementing Functions** make provision for activities required to sustain and develop the primary functions of the Treaty and its systems, and for meetings of *ad hoc* bodies convened by the Governing Body, within the biennium. This component is contained in *Annex 3* of this document.

19. In the reality of operating the Treaty, these two components cannot be functionally split one from another, but form the coherent **Core Work Programme** to implement the “*plans and programmes for the implementation of this Treaty*” adopted by the Governing Body, in accordance with *Article 19.3b*.

20. The proposed **Core Administrative Budget** covering the **Core Work Programme 2014-15** is constituted of:

- (1) The **Maintenance Functions** (*Annex 2*) have been held at 4.6% below zero real growth over the Maintenance Functions in the 2012-13 budget, with only cost increases due to inflation factored in at 4%, as per the *Consumer Price Index* of the Economist Intelligence Unit, and to ICRU.<sup>2</sup>
- (2) The **Core Implementing Functions** (*Annex 3*) show a cost increase of 29.2% over zero real growth, with cost increases due to inflation and ICRU factored in. This, however, is compensated for by the -4.6% below zero growth in the Maintenance Functions. The mix of activities in the Core Implementing Functions has, however, been updated in the light of current needs and experience in the current biennium. In this context, it is worth recalling that the meeting costs of **Core Implementing Functions** in the approved 2012-13 budget were relegated as “*possible supporting activities to be proposed to donors for funding under the special funds for agreed purposes*” (*Addendum 1A* of Resolution 9/2011). This has not proved viable, as funds have not been forthcoming: meeting costs for the forthcoming biennium are therefore included in the estimates in *Annex 3*.

21. The **Core Administrative Budget**, constituted of these two elements, is in *Annex 1*. The **Maintenance Functions** account for 85% of the **Core Administrative Budget**, and the **Core Implementing Functions** for 15%. The overall **Core Administrative Budget** has been held to 0.79% below the 2012-13 budget, adjusted for natural cost increases. The human resources element has been held at less than zero growth, within overall zero growth.

#### **Proposed process for the finalizing the Work Programme and Budget 2014-15**

22. In the previous two budgets, which were based on *real growth budget* proposals, the practice was to arrive at the finalized growth-levels which were considered appropriate by the Governing Body by “relegating” certain Core Implementing Functions out of the Core Administrative Budget and thereby adjusting the real growth of the Treaty to levels considered appropriate for the various parts of the Treaty. It is not recommended that this process be followed in this budgetary exercise, because there is no real growth at all in the proposed budget and, in a time for mission-critical evolution of the Treaty, an actual decrease in core implementing functions would be highly detrimental to the Treaty. In other words, there is no slack within the current zero growth budget, from which **Core Implementing Functions** could still be removed while keeping the Treaty in function. All such functions have already been removed by the Secretariat during the preparation stage of this draft **Work Programme and Budget** in pursuit of a zero growth budget as requested. These include, for example, the *Ad Hoc* Committee on Sustainable Use, the Capacity Building Coordination Mechanism and the review of the entire Funding Strategy as statutorily required by Annex 4 of the Funding Strategy. Only a bare minimum of central functions remain.

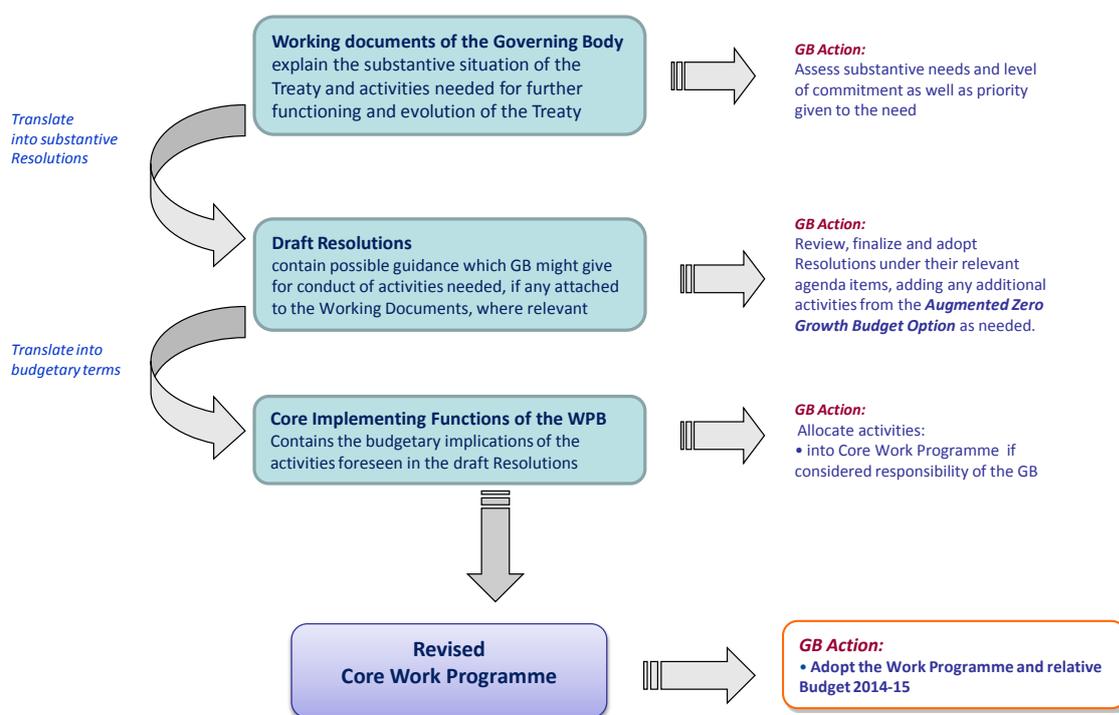
23. Moreover, the experience in the present biennium has shown that *relegating core implementing functions* to unpredictable donor funding not only creates uncertainties, but hinders the proper functioning of the work programme and systems, creating delays and giving rise to extra expenses in financial and human resource terms. For example, the relegation of the Compliance Committee to donor funding, by the Fourth Session of the Governing Body, almost forced its cancellation, due to the lack of donor funding.

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<sup>2</sup> ICRU, or *Improved Cost Recovery Uplift*, is charged since 1 April 2012 by FAO on all Human Resources in Rome, paid for under Trust Funds, at a rate of 8%.

24. The proposed process for finalizing the Work Programme and Budget 2014-15 is based on and adapted from the process applied by the Governing Body at its Third and Fourth Sessions. The process enables the Governing Body to guide and resource the implementation and evolution of the Treaty in the forthcoming biennium, in a transparent and realistic and manner, according to the decision-making matrix in figure 1. In addition, the proposed process makes provision for the Governing Body to consider the augmented budget option of adding a number of essential maintenance and core implementing functions to the zero real growth budget that has been proposed, while still maintaining the *individual* voluntary contributions of Contracting Parties according to the indicative scale of Contributions *at a zero real growth level*.

## The Decision Making Process for the Work Programme



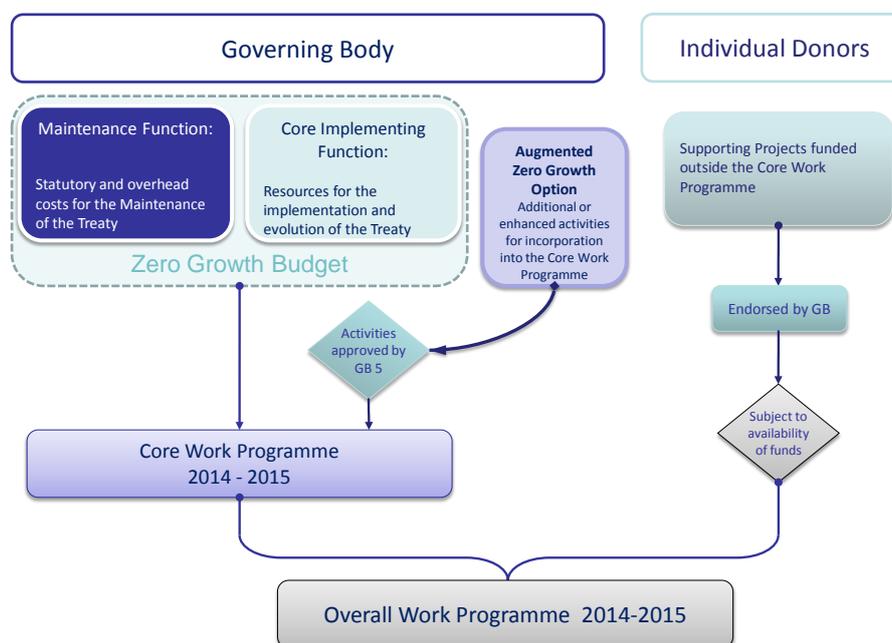
**Figure 1: The decision-making process for the Work Programme**

25. This process goes through the following steps:

- (1) The substantive working documents of the Governing Body analyse and describe the status of the Treaty, its systems, and their implementation and evolution. The activities recommended for the *Core Implementing Functions 2014-15 (Annex 3)* are reflected in the draft enabling Resolutions annexed to them. The proposed Core Implementing Functions in *Annex 3* should therefore be read in conjunction with the draft Resolutions or working documents. In *Annex 3*, the numbers of the relevant Resolutions or documents are indicated for each *Core Implementing Function*, real growth level over the *Core Implementing Functions 2012-13*.
- (2) The proposed zero real growth *Core Implementing Functions* in *Annex 3* are the absolute minimum needed for the Treaty to be able to function, and, as noted in Section II, paragraphs 17 and 18, the Governing Body may wish to use the opportunity presented by the broadened potential contribution base resulting from increased membership to consider a number of further priority functions in an augmented budget option that still maintains the *individual* voluntary contributions of Contracting Parties at a *zero real growth* level, according to the indicative scale of Contributions. These extra functions are described separately for each core implementing function, in section IV. They include core implementing functions that were approved by the Governing Body at its Fourth Session, but which had to be deleted by the Secretariat in order to reach the zero growth proposal in *Annex 1*; functions which have been recommended to the Governing Body by inter-sessional Committees, who advise the Governing Body on specific areas of implementation; functions based on adopted Resolutions, Plans or Programmes of the Governing Body; or activities which should have been listed as *Core Implementing*

*Functions* in the past, but which were relegated to the Trust Fund for Agreed Purposes, because of constraints in the *Core Administrative Budget*. An increased provision is also suggested for the *Ad Hoc* Working Group to Expand Benefit-sharing and the Scope of the Multilateral System. *Annex 1A* provides a consolidated augmented budget option.

- (3) Under the relevant agenda items, the Governing Body plenary will discuss the draft Resolutions and working documents in the Plenary and make and reflect decisions regarding the Programme of Work 2014-2015 in the final text of the relevant Resolutions. All Resolutions will be formally adopted in the final session of the Plenary, along with the Report of the Session.
- (4) It should be noted that the budget for the *Maintenance Functions* (*Annex 2*) has been proposed at zero real growth. Moreover, the overall *Core Administrative Budget* has been held to below zero real growth, even after a substantial sum has been allocated to the proposed *Ad Hoc* Working Group to Expand Benefit-sharing and the Coverage of the Multilateral System, to meet in the forthcoming biennium, in accordance with the recommendations of the *Ad Hoc* Advisory Committee on the Funding Strategy, as part of the *Core Implementing Functions*, so that it may provide for the essential evolution of the Treaty. There is no slack in this zero growth core administrative budget, and it is recommended that it be the minimum approved. The Plenary, in its discussions of the individual Resolutions, may wish to discuss and consider the addition of items listed under the augmented budget option, for consolidation into the *Core Work Programme 2014-2015*.
- (5) Following the decisions of the Governing Body, the *Core Work Programme* will be referred to the Budget Committee, which is invited to go through the Work Programme agreed in Plenary, and consolidate the budget, on this basis.
- (6) The Plenary will then be invited to review, finalize and adopt the *Core Work Programme* and *Core Administrative Budget*, as costed by the Budget Committee.
- (7) The Plenary will also be invited to endorse the lists of projects recommended for direct support through the Trust Fund for Agreed Purposes and contained in IT/GB-5/13/25/Add.2.



**Figure 2: Consolidation of the Core Work Programme and the Core Administrative Budget**

### III. MAINTENANCE FUNCTIONS OF THE TREATY TO BE FUNDED BY THE CORE ADMINISTRATIVE BUDGET IN THE 2014-15 BIENNIUM

#### *General considerations*

26. As already noted, the Budget for the *Maintenance Function* has been held at less than zero growth. The general assumptions used in costing the *Maintenance Functions* are in *Annex 4*. Moreover, the cost of the human resources component has also been held to zero real growth. The nominal increase in the proposed human resources

budget results only from FAO's imposition by FAO of ICRU on human resources in Rome under trust funds, and inflation.

27. The largest increase within the budget for *Maintenance Functions* is for the Governing Body session, which is increased by USD 75,000 to USD 575,000, to approximate more closely to actual costs, though this sum is still insufficient. The venue and hosting arrangements can affect the real cost of the session considerably, but fixed costs, for example, for interpretation and translation into six languages, cannot be met without this increase.

28. All other items in the proposed *Maintenance Functions* have been maintained at their 2012-13 levels, except *Contracts*, where the cost of hosting the Standard Material Transfer Agreement server with the International Computing Centre in Geneva has been included.

29. Under the augmented budget option, two changes only have been made: provision for the session of the Governing Body has been raised to USD 750,000, which more accurately reflects real costs, and the provision for publications has been raised by about USD 22,500 to USD 95,000, recognizing the increased need for outreach, awareness-raising and information products on the Treaty as the Nagoya Protocol enters into force and countries are asking for additional information.

#### ***Human resources – existing structure***

30. The human resources make possible the implementation of the basic functions of the Secretariat.<sup>3</sup> Currently, the following professional and general service posts have been established, and form the approved Staffing Table of the Secretariat, endorsed by Resolution 9/2011, as reflecting the needs of the Treaty at that time.

a. *Professional:*

- D1 (Secretary)
- P5 (Multilateral System)
- P5 (Resource mobilization)<sup>4</sup>
- P4 (Standard Material Transfer Agreement)
- P4 (Programme and management)
- P4 (Information management and Communication)
- P3 (Capacity building)
- P3 (Multilateral System)
- P3 (Resource mobilization)<sup>5</sup>

b. *General Service:*

- G5 (Administrative clerk)
- G4 (Secretary)
- G3 (Clerk typist)
- G3 (Clerk)

31. Cash flow constraints resulting from slow receipt of contributions from Contracting Parties resulted in late recruitment to some posts, but all professional positions in the approved list have now been filled, thanks to improved contribution levels.

#### ***Realignment of human resources within the zero growth budget***

32. Resolution 9/2011 recognizes that “*the precise staffing arrangements are a matter of the normal executive authority of the Secretary*” Accordingly, while maintaining human resources costs at zero real growth, slight adjustments to the staffing table are proposed for the upcoming biennium, to align the function of the Secretariat to the changing policy and strategic environment of the Treaty.

#### ***Donor Liaison***

33. The experience of the current biennium has shown the importance of a dedicated donor liaison function, with three main tasks: (1) mobilization of adequate contributions by Contracting Parties to the *Core Administrative Budget*; (2) mobilization of funds for activities in support of the Treaty, under the Trust Funds for Special Purposes; and (3)

<sup>3</sup> Article 19 of the Treaty, and *Appendix J* of the Report of the First Session of the Governing Body, state that, in implementing the decisions of the Governing Body and its subsidiary bodies, the Secretariat performs many functions: preparing and servicing meetings; liaising with Contracting Parties and the FAO Director-General; cooperating with other organizations and treaty bodies; coordinating work related to the International Treaty with FAO units and other organizations; providing technical support to the International Agricultural Research Centres of the of the Consultative Group on International Agricultural Research in their participation in the Multilateral System; and managing the human and financial resources of the Secretariat of the Governing Body.

<sup>4</sup> Approved in 2011 for the 2012-13 biennium for one year only.

<sup>5</sup> Initially approved for the 2010-11 biennium; extension approved for 2012-13.

continued fund-raising for the Benefit-sharing Fund, until innovative approaches begin to provide an acceptable flow of funds.

34. A major constraint to the functioning of the Treaty has been inadequate and late contributions by Contracting Parties against the Core Administrative Budget that they have adopted.<sup>6</sup> In this biennium, although there are improvements over past biennia, such problems have resulted in partial and late implementation of agreed activities, and contributions at the end of the biennium will probably only amount to 80% of the adopted budget, that is, a shortfall of 20%, or about USD 900,000. The instability and unpredictability of contributions to the Core Administrative Budget is a serious impediment to the planning and sustainable implementation of the Treaty’s operations. A liaison function, to address the shortfall in contributions compared to the adopted budget and promote adequate and timely contributions by Contracting Parties, is vital.

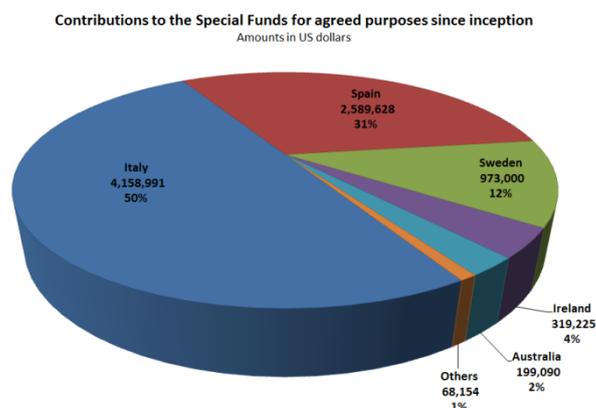


Figure 3: The Special Fund for Agreed Purposes

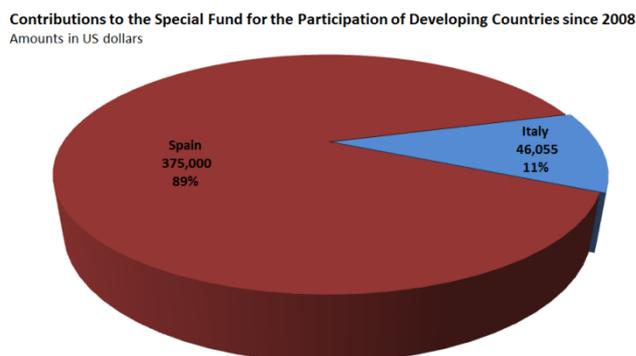
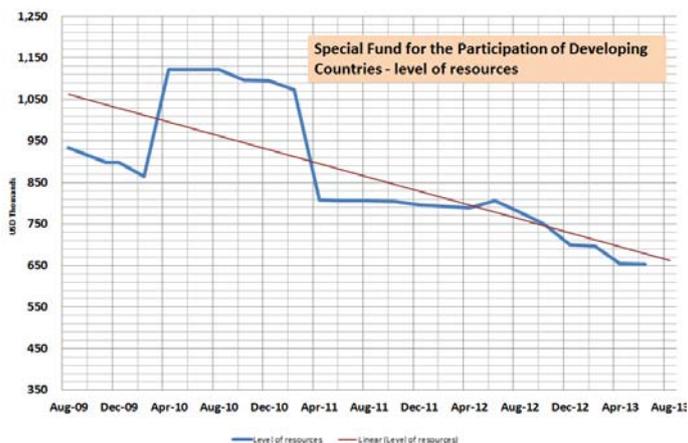


Figure 4: The Special Fund for the Participation of Developing Countries

35. Since its inception, the Treaty has depended heavily on extra-budgetary resources in the Special Funds for Agreed Purposes, in particular to assist countries establish measures to effectively implement the Treaty, but also to cover activities of the approved Work Programme that were “relegated” to donor funding.<sup>7</sup> As Figure 3 shows, 81% of all extra-budgetary funds, since the inception for the Treaty, have been donated by two Contracting Parties, and 93% by three. These resources are rapidly being exhausted, and could dry up entirely in the 2014-2015 biennium. In effect, an important part of the Treaty’s overall work programme has been funded by only two Contracting Parties,

<sup>6</sup> IT/GB-5/13/24, Report on progress of the Work Programme and Budget for the 2012-13 biennium.

<sup>7</sup> Contributions to the Special Funds for Agreed Purposes are separate from, and not fungible with, the contribution of these same donors, as Contracting Parties, to the Core Administrative Budget. The primary objective of the Special Fund for Agreed Purposes is to assist the implementation of specific supporting activities, requested by donors.

and it is urgent to diversify the donor base, as it is unreasonable to expect a few individual Contracting Parties to continue to carry a disproportionate share of the functioning of the Treaty in the coming biennium. With the likely entry into force of the Nagoya Protocol, Trust Fund contributions are crucially needed to assist developing country Contracting Parties of the Treaty in establishing procedures to implement the Protocol and the Treaty, at national level, in a mutually supportive manner.

36. The *Trust Fund to Support the Participation of Developing Countries*, as *Figure 4* shows, has also been totally dependent on the two major donors, and is nearing depletion. The Trust Fund is expected to contain USD 250,000 or less at the conclusion of this session. With that level of resourcing, there is a likelihood that it will be impossible to hold the Sixth Session of the Governing Body with travel support for developing country delegations. Therefore, increased donor liaison for these trust funds is essential to sustain mission-critical Treaty processes.

37. Even if innovative approaches to benefit-sharing were rapidly forthcoming, a reliable flow of income to the Benefit-sharing Fund from user-based measures is unlikely in the next biennium. Therefore, donor liaison efforts must urgently continue to sustain the benefit-sharing cycle until use-based income is generated from the innovative approaches.

38. The continuation of the Donor Liaison post at P-5 level is proposed for the above activities. Its task would be to undertake focused and sustained efforts at the institutional level to replenish *all* the Treaty Trust Funds and avoid the shut-down of mission-critical Treaty processes.

#### ***Benefit-sharing Fund Operations and Knowledge Management***

39. The operation of the Benefit-sharing Fund is a core system function of the Treaty, which has been growing in volume and complexity over recent years, and will grow further, with the planned third call-for-proposals. By Resolution 3/2011, the Governing Body “*recognize[d] the importance of developing and sustaining the capacity within the Secretariat of the Treaty on resource mobilization and the execution of the next rounds of the project cycle*” and “*acknowledge[d] that part of the capacity of the Secretariat will be used for general management of the Benefit-sharing Fund, in particular the project cycle.*” The Secretariat assists the Governing Body with programming, oversight and policy making for the Fund, and implements the operational procedures, including support for the intergovernmental and expert bodies involved, administration, monitoring and evaluation of projects, cooperation with partners, and dissemination of results. Through the projects of the Benefit-sharing Fund, an increasing amount of knowledge and institutional experience in the conservation and sustainable use of plant genetic resources is accumulating. Contracting Parties and partner institutions have put a strong emphasis on management of this knowledge and institutional learning, in order to leverage the important contribution these projects are making. The Secretariat also assists the Governing Body in building synergies with other Treaty systems, such as the Multilateral System.

40. The expansion of the activities related to the Benefit-sharing Fund and its project cycles have, until now, been sustained by staff (one P-4) and non-staff human resources financed entirely from *extra-budgetary* resources. In accordance with the considerations of the Governing Body, the Secretary proposes that the P-4 post related to operations of the Benefit-sharing Fund be incorporated under the *Maintenance Functions* in the staffing of the *Core Administrative Budget*, for the next biennium.

#### ***Human resources – existing structure***

41. In order to maintain human resources within zero growth cost, while still making these adjustments to staffing responsibilities, two posts from the current staffing table would be merged into other posts, through reclassification and adjustment of functions, so as to utilize the limited available human resources in the best possible manner to deliver expected results effectively.<sup>8</sup>

42. The revised Secretariat staffing structure for the 2014-15 biennium is accordingly as follows:

a. *Professional*

- D1 (Secretary)
- P5 (Multilateral System)
- P5 (Donor Liaison)
- P4 (Programme and Management)

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<sup>8</sup> The functions of the current P4 (Standard Material Transfer Agreement) will be merged with part of those of the current P4 (Information Management and Communication) into the new P4 (Information management for the Multilateral System). The functions of the current P3 (Capacity-building) will be merged with those of the current P3 (Resource mobilization) and part of the functions of the current P4 (Information Management and Communication) into the new P3 (Outreach and communication).

- P4 (Information management for the Multilateral System)
- P4 (Knowledge management and Benefit-sharing Fund Operations)
- P3 (Multilateral System and Benefit-sharing)
- P3 (Outreach and Communication)

b. *General Service:*

- G5 (Administrative clerk)
- G4 (Secretary)
- G4 (Clerk typist)
- G3 (Clerk)

#### **IV. CORE IMPLEMENTING FUNCTIONS OF THE TREATY TO BE FUNDED BY THE CORE ADMINISTRATIVE BUDGET IN THE 2014-15 BIENNIUM**

43. The elements of the *Core Implementing Functions* component of the *Core Work Programme* reflect the continuing success of the Treaty and the progressive development of its systems. This component seeks to sustain and build on progress achieved in previous biennia, particularly in the operations of the Multilateral System of Access and Benefit-sharing and the Standard Material Transfer Agreement, as well as the Benefit-sharing Fund.

44. The key strategic objectives that have guided the preparation of the draft *Core Work Programme* at zero real growth level were described in paragraph 2 of this document. The zero real growth *Work Programme and Budget* seeks to advance the Treaty, in accordance with the guidance of the Governing Body and its subsidiary bodies, at the lowest possible cost. For maximum programme delivery at minimum cost, it seeks to leverage all possible resources and partnerships, with the Secretariat acting as a catalyst, to facilitate and coordinate the implementation of the *Core Work Programme* with inputs from a range of stakeholders, in accordance with the guidance of the Governing Body.

45. *Annex 3* of this document lists, in summary format, the proposed elements of *Core Implementing Functions* in the 2014-15 biennium, at zero real growth level, as described in the various current working documents of the session. They are described here, by activity area, as in *Annex 3*.

46. Information is also provided, by activity area, on activities that the Governing Body may wish to bring into the *Core Work Programme*, and accordingly into the *Core Administrative Budget*, under the augmented budget option. These activities are consolidated into *Annex 3A*.

#### ***PARTNERSHIPS AND LIAISON***

47. The relevance of the Treaty continues to grow as the specific international instrument responsible for plant genetic resources for food and agriculture within in the global governance and operational architecture on genetic resources generally. This has led to increasing policy and operational interfaces with related conventions, institutions and organizations. These interfaces have become especially important for ensuring the Treaty's harmonious relationship with other instruments, and in the development of joint or coordinated activities. It has also given the Treaty increased opportunities to partner, collaborate with and benefit from the work which is being undertaken by various units of FAO. The Secretary has built particularly close partnerships with the AGP Division, the AG Department, the Legal Office (LEG), the Office of Support to Decentralization (OSD), Right to Food Unit, Globally Important Agricultural Heritage Systems (GIAHS), Commission on Genetic Resources for Food and Agriculture (CGRFA), Secretariat of the Committee on World Food Security (CFS), GFAR Secretariat, and the Liaison Office in Geneva (LOG).

48. In relation to the Treaty's external partners, the Secretary has, over the past biennia, as instructed by the Governing Body, maintained close and good working relationships with the executive heads of a number of relevant organizations, in particular the Convention on Biological Diversity (CBD), the Global Crop Diversity Trust (GCDDT), the Consultative Group on International Agricultural Research (CGIAR), and the Global Forum for Agricultural Research (GFAR). As a result, they regard the Treaty as an important and close working partner.

49. Two particularly important organizations for the Treaty are the Convention on Biological Diversity and the Global Crop Diversity Trust, and both organizations have therefore undertaken to co-finance Liaison Officer posts with the Treaty, which will substantially strengthen the Treaty's capacity and outreach, but still within a zero growth budget. These positions are listed in *Annex 3 and 3A*, under CIF-1 for the Convention, and CIF-7 for the Trust.

50. This investment in the Treaty Secretariat from key partner institutions is also a measure of:

- The importance that they attach to the Treaty, and to close policy and practical cooperation with its Secretariat;

- The willingness to implement their commitment to their partnership with the Treaty, in the form of financial and human resources;
- The success of the partnerships approach that the Secretary has advanced over the past few years, with the guidance of the Governing Body.

#### ***Cooperation with the Convention on Biological Diversity***

51. The Treaty explicitly provides for close collaboration and its implementation in harmony with the Convention on Biological Diversity. By Resolution 8/2009, the Governing Body requested the Secretary to:

*“to continue enhancing the collaboration with ... especially the Convention on Biological Diversity in regard to the conservation and sustainable use of agricultural biological diversity, access to plant genetic resources and benefit-sharing”.*

By Resolutions 8/2011 it requested the Secretary to:

*“Strengthen collaboration with the Secretariat of the Convention on Biological Diversity in the implementation of the Convention’s programme of work on agricultural biodiversity, sustainable use of biodiversity, biodiversity and climate change”; and to “continue to foster collaboration ... especially with the Convention on Biological Diversity with regard to the conservation and sustainable use of agricultural biological diversity, access to plant genetic resources for food and agriculture and benefit-sharing in the light of the adoption of the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization, according to the respective mandates, governance structures and agreed programs”.*

52. The Joint Initiative under the Memorandum of Cooperation between the Treaty and Convention Secretariats foresees:

*“Coordination and sharing of expertise on information management for access and benefit-sharing, as already developed by [the Treaty’s Multilateral System] and as far as useful for implementation of [the Nagoya Protocol’s] Clearing House, including sharing and secondment of expertise”.*

53. With the entry into force of the Nagoya Protocol, expected in the next biennium, coordination in the establishment of the International Regime on Access and Benefit-sharing, of which the Treaty is a key component, will be particularly important and sensitive and will have long-term implications for the Treaty and its international role. Therefore, the liaison function would structure the interfaces and realize the Resolutions of the Governing Body and the provisions of the existing Memorandum of Cooperation and its Joint Initiative.

#### ***Cooperation with the Global Crop Diversity Trust***

54. The Governing Body repeatedly stressed the need for close cooperation between the Global Crop Diversity Trust and the Treaty. At its Fourth Session, the Governing Body stated that:

*“cooperation between the Treaty and the Trust and their close and permanent relationship remains of utmost importance to achieving the objectives of the International Treaty”.*<sup>9</sup>

In its Third Session, it:

*“highlighted the need to maintain and develop the relationship between the International Treaty and the Global Crop Diversity Trust in a complementary manner”.*<sup>10</sup>

55. The Treaty, the Trust and Bioversity International have jointly established *Genesys*,<sup>11</sup> a one-stop, global access point for information about plant genetic resources for food and agriculture, and the leading international search tool for plant breeders. The Trust is managing the development of the second phase of *Genesys*, and the Liaison Officer will play a catalytic role and ensure the practical and meaningful participation of the Treaty in the further development and management of *Genesys*. The post is therefore listed under CIF-7.

56. The joint funding of the post of a Liaison Officer will give concrete and practical effect to implementing this guidance from the Governing Body. This will ensure continued close cooperation, harmonious policy implementation, and continued joint initiatives, despite the relocation of the Trust Secretariat from FAO headquarters in Rome to Bonn in Germany. It will implement the Relationship Agreement between the Treaty and Trust, which foresees close collaboration between the Secretariats.

<sup>9</sup> Report of the Fourth Session of the Governing Body, paragraph 34 (“Relationship between the Governing Body and the Global Crop Diversity Trust”)

<sup>10</sup> Report of the Third Session of the Governing Body, paragraph 36 (“Relationship between the Governing Body and the Global Crop Diversity Trust”)

<sup>11</sup> <http://www.genesys-pgr.org>.

### ***ON-GOING OPERATIONAL CORE IMPLEMENTING FUNCTIONS***

#### ***CIF-1, Cooperation with the Convention on Biological Diversity***

57. Under zero real growth, only the temporary liaison post, and travel, is provided for. The augmented budget option includes provision for 25% of the costs for the continuation of a successful Workshop on Harmonious Implementation of the Treaty, the Convention and the Nagoya Protocol, which was jointly organized as a collaboration between the Treaty, the Convention on Biological Diversity, Bioversity International and the German International Cooperation (GIZ). Under the augmented budget option, as well, CIF-1 will be coordinated with the provision of resources for national capacity building in CIF-9 for national implementation of the Multilateral System and its harmonious implementation with the CBD and Nagoya Protocol.

#### ***CIF-2, Maintenance of the Multilateral System***

58. The Multilateral System of Access and Benefit-sharing is the central and most elaborate of the Treaty's systems, requiring ongoing management attention. The recent international developments regarding the international framework for access and benefit-sharing for genetic resources, in which the Treaty functions, have given a new urgency to bringing all elements of the Multilateral System into full, effective and stable operation, in harmony with the evolving international environment. The proposed budget for the next biennium foresees continued and enhanced efforts for the consolidation and stabilization of core mechanisms and processes, particularly the improvement of information on what material is available through the Multilateral System and the provision of information to the Governing Body to inform its decisions and governance functions.

59. Priorities in the next biennium include: support to including plant genetic resources for food and agriculture in the Multilateral System, and integration with breeder information, and ordering and reporting systems, including *Easy SMTA*; operation of the relevant information infrastructure for documenting the material available; support for increased and more complete access to materials in the Multilateral System through national access and benefit-sharing legislation, including through participation in relevant international and national meetings and coordination of capacity-building.

60. The augmented budget option also includes provision for staff travel, publications, brochures and software licenses.

#### ***CIF-3, Ad Hoc Advisory Technical Committee on the Multilateral System and the Standard Material Transfer Agreement***

61. The Multilateral System is expected to continue to require technical and legal support during the biennium, especially with regard to the interface between the implementation of the Multilateral System, the Convention and the Nagoya Protocol. It is therefore proposed that the *Ad Hoc* Advisory Technical Committee on the Multilateral System and the Standard Material Transfer Agreement continue in the next biennium, with the additional special task of advising on, and advancing cooperation between, the Treaty and the Convention on Biological Diversity in the context of the International Regime on Access and Benefit-sharing. The role of the Committee is central in keeping the Multilateral System operational, by providing advice on practical questions from users with policy and legal implications in the inter-sessional operations of the System.

62. The augmented budget option provides for two, rather than one, meeting of the Committee, given that the Governing Body has, in past biennia, always approved two meetings and in the current biennium even three meetings were needed to complete the work. The importance and amount of work of the Committee will likely only increase with the entry into force of the Nagoya Protocol.

#### ***CIF-4, Mobilizing resources, outreach and promotion of the Treaty***

63. While innovative approaches that can provide an adequate and ensured flow of resources are under consideration, they are unlikely to bear fruit in the short term. It is therefore essential, if the Benefit-sharing Fund is to be able to provide for further project cycles, to improve and accelerate the momentum of donor liaison and resource mobilization. Raising awareness about the Treaty and the projects that the Fund supports continues to be a determining factor in mobilizing voluntary contributions. On the basis of past experience, the most effective tool for resource mobilization has been the holding of focused donor cultivation events. These need to be backed by the systematic identification and monitoring of donor prospects, continuous liaison and preparation of high-quality proposals. A strategic review of the resource mobilisation plan will be undertaken, to support focused and targeted fund raising activities. In the current biennium, these can include development of resource mobilization plans for the Trust Fund for Agreed Purposes and the travel support Fund.

64. The augmented budget option also makes further provision for consultancy services, and a third cultivation event.

### ***CIF-5, Operations of the Benefit-sharing Fund***

65. The operations of the Benefit-sharing Fund, another core system of the Treaty, have continued to improve since its establishment in 2009, and the next biennium will see further progress. In the second round of the project cycle, currently being implemented, the projects are assisting farmers and communities in countering food insecurity resulting from the impact of climate change on the conservation and use of plant genetic resources. Innovative approaches for the use of these funds will be explored during the next biennium, including through the development of a Mid-term Plan; a final report will be prepared on the projects of the second round; the inclusion of *Annex 1* materials resulting from the projects will be effected; and an independent evaluation will be carried out and its widely disseminated. The Fund's third call-for-proposals will soon be issued, and will draw on the successes and the lessons learned in previous rounds. The appraisal and approval of project proposals for the third round will require the preparation of project agreements and fund disbursement to the field; project monitoring and the planning of supervision missions; and revision and approval of project reports.

66. The augmented budget option also makes provision for support for the running of the third call-for-proposals, in the light of the real needs in the previous call; for a review of the Funding Strategy as a whole (*Annex 4* of the Funding Strategy); and for a meeting with partners and stakeholders to develop innovative approaches to the use of resources under the Benefit-sharing Fund.

### ***CIF-6, Ad Hoc Working Group to Expand Benefit-sharing and Scope of the Multilateral System***

67. The *Ad Hoc* Advisory Committee on the Funding Strategy has recommended the convening, in the next biennium, of an *Ad Hoc* Working Group to Expand Benefit-sharing and the Scope of the Multilateral System, with the mandate to prepare the draft decisions for consideration and adoption of the Governing Body at its Sixth Session. The cost implications of convening this Working Group depend on (a) the size of its membership, (b) the number of meetings and length of meetings during the biennium, and (c) whether interpretation is required, and it is assumed that it will be. These are questions that the Governing Body will need to address during discussion of the agenda item in Plenary.

68. The draft Budget has therefore set aside the sum of USD 200,000 for this process, within the zero growth budget. The establishment of the Working Group, its workprogramming and financing are complex financial and technical tasks and will likely constitute one of the main decisions of the Governing Body during its Session. The financial and process options for the Working Group, which may be considered by the Governing Body also in fiscal terms, are set out in document IT/GB-5/13/7 and will be debated by the Governing Body plenary and then referred to the Budget Committee. Should the Governing Body decide on a higher sum for the initiation of the process, it will be necessary either to add the additional moneys required to the *Core Administrative Budget*, or decide on how the necessary moneys will be mobilized while maintaining the predictability of the meeting of the Working Group.

69. Under the augmented budget option, the sum set aside for this process is increased to USD 300,000.

70. It should be noted that the way the process develops will also have implications for the speed of draw-down on the Fund to Support the Participation of Developing Countries, which, as noted earlier, is now much depleted. See *Figure 4*. The Governing Body may therefore also wish to appeal to donors to replenish this fund and develop a resource mobilization strategy for it.

### ***CIF-7, Global Information System on Plant Genetic Resources for Food and Agriculture***

71. In line with the guidance of the Governing Body at its last Session, special emphasis is given to the establishment and implementation of the Global Information System for Plant Genetic Resources for Food and Agriculture foreseen in Article 17.

72. Since 2008, the Treaty Secretariat has developed *Genesys* in partnership with the Global Crop Diversity Trust and Bioversity International. This is a key element in the development of the Global Information System, now moving into an important second phase. The Secretariat participates in the project's Oversight Committee of the project, to synchronize the project with the guidance of the Governing Body and with other systems and activities within the context of the Global Information System of Article 17 of the Treaty.

73. As noted above, the proposed jointly-funded Liaison Officer post will play the main role in this work.

74. The process of developing the Global Information System will be advanced in the biennium, thanks to the recent financial support offered by Germany. An in-depth consultation for the effective and practical establishment of the Global Information System will be held with stakeholders, including those managing current plant genetic resources information systems, on the basis of a series of technical studies. Because of the generosity of the donor, this work will be carried out with extra-budgetary funds, and is therefore not included in CIF-7. This signifies the beginning of a process of consolidation of a broad community of genetic resources-related information systems and actual and potential partners (data providers, developers and users). It requires a coordinating and facilitating function by the Secretariat in order to maintain the centrality of the Governing Body in terms of policy and technical guidance.

75. The augmented budget option also includes provision for consultant advice and a small technical consultation.

**CIF-8, Ad Hoc Committee on Conservation and Sustainable Use**

76. Provision for the Committee in this biennium is contained only in the augmented option, as the entire Committee had to be deleted, in order to contain costs in the zero real growth budget. It provides for one meeting of the Committee. This area of work assists Contracting Parties in implementing Article 6 of the Treaty, and has been given high priority in previous work programmes.

**CIF-9, The Capacity-building Coordination Mechanism, and National Capacity-building for Harmonious Implementation of the Multilateral System within the International Regime of Access and Benefit-sharing**

77. The draft work programme and budget 2011-2012 had made provision for this activity, but it was relegated for possible donor funding, which was not forthcoming. It responds to the situation on the ground, where implementation by many developing countries has been slow, and sometimes incomplete or inaccurate. Capacity-building is of prime importance in all the operations of the Multilateral System: the inclusion of material; the provision of information on materials available; coordination with, and participation in, international information systems; ordering systems; and national legal and administrative enabling frameworks.

78. This area of activity is of greatly increased topicality and importance, as Parties to the Nagoya Protocol prepare national enabling frameworks for the International Regime, in order to ensure that the role of the Treaty is adequately and effectively provided for. The activity area will be closely coordinated with the work of CIF-1, and joint activities with the Convention on Biological Diversity, as well as CIF-7, for the development of the Global Information System, under Article 17 of the Treaty.

**V. RESOURCE LEVELS IN THE DRAFT CORE WORK PROGRAMME 2014-15**

79. Figure 5, below, analyses, the 2014-15 zero real growth *Core Administrative Budget*, as given in Annex 1, and compares this with the augmented budget option, as given in Annex 1A.

**Column A** projects to 2014-15, for comparison, the 2012-13 *Core Administrative Budget*, adopted by the Fourth Session of the Governing Body, in Bali, in March 2011, at zero real growth, that is, increased only by 4%, for inflation, and by 8% ICRU, thereby maintaining the same basic purchasing power in the forthcoming biennium as in the current biennium:

**Column B** provides the zero real growth *Draft Work Programme and Budget 2014-15*, maintaining the *Core Administrative Budget* within the real level of the 2012-13 budget, that is, at less than zero real growth.

**Column C** provides the level of the augmented budget option, and compares this to the zero real growth budget.

Core Work Programme	A			B			C			
	Effective level of the 2012-13 budget, adjusted for 4% CPI and 8% ICRU			Proposed zero real growth 2014-15 Budget			Augmented 2014-15 Budget Option			
	Amount in USD	% of Core Work Programme	Increase over 2012-13	Amount in USD	% of Core Work Programme	Variation of B to A	Amount in USD	% of Core Work Programme	Variation of C to A	Variation of C to B
Maintenance Function	6,211,068	88.68%	4.08%	5,924,484	85.26%	-4.61%	6,142,348	79.10%	-1.11%	3.68%
Core Implementing Functions	792,717	11.32%	3.98%	1,024,169	14.74%	29.20%	1,622,915	20.90%	104.73%	58.46%
<b>Total CAB</b>	<b>7,003,785</b>	<b>100.00%</b>	<b>4.07%</b>	<b>6,948,653</b>	<b>100.00%</b>	<b>-0.79%</b>	<b>7,765,263</b>	<b>100.00%</b>	<b>10.87%</b>	<b>11.75%</b>
<b>Funding of the Core Administrative Budget</b>										
FAO contribution	2,000,000	28.56%	0.64%	2,000,000	28.78%	0.00%	2,000,000	25.76%	-100.00%	0.00%
Voluntary contributions from Contracting Parties	5,003,785	71.44%	11.67%	4,948,653	71.22%	-1.10%	5,765,263	74.24%	-109.44%	16.50%
<b>Total CAB</b>	<b>7,003,785</b>	<b>100.00%</b>	<b>12.32%</b>	<b>6,948,653</b>	<b>100.00%</b>	<b>-0.79%</b>	<b>7,765,263</b>	<b>100.00%</b>	<b>-106.39%</b>	<b>11.75%</b>

Notes:

1. The figure for the FAO contribution is the contribution envisaged in the *Programme of Work and Budget* for the 2014-15 biennium, as approved by the FAO Conference in June 2013.
2. Subject to confirmation, FAO would cover 28.78% of the *Core Work Programme*. It should be recalled that — in a decision, in which all Contracting Parties participated as Member States of FAO — the 2008 FAO Conference decided that “*statutory bodies and conventions will be strengthened, enjoying more financial and administrative authority within the framework of FAO and a greater degree of self-funding by their Members*”. Accordingly, the level of FAO’s contribution in future biennia cannot be assumed.
3. The figure for *Core Implementing Functions* in the zero real growth budget, is based on the assumption that all activities are approved as proposed.

**Figure 5: The zero growth budget and the augmented budget option compared**

## VI. DONOR-SUPPORTED PROJECTS, IN ADDITION TO THE CORE WORK PROGRAMME

80. In addition to activities decided by the Governing Body as the *Core Work Programme*, the Secretariat also undertakes *donor-supported projects* in the context for the Special Funds for Agreed Purposes, and as part of the Overall Work Programme. Donor-supported projects make full provision for the resources necessary to execute them, and are budgeted separately. Such projects typically provide for technical and policy assistance to developing country Contracting Parties, individual workshops and meetings, and outreach programmes. *Addendum 2* of document IT/GB-5/13/25 Add.2, *Draft Work Programme and Budget for the 2014-15 Biennium – Donor-supported activities under the Special Fund for Agreed Purposes: Report on activities in 2012-13, and projects proposed for further donor support*, reports on activities carried out with direct donor support during the 2012-13 biennium, and outlines a number of projects that donors may now be invited to contribute to. The Governing Body is invited to endorse the proposed projects and to invite donors to contribute to them.

## VII. THE WORKING CAPITAL RESERVE

81. The Working Capital Reserve, as the term implies, is not part of the biennially adopted budget and, does not relate to elements of the *Core Work Programme*. It is a reserve to be drawn upon, in specific circumstances that cannot be planned for or predicted. The *Financial Rules* make provision for a *Working Capital Reserve (Financial Rule 6.4)*”

*“The purpose of the working capital reserve shall be to ensure continuity of operations in the event of a temporary shortfall of cash. Drawdowns from the working capital reserve shall be restored from contributions as soon as possible.”*

82. A reserve for such “continuity of operations” may be considered to be adequate, if it sufficient to extend the staff by three months, or make possible the convocation of a Special Session of the Treaty, in accordance with *Article 19.10* of the Treaty. The reserve may also buffer against currency fluctuations, in a situation where the Core Administrative Budget is denominated in US dollars, and most expenditure made in Euros.

83. The current level of the Working Capital Reserve was established at USD 400,000 by Resolution 9/2011 (v) of the Fourth Session of the Governing Body. In view of the zero-growth nature of the current proposal, no variation to the current level of the Working Capital Reserve is proposed. There remains, nonetheless, the need to fund the Reserve to its full level and in this context, those Contracting Parties that have not yet done so are encouraged to contribute to the Working Capital Reserve.

84. It should be remembered, furthermore, that the crucial importance of the Working Capital Reserve results from the provisions of *Financial Rule 4.1*, which provides that any commitment or expenditure must be covered by contributions *actually in hand*, which does not allow the Secretary to assume financial obligations on the basis of the approved *Core Administrative Budget* alone. This is unusual in an international organization: in the case of FAO, itself, for example, commitments and expenditures may be made against the approved biennial budget.

## POSSIBLE ELEMENTS OF A RESOLUTION

**Resolution .../2013 - Work Programme and Budget 2014-15****The Governing Body,****Recalling** that:

- a) The FAO Governing Bodies have determined that the International Treaty on Plant Genetic Resources for Food and Agriculture is a priority FAO activity;
- b) That the FAO Conference has recommended that “*statutory bodies and conventions will be strengthened, enjoying more financial and administrative authority within the framework of FAO and a greater degree of self-funding by their Members*”;

**Recognizing** that:

- a) The Treaty is at a crucial stage in its implementation, with a number of the major fields of activity that derive directly from the provisions of the Treaty now taking substantive shape;
- b) The execution of the Work Programme is subject to adequate resources being available, in a timely manner, within the Core Administrative Budget, and that this will be essential to the future functioning, credibility and effectiveness of the Treaty;

**Reiterating** the importance of the Treaty as a pillar of the international architecture governing the conservation and use of genetic resources;

**Adopts** the Work Programme and the Treaty’s Core Administrative Budget for the biennium 2014-15, as contained in *Appendix 1* to this resolution;

**Adopts** the indicative scale of contributions, in accordance with Financial Rule V.1b, as contained in *Appendix 2* to this resolution;

- i. **Urges** all Contracting Parties to provide the resources required in the Core Administrative Budget, as adopted;
- ii. **Urges** Contracting Parties who made no, or only limited contributions in the 2006-07, 2008-09 and 2010-2011 biennia, to make voluntary contributions to the Core Administrative Budget;
- iii. **Commends** the project proposals contained in the *Addendum to Annex 1* to this Resolution to donor Governments and institutions, and **invites** them to provide the funding necessary for the implementation of these projects;
- iv. **Invites** States that are not Contracting Parties, inter-governmental organizations, non-governmental organizations and other entities, to also contribute to the Core Administrative Budget;
- v. **Takes note** of the provisional proposed contribution from FAO of USD 2,000,000;
- vi. **Establishes** the level of the Working Capital Reserve at USD 400,000;
- vii. **Notes further** that Contracting Parties will be requested to contribute the balance necessary to bring the reserve up to its established level, in the call for contributions for the 2014-15 biennium, by separate voluntary contributions, in addition to their voluntary contributions to the Core Administrative Budget;
- viii. **Approves** the Secretariat staffing structure for the biennium 2014-15 set out in *Annex 2* to this Resolution, recognizing that the precise staffing arrangements are a matter of the normal executive authority of the Secretary;
- ix. **Warmly thanks** the Governments of Australia, Germany, Italy, Spain, Sweden, and the United Kingdom, who have generously donated substantial funds for additional project activities, outside the Core Administrative Budget, thereby assisting the Treaty in establishing its operational systems and **invites** those Governments whose contributions have expired to replenish the funds for project activities which will be critical for the continued successful implementation of the Treaty in the 2014-15 biennium;
- x. **Warmly thanks** the Government of Italy and Norway for the staff resources that they have made available to support and extend the activities of the Treaty;
- xi. **Confirms** that Contracting Parties that are developing countries and countries with economies in transition should be informed by the Secretary, in a timely manner before a meeting, of the availability of resources to support their participation in that meeting from the Fund referred to in the Treaty’s Financial Rule VI.2c, and that, where such funding is limited, priority should be given to the least developed countries;
- xii. **Appeals** to donors urgently to replenish the Fund to Support the Participation of Developing Countries;

- xiii. **Appeals** to Contracting Parties urgently to contribute to the Trust Fund for Agreed Purposes to replenish resources required to support the implementation and further evolution of the Treaty in alignment with its 2014-15 Work Programme;
- xiv. **Requests** the Secretary to submit a draft Work programme and Budget for the biennium 2016-17, including a Secretariat staffing table and a Draft Resolution, for the consideration of the Governing Body at its Sixth Session, and to report on progress on income and expenditures, as well as any adjustments made to the budget in the biennium 2014-15.

(Adopted on September 2013)

## ANNEX 1

## Proposed zero real growth Core Work Programme: 2014 - 2015 Biennium – Resource requirements

	A	B	C
	Core Maintenance Function	Core Implementing Functions	Core Administrative Budget
All amounts in USD			
<b>A. Human resources</b>			
A.1 Established staff positions (with no variation)	4,097,784	-	4,097,784
A.2 Temporary posts	-	403,488	403,488
A.3 Other consultancy costs	130,000	152,600	282,600
A.4 Improved Cost Recovery Uplift (ICRU)	215,260	25,948	241,208
<b>Total A. Human Resources</b>	<b>4,443,044</b>	<b>582,036</b>	<b>5,025,080</b>
<b>B. Meetings</b>			
B.1 Governing body	575,000	-	575,000
B.2 Bureau	32,526	-	32,526
B.3 Compliance Committee	31,200	-	31,200
B.4 Panel of Experts for the appraisal of project proposals	41,600	-	41,600
B.5 Activity related		277,000	277,000
<b>Total B. Meetings</b>	<b>680,326</b>	<b>277,000</b>	<b>957,326</b>
<b>C. Other costs</b>			
C.1 Core staff duty travel	152,599	70,000	222,599
C.2 Publications and communication	72,374	-	72,374
C.3 Supplies and equipment	52,042	-	52,042
C.4 Contracts	58,240	-	58,240
C.5 Miscellaneous	24,398	-	24,398
<b>Total C. Other Costs</b>	<b>359,653</b>	<b>70,000</b>	<b>429,653</b>
<b>Total A + B + C</b>	<b>5,483,023</b>	<b>929,036</b>	<b>6,412,058</b>
D. General Operating Services	219,321	37,161	256,482
<b>Operating Budget</b>	<b>5,702,344</b>	<b>966,197</b>	<b>6,668,541</b>
E. Project Servicing Cost	222,141	57,972	280,112
<b>Totals</b>	<b>5,924,484</b>	<b>1,024,169</b>	<b>6,948,653</b>

Funding of the Proposed Core Administrative Budget	
Total Core Work Programme	6,948,653
Less:	
F. FAO contribution	[2,000,000]
<b>Net amount to be funded by Contracting Parties</b>	<b>4,948,653</b>

**ANNEX 2: Proposed zero real growth Maintenance Functions: 2014 - 2015 Biennium –  
Resource requirements**

	Core Maintenance Function		
Treaty Article	19-20		
GB Doc reference	25, 25 Add.1		
	Cost - USD	EIU CPI increase	Total Cost - USD
<b>A. Human resources</b>			
A.1 Established staff positions [1]	4,097,784	-	4,097,784
<b>A.3 Consultancy costs</b>			
Treaty maintenance and Statutory meeting related	130,000	-	130,000
A.4 Provision for "ICRU" ( <i>Improved Cost Recovery Uplift</i> )	215,260	-	215,260
<b>Total A. Human Resources</b>	<b>4,443,044</b>	<b>-</b>	<b>4,443,044</b>
<b>B. Meetings -Statutory Bodies</b>			
B.1 Governing body [2]	575,000		575,000
B.2 Bureau	31,275	1,251	32,526
B.3 Compliance Committee [3]	30,000	1,200	31,200
B.4 Panel of Experts for the appraisal of project proposals [4]	40,000	1,600	41,600
<b>Total B. Meetings</b>	<b>676,275</b>	<b>4,051</b>	<b>680,326</b>
<b>C. Other costs</b>			
C.1 Core staff duty travel	146,730	5,869	152,599
C.2 Publications	69,590	2,784	72,374
C.3 Supplies and equipment	50,040	2,002	52,042
C.4 Contracts	56,000	2,240	58,240
C.5 Miscellaneous	23,460	938	24,398
<b>Total C. Other Costs</b>	<b>345,820</b>	<b>13,833</b>	<b>359,653</b>
<b>Total A + B + C</b>	<b>5,465,139</b>	<b>17,884</b>	<b>5,483,023</b>
<b>D. General Operating Services (4% of A + B + C)</b>	<b>218,606</b>	<b>715</b>	<b>219,321</b>
<b>Operating Budget</b>	<b>5,683,745</b>	<b>18,599</b>	<b>5,702,344</b>
<b>E. Project Servicing Cost (6% of Operating Budget less FAO contribution)</b>	<b>221,025</b>	<b>1,116</b>	<b>222,141</b>
<b>Core Administrative budget</b>	<b>5,904,769</b>	<b>19,715</b>	<b>5,924,484</b>
<b>F. FAO contribution</b>	<b>2,000,000</b>	<b>-</b>	<b>2,000,000</b>
<b>Balance to be funded by Contracting Parties</b>	<b>3,904,769</b>	<b>19,715</b>	<b>3,924,484</b>
<b>Notes:</b>			
[1] In accordance with approved Secretariat staffing table – Annex 2 of Appendix A.9 (GB Resolution 9/2011) refers			
[2] In accordance with Article 19 of The Treaty			
[3] In accordance with Article 19.3 & 21 of The Treaty			
[4] In accordance with Step 5 of Annex 3 of the Funding Strategy as adopted by GB 2 Meeting of 14 experts for 3 days			

**ANNEX 3: Proposed zero real growth Implementing Functions, 2014 - 2015 Biennium – Resource requirements**

Reference	Core Implementing Functions							Total Core Implementation Functions
	CIF-1	CIF-2	CIF-3	CIF-4	CIF-5	CIF-6	CIF-7	
Related activity area	Liaison with CBD and other international organizations	Maintenance of the MLS	Ad Hoc Committee on MLS and SMTA	Mobilizing resources, outreach and promotion of the Treaty	Operations of the BSF	Ad Hoc Working Group to expand benefit-sharing and the scope of the Multilateral System	Information Systems for PGRFA	
Treaty Articles	all	10 - 13	10 - 13	18.4	18.4	18,13	5,15 & 17	
GB Doc reference	5; 5 Add 1; 14; 22; 22 Add1	5; 5 Add1; Inf.15	5; 5 Add1; Inf.3	7; 7 Add3; Inf.4; Inf.4 Add1; Inf.4 Add2	7; 7 Add1; 7 Add2; 8; Inf.4; Inf.4 Add1; Inf.4 Add 2;	5; 5 Add 1; 7; 7 Add 3; Inf.4; Inf.4 Add 1; Inf.4 Add 2	5; 5 Add 1; 15; 17; 21; 22; 22 Add 1	
All amounts in USD								
<b>A. Human resources</b>								
A.1 Established staff positions								
A.2 Temporary <i>liaison</i> posts	201,744						201,744	403,488
A.3 Other consultancy costs	-	82,600	10,000	30,000	30,000		-	152,600
A.4 Provision for "ICRU" (Improved Cost Recovery Uplift)	-	6,608	800	-	2,400	-	16,140	25,948
<b>Total A. Human Resources</b>	<b>201,744</b>	<b>89,208</b>	<b>10,800</b>	<b>30,000</b>	<b>32,400</b>	<b>-</b>	<b>217,884</b>	<b>582,036</b>
<b>B. Meetings</b>								
<b>Other Meetings</b>								
B.5 Activity related		-	27,000	50,000	-	200,000	-	277,000
<b>Total B. Meetings</b>	<b>-</b>	<b>-</b>	<b>27,000</b>	<b>50,000</b>	<b>-</b>	<b>200,000</b>	<b>-</b>	<b>277,000</b>
<b>C. Other costs</b>								
C.1 Core staff duty travel	20,000	20,000	-	15,000	-	-	15,000	70,000
C.2 Publications and communication		-	-	-	-	-	-	-
C.3 Supplies and equipment	-	-	-	-	-	-	-	-
C.4 Contracts	-	-	-	-	-	-	-	-
C.5 Miscellaneous	-	-	-	-	-	-	-	-
<b>Total C. Other Costs</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>	<b>15,000</b>	<b>-</b>	<b>-</b>	<b>15,000</b>	<b>70,000</b>
<b>Total A + B + C</b>	<b>221,744</b>	<b>109,208</b>	<b>37,800</b>	<b>95,000</b>	<b>32,400</b>	<b>200,000</b>	<b>232,884</b>	<b>929,036</b>
D. General Operating Services (4% of A + B + C)	8,870	4,368	1,512	3,800	1,296	8,000	9,315	37,161
<b>Operating Budget</b>	<b>230,614</b>	<b>113,576</b>	<b>39,312</b>	<b>98,800</b>	<b>33,696</b>	<b>208,000</b>	<b>242,199</b>	<b>966,197</b>
E. Project Servicing Cost (6% of Operating Budget - excluding FAO contribution on Maintenance Function)	13,837	6,815	2,359	5,928	2,022	12,480	14,532	57,972
<b>Totals</b>	<b>244,451</b>	<b>120,391</b>	<b>41,671</b>	<b>104,728</b>	<b>35,718</b>	<b>220,480</b>	<b>256,731</b>	<b>1,024,169</b>

**ANNEX 4: Proposed zero real growth Core Administrative Budget and Work Programme : 2014 - 2015 Biennium - cost variation by budget category**

Category	A	B	C	D	E	F	G
	Approved 2012-13 Core Administrative Budget 1/	8% ICRU (where applicable) 2/	Effective cost of 2012-13 Budget	4% EIU-CPI for 2014-15	Zero Real Growth basis for 2014-15 budget	Proposed 2014-15 Core Administrative Budget	Variation compared to ZRG
	USD			USD		USD	%
<b>A. Human Resources</b>	4,734,577	237,581	4,972,158	198,886	5,171,044	5,025,080	-2.82%
<b>B. Meetings</b>	660,025		660,025	26,401	686,426	957,326	39.47%
<b>C. Other Costs</b>	580,675		580,675	23,227	603,902	429,653	-28.85%
<b>Total A + B + C</b>	<b>5,975,277</b>	<b>237,581</b>	<b>6,212,858</b>	<b>248,514</b>	<b>6,461,372</b>	<b>6,412,058</b>	<b>-0.76%</b>
<b>D. General Operating Services</b>	239,011	9,503	248,514	9,941	258,455	256,482	-0.76%
<b>Operating Budget</b>	<b>6,214,288</b>	<b>247,084</b>	<b>6,461,372</b>	<b>258,455</b>	<b>6,719,827</b>	<b>6,668,541</b>	<b>-0.76%</b>
<b>E. Project Servicing Cost</b>	253,625	14,825	268,450	15,507	283,958	280,112	-1.35%
<b>Totals</b>	<b>6,467,913</b>	<b>261,909</b>	<b>6,729,823</b>	<b>273,962</b>	<b>7,003,785</b>	<b>6,948,653</b>	<b>-0.79%</b>

1/ Figures include the 4.25% cost increase factor that was shown as a separate line item for USD 218,145 ("Cost increase factor 4.25%") on the approved budget (see Annex 1 to Res 9/2011)

2/ Cost of ICRU charged on human resources under Trust Fund projects since April 2012 (at the rate of 6.5% for April 2012 only, thereafter at 8%) and not included in the approved 2012-13 budget. The figure given here is given for a full biennium in order to present the correct basis for the calculation of zero growth budget figure for 2014-15

## **ANNEX 5: Proposed zero real growth Core Implementing Functions – USD 1,024,169**

The following list provides details of the costs of the implementing activities proposed in Annex 3. In all cases, ICRU (improved Cost Recovery Uplift) has been added at a rate of 8% for human resources. In addition, General Operating Expenses (at a rate of 4%) and Project Servicing Costs (charged at a rate of 6%) have been included as “Overheads and administrative costs”.

### **CIF-1 Cooperation with the Convention on Biological Diversity - USD 244,451**

1. Temporary Posts – USD 201,744
  - a. *Liaison with CBD* P-4 post for 50% (another 50% to be funded by CBD)
2. Core Staff Duty Travel –USD 20,000
3. Overheads and administrative costs – USD 22,707

### **CIF-2 Maintenance of the MLS - USD 120,391**

1. Consultancy costs – USD 82,600
  - a. Consultancy costs for maintaining and programme the IT tools of the MLS;
  - b. Maintenance of the SMTA and Treaty websites
2. Core staff duty travel – USD20,000
3. Overheads and administrative costs – USD 11,183
4. ICRU - USD 6,608

### **CIF-3 Ad Hoc Committee on MLS and SMTA - USD 41,671**

1. Consultancy costs – USD 10,000
2. Meetings costs –USD 27,000
  - a. One session of 2 days
3. Overheads and administrative costs – USD 3,871
4. ICRU - USD 800

### **CIF-4 Mobilizing resources for the BSF - USD 104,728**

1. Consultancy costs (contract) – USD 30,000
  - a. Strategic review of BSF fund raising plan implementation
2. Meetings costs –USD 50,000
  - a. 2 Cultivation events
3. Core staff duty travel (donor cultivation related) – USD15,000
4. Overheads and administrative costs – USD 9,728

### **CIF-5 Operations of the BSF – USD 35,718**

1. Consultancy costs – USD 30,000
  - a. Third Project Cycle -Screening of Project Proposals and Help Desk
2. Overheads and administrative costs – USD 3,318
3. ICRU - USD 2,400

### **CIF-6 Ad Hoc Working Group - USD 220,480**

1. Meetings costs – Funds set aside for meeting(s) of the Working Group USD 200,000
2. Overheads and administrative costs – USD 20,480

### **CIF-7 Information Systems for PGRFA – USD 256,731**

1. Temporary Posts – USD 201,744
  - a. *Liaison with GCDT* P-4 post for 50% (another 50% to be funded by GCDT)
2. Meetings costs – USD 15,000
3. Overheads and administrative costs –USD 23,847
4. ICRU - USD 16,140

**ANNEX 1A: Augmented option Core Work Programme: 2014 - 2015 Biennium – Resource requirements**

	<b>A</b>	<b>B</b>	<b>C</b>
	<b>Core Maintenance Function</b>	<b>Core Implementing Functions</b>	<b>Core Administrative Budget</b>
<b>All amounts in USD</b>			
<b>A. Human resources</b>			
A.1 Established staff positions (with no variation)	4,097,784	-	4,097,784
A.2 Temporary posts	-	403,488	403,488
A.3 Other consultancy costs	130,000	312,600	442,600
A.4 Improved Cost Recovery Uplift (ICRU)	215,260	38,748	254,008
<b>Total A. Human Resources</b>	<b>4,443,044</b>	<b>754,836</b>	<b>5,197,880</b>
<b>B. Meetings</b>			
B.1 Governing body	750,000	-	750,000
B.2 Bureau	32,526	-	32,526
B.3 Compliance Committee	31,200	-	31,200
B.4 Panel of Experts for the appraisal of project proposals	41,600	-	41,600
B.5 Activity related		589,000	589,000
<b>Total B. Meetings</b>	<b>855,326</b>	<b>589,000</b>	<b>1,444,326</b>
<b>C. Other costs</b>			
C.1 Core staff duty travel	152,599	115,000	267,599
C.2 Publications and communication	95,000	13,330	108,330
C.3 Supplies and equipment	52,042	-	52,042
C.4 Contracts	58,240	-	58,240
C.5 Miscellaneous	24,398	-	24,398
<b>Total C. Other Costs</b>	<b>382,279</b>	<b>128,330</b>	<b>510,609</b>
<b>Total A + B + C</b>	<b>5,680,649</b>	<b>1,472,166</b>	<b>7,152,815</b>
D. General Operating Services	227,226	58,887	286,113
<b>Operating Budget</b>	<b>5,907,875</b>	<b>1,531,052</b>	<b>7,438,927</b>
E. Project Servicing Cost	234,473	91,863	326,336
<b>Totals</b>	<b>6,142,348</b>	<b>1,622,915</b>	<b>7,765,263</b>
<b>Funding of the Proposed Core Administrative Budget</b>			
<b>Total Core Work Programme</b>			<b>7,765,263</b>
<b>Less:</b>			
<b>F. FAO contribution</b>			<b>[2,000,000]</b>
<b>Net amount to be funded by Contracting Parties</b>			<b>5,765,263</b>

**ANNEX 2A: Augmented option Maintenance Functions: 2014 - 2015 Biennium –  
Resource requirements**

	Core Maintenance Function		
Treaty Article	19-20		
GB Doc reference	25, 25 Add.1		
	Cost - USD	EIU CPI increase	Total Cost - USD
<b>A. Human resources</b>			
<b>A.1 Established staff positions [1]</b>	4,097,784	-	4,097,784
<b>A.2 Temporary posts</b>			
<i>P-3 - Resource mobilization (proposed for extention)</i>		-	-
<b>Total A.2</b>	-	-	-
<b>A.3 Consultancy costs</b>			
Treaty maintenance and Statutory meeting related	130,000	-	130,000
<b>A.4 Provision for "ICRU" (Improved Cost Recovery Uplift)</b>	215,260	-	215,260
<b>Total A. Human Resources</b>	<b>4,443,044</b>	<b>-</b>	<b>4,443,044</b>
<b>B. Meetings -Statutory Bodies</b>			
<b>B.1 Governing body [2]</b>	750,000	-	750,000
<b>B.2 Bureau</b>	31,275	1,251	32,526
<b>B.3 Compliance Committee [3]</b>	30,000	1,200	31,200
<b>B.4 Panel of Experts for the appraisal of project proposals [4]</b>	40,000	1,600	41,600
<b>Total B. Meetings</b>	<b>851,275</b>	<b>4,051</b>	<b>855,326</b>
<b>C. Other costs</b>			
<b>C.1 Core staff duty travel</b>	146,730	5,869	152,599
<b>C.2 Publications</b>	95,000	-	95,000
<b>C.3 Supplies and equipment</b>	50,040	2,002	52,042
<b>C.4 Contracts</b>	56,000	2,240	58,240
<b>C.5 Miscellaneous</b>	23,460	938	24,398
<b>Total C. Other Costs</b>	<b>371,230</b>	<b>11,049</b>	<b>382,279</b>
<b>Total A + B + C</b>	<b>5,665,549</b>	<b>15,100</b>	<b>5,680,649</b>
<b>D. General Operating Services (4% of A + B + C)</b>	226,622	604	227,226
<b>Operating Budget</b>	<b>5,892,171</b>	<b>15,704</b>	<b>5,907,875</b>
<b>E. Project Servicing Cost (6% of Operating Budget less FAO contribution)</b>	233,530	942	234,473
<b>Core Administrative budget</b>	<b>6,125,701</b>	<b>16,646</b>	<b>6,142,348</b>
<b>F. FAO contribution</b>	2,000,000	-	2,000,000
<b>Balance to be funded by Contracting Parties</b>	<b>4,125,701</b>	<b>16,646</b>	<b>4,142,348</b>
<b>Notes:</b>			
[1] In accordance with approved Secretariat staffing table – Annex 2 of Appendix A.9 (GB Resolution 9/2011) refers			
[2] In accordance with Article 19 of The Treaty			
[3] In accordance with Article 19.3 &21 of The Treaty			
[4] In accordance with Step 5 of Annex 3 of the Funding Strategy as adopted by GB 2 Meeting of 14 experts for 3 days			

### ANNEX 3A: Augmented option Implementing Functions, 2014 - 2015 Biennium – Resource requirements

Reference	Core Implementing Functions									Total Core Implementation Functions
	CIF-1	CIF-2	CIF-3	CIF-4	CIF-5	CIF-6	CIF-7	CIF-8	CIF-9	
Related activity area	Liaison with CBD and other international organizations	Maintenance and development of the MLS	Ad Hoc Committee on MLS and SMTA	Mobilizing resources, outreach and promotion of the Treaty	Operations of the BSF	Ad Hoc Working Group to expand benefit-sharing and the scope of the Multilateral System	Information Systems for PGRFA	Ad Hoc Committee on Conservation and Sustainable Use	CBCM and national capacity building for MLS implementation within the IR-ABS	
Treaty Articles	all	10 - 13	10 - 13	4, 7 & 18	18.4	18,13	5,15 & 17	5,6	20.5	
GB Doc reference	5; 5 Add 1; 14; 22; 22 Add1	5; 5 Add1; Inf.15	5; 5 Add1; Inf.3	7; 7Add3; Inf.4; Inf.4Add1; Inf.4 Add2	7; 7 Add1; 7 Add2; 8; Inf.4; Inf.4 Add1; Inf.4 Add 2;	5; 5 Add 1; 7; 7 Add 3; Inf.4; Inf.4 Add1; Inf.4 Add2	5; 5 Add 1; 15; 17; 21; 22; 22 Add 1	9, 10, Inf.5, Inf.6, Inf.7, Inf.8	5, 5 Add 1, 14, 22, 22 Add 1	
All amounts in USD										
<b>A. Human resources</b>										
A.1 Established staff positions										
A.2 Temporary liaison posts	201,744						201,744			403,488
A.3 Other consultancy costs	-	82,600	10,000	60,000	90,000	-	15,000	10,000	45,000	312,600
A.4 Provision for "ICRU" (Improved Cost Recovery Uplift)	-	6,608	800	2,400	7,200	-	17,340	800	3,600	38,748
<b>Total A. Human Resources</b>	<b>201,744</b>	<b>89,208</b>	<b>10,800</b>	<b>62,400</b>	<b>97,200</b>	<b>-</b>	<b>234,084</b>	<b>10,800</b>	<b>48,600</b>	<b>754,836</b>
<b>B. Meetings</b>										
Other Meetings										
B.5 Activity related	15,000	-	54,000	100,000	30,000	300,000	-	20,000	70,000	589,000
<b>Total B. Meetings</b>	<b>15,000</b>	<b>-</b>	<b>54,000</b>	<b>100,000</b>	<b>30,000</b>	<b>300,000</b>	<b>-</b>	<b>20,000</b>	<b>70,000</b>	<b>589,000</b>
<b>C. Other costs</b>										
C.1 Core staff duty travel	20,000	35,000	-	25,000	-	-	15,000	-	20,000	115,000
C.2 Publications and communication		13,330	-	-	-	-	-	-	-	13,330
C.3 Supplies and equipment	-	-	-	-	-	-	-	-	-	-
C.4 Contracts	-	-	-	-	-	-	-	-	-	-
C.5 Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Total C. Other Costs</b>	<b>20,000</b>	<b>48,330</b>	<b>-</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>15,000</b>	<b>-</b>	<b>20,000</b>	<b>128,330</b>
<b>Total A + B + C</b>	<b>236,744</b>	<b>137,538</b>	<b>64,800</b>	<b>187,400</b>	<b>127,200</b>	<b>300,000</b>	<b>249,084</b>	<b>30,800</b>	<b>138,600</b>	<b>1,472,166</b>
D. General Operating Services (4% of A + B + C)	9,470	5,502	2,592	7,496	5,088	12,000	9,963	1,232	5,544	58,887
<b>Operating Budget</b>	<b>246,214</b>	<b>143,040</b>	<b>67,392</b>	<b>194,896</b>	<b>132,288</b>	<b>312,000</b>	<b>259,047</b>	<b>32,032</b>	<b>144,144</b>	<b>1,531,052</b>
E. Project Servicing Cost (6% of Operating Budget - excluding FAO contribution on Maintenance Function)	14,773	8,582	4,044	11,694	7,937	18,720	15,543	1,922	8,649	91,863
<b>Totals</b>	<b>260,987</b>	<b>151,622</b>	<b>71,436</b>	<b>206,590</b>	<b>140,225</b>	<b>330,720</b>	<b>274,590</b>	<b>33,954</b>	<b>152,793</b>	<b>1,622,915</b>

**ANNEX 4A: Augmented option Core Administrative Budget and Work Programme : 2014 - 2015 Biennium - cost variation by budget category**

Category	A	B	C	D	E	F	G
	Approved 2012-13 Core Administrative Budget 1/	8% ICRU (where applicable) 2/	Effective cost of 2012-13 Budget	4% EIU-CPI for 2014-15	Zero Real Growth basis for 2014-15 budget	Augmented 2014-15 Core Administrative Budget Option	Variation compared to ZRG
	USD			USD		USD	%
<b>A. Human Resources</b>	4,734,577	237,581	4,972,158	198,886	5,171,044	5,197,880	0.52%
<b>B. Meetings</b>	660,025		660,025	26,401	686,426	1,444,326	110.41%
<b>C. Other Costs</b>	580,675		580,675	23,227	603,902	510,609	-15.45%
<b>Total A + B + C</b>	<b>5,975,277</b>	<b>237,581</b>	<b>6,212,858</b>	<b>248,514</b>	<b>6,461,372</b>	<b>7,152,815</b>	<b>10.70%</b>
<b>D. General Operating Services</b>	239,011	9,503	248,514	9,941	258,455	286,113	10.70%
<b>Operating Budget</b>	<b>6,214,288</b>	<b>247,084</b>	<b>6,461,372</b>	<b>258,455</b>	<b>6,719,827</b>	<b>7,438,927</b>	<b>10.70%</b>
<b>E. Project Servicing Cost</b>	253,625	14,825	268,450	15,507	283,958	326,336	14.92%
<b>Totals</b>	<b>6,467,913</b>	<b>261,909</b>	<b>6,729,823</b>	<b>273,962</b>	<b>7,003,785</b>	<b>7,765,263</b>	<b>10.87%</b>

1/ Figures include the 4.25% cost increase factor that was shown as a separate line item for USD 218,145 ("Cost increase factor 4.25%") on the approved budget (see Annex 1 to Res 9/2011)

2/ Cost of ICRU charged on human resources under Trust Fund projects since April 2012 (at the rate of 6.5% for April 2012 only, thereafter at 8%) and not included in the approved 2012-13 budget. The figure given here is given for a full biennium in order to present the correct basis for the calculation of zero growth budget figure for 2014-15

## **ANNEX 5A: Augmented option Implementing Functions – USD 1,622,915**

The following list provides details of the costs of the implementing activities proposed in Annex 3. In all cases, ICRU (improved Cost Recovery Uplift) has been added at a rate of 8% for human resources. In addition, General Operating Expenses (at a rate of 4%) and Project Servicing Costs (charged at a rate of 6%) have been included as “Overheads and administrative costs”.

### **CIF-1, Cooperation with the Convention on Biological Diversity - USD 260,987**

1. Temporary Posts – USD 201,744
  - a. *Liaison with CBD P-4* post for 50% (another 50% to be funded by the Convention)
2. Meeting: USD 15,000 CDB-Treaty-GIZ-Bioversity Workshop on harmonious implementation of Nagoya Protocol and the Treaty
3. Core Staff Duty Travel –USD 20,000
4. Overheads and administrative costs – USD 24,243

### **CIF-2, Maintenance and development of the Multilateral System - USD 151,622**

1. Consultancy costs – USD 82,600
  - a. Consultancy costs for maintaining and programming IT tools
  - b. Maintenance of the SMTA and Treaty websites
2. Core staff duty travel – USD 35,000
3. Publications, brochures, software licenses: USD 13,330
4. Overheads and administrative costs – USD 14,084
5. ICRU - USD 6,608

### **CIF-3, Ad Hoc Committee on the Multilateral System and SMTA - USD 71,436**

1. Consultancy costs – USD 10,000
2. Meetings costs –USD 54,000
  - a. Two session of two days
3. Overheads and administrative costs – USD 6,636
4. ICRU - USD 800

### **CIF-4, Mobilizing resources, outreach and promotion of the Treaty - USD 206,590**

1. Consultancy costs (contract) – USD 60,000
  - a. Strategic review of BSF fund raising plan implementation and development of resource mobilization strategies for the Trust Funds for Agreed Purposes and developing country travel support
2. Meetings costs –USD 100,000
  - a. Three Cultivation events
3. Core staff duty travel (donor cultivation related) – USD25,000
4. Overheads and administrative costs – USD 19,190
5. ICRU - USD 2,400

### **CIF-5, Operations of the Benefit-sharing Fund – USD 140,225**

1. Consultancy costs – USD 90,000

- a. Third Project Cycle -Screening of Project Proposals and Help Desk
- b. Support for running of the third call for proposals
- c. Review of the Funding Strategy as a whole (annex 4 of the FS)
2. Meeting: USD 30,000
  - a. Meeting of partners to develop innovative approach on the use of funds
3. Overheads and administrative costs – USD 13,025
4. ICRU - USD 7,200

**CIF-6, *Ad Hoc* Working Group to Expand Benefit-sharing and the Scope of the Multilateral System - -  
USD 330,720**

1. Meetings costs – Funds set aside for meeting(s) of the Working Group USD 300,000
2. Overheads and administrative costs – USD 30,720

**CIF-7, Global Information System on Plant Genetic Resources for Food and Agriculture – USD 274,590**

1. Temporary Posts – USD 201,744
  - a. *Liaison with GCDT* P-4 post for 50% (another 50% to be funded by the Trust)
2. Consultancy costs USD 15,000
3. Meetings costs – USD 15,000
4. Overheads and administrative costs –USD 25,506
5. ICRU - USD 17,340

**CIF-8, *Ad Hoc* Committee on Conservation and Sustainable Use – USD 33,954**

1. Consultancy costs USD 10,000
2. Meetings costs – USD 20,000
3. Overheads and administrative costs –USD 3,154
4. ICRU - USD 800

**CIF-9, The Capacity-building Coordination Mechanism, and National Capacity-building for Harmonious Implementation of the Multilateral System, within the International Regime of Access and Benefit-sharing – USD 152,793**

1. Consultancy costs USD 45,000
2. Meetings costs – USD 70,000
3. Core staff duty travel – USD20,000
4. Overheads and administrative costs –USD 14,193
5. ICRU - USD 3,600

## ANNEX 6: ASSUMPTIONS USED IN COSTING THE CORE ADMINISTRATIVE BUDGET

### *Inflation and cost increases*

1. The annual inflation rate (consumer prices) in Italy, where the Secretariat incurs the greater part of its expenditure in Euros, has been forecast at approximately 2 % *per annum* for the period 2014-2015. On the date the budget was adopted for the 2010/2011 biennium, the US Dollar stood at 1.413 against the Euro, weakening to its lowest average during May 2011, at around 1.49 to the Euro. The average Dollar/Euro exchange rate over the last 2 years, taking into account the recent strengthening of the US Dollar is 1.3322. The Dollar/Euro rate at the time of the preparation of this draft budget is around USD 1.33 = Euro 1.
2. The cost of Maintenance Functions in this proposed budget has been calculated on a Zero Real Growth basis, with increases included exclusively to maintain purchasing power. This biennial increase of 4% is in line with the Consumer Price Index (CPI) of the Economist Intelligence Unit for Italy for the period 2014-15.
3. Improved Cost Recovery Uplift (ICRU). - the cost of human resources (both staff and non-staff) funded from the trust fund element of the Core Administrative Budget has increased since the adoption of ICRU which has been levied by FAO on such expenditure since April 2012. This was charged, initially at a rate of 6.5% (for the month of April 2012 only), thereafter at a rate of 8%. This has been implemented to recover the cost of office space (1.5%), security (1.5%) and information technology (5%) from trust funds for human resources (both staff and non-staff) stationed in Rome. The financial impact of this measure on the cost of human resources for the Treaty Secretariat (including proposed consultancy costs) is in the order of US\$ 241,208 (see Annex 1) and an additional budget line – A.4 – has been added to cover this.

### *Human Resources*

The newly published, revised FAO standard rates for the 2014-2015 biennium have been used in the computation of staff costs. The figure above is comprehensive of ICRU (as in 3. above)

### *Meetings*

A statutory task of the Secretary and the Secretariat is to provide administrative support for sessions of the Governing Body and its subsidiary bodies, including the preparation of documentation. In the 2012-13 biennium, the proposed meetings of the following subsidiary bodies are provided for in *Annex 2*:

- One Session of the Governing Body;
  - Note: on the basis of the experience of the 3<sup>rd</sup> and 4<sup>th</sup> Sessions of the Governing Body where the funds allocated under the CAB proved to be largely insufficient to cover the cost of a full session of the GB, this budget line has been increased to US\$ 575,000, a figure which although still insufficient, is the maximum amount that could be accommodated within the constraints of a zero growth budget.
  - The Augmented budget proposal carries an allotment increased to US\$ 750,000 which far better reflects the real cost of the session.
- One meeting of the Bureau of the Governing Body in each year of the biennium.
- Two meetings of the Compliance Committee (In accordance with Article 19.3 & 21 of The Treaty) In accordance with the draft resolution proposed in the relative Working Paper and subject, naturally, to acceptance by the Governing Body, the costs of meetings of the Compliance Committee, including those to facilitate the participation of members of the Committee and related activities, have been included in the proposed Core Administrative Budget
- One meeting of the Panel of Experts for the appraisal of project proposals (In accordance with Step 5 of *Annex 3* of the Funding Strategy, as adopted by Governing Body 2 at its Second Session (One meeting of 14 experts for 3 days)
- With the exception of the cost of the session of the GB, all costs related to other statutory meetings have remained unchanged

- Note: Meetings of the *ad hoc* bodies, proposed to be convened in the 2014-15 biennium, are budgeted for separately, As Core Implementing Functions, in *Annex 3*

#### ***Other costs***

This allocation covers costs relating to secretariat travel, publications, equipment and miscellaneous expenditure, and represents an increase over the allocation approved in the 2012-13 Core Administrative Budget, essentially to cover the cost of the contract with the International Computing Centre for the hosting of the SMTA server.

#### ***General Operating Expenses***

General Operating Expenses represent charges for the full range of support services needed to run the Secretariat offices and related operations, and are calculated at a rate of 4 % of the sum of the costs in the budget annexes. Services used by the Secretariat for which charges are made under this heading include: operation and maintenance of equipment, electricity, insurances, postal and pouch services, other communications services, other operating costs, courier services, telephone costs, facsimile transmission charges.

#### ***Project Servicing Costs***

Project Servicing Costs (PSC) are charged by FAO to cover the indirect variable administrative and operational costs of servicing Trust Funds. These are services which, because of their nature, cannot readily be charged directly to the Trust Fund, such as: recruitment and servicing of personnel, including payroll operations; procuring supplies and equipment, formalizing contracts with suppliers; receipt, custody and disbursement of funds, maintenance of project accounts, financial reporting, external and internal audits. The rate currently being charged to the Treaty has been established at 6%, and is applied in the budget annexes. (Note: Project Servicing Costs are, logically, not chargeable on the FAO contribution to the Treaty)

#### ***FAO contribution***

The figure quoted is based on the provisional allotment in the FAO Programme of Work and Budget 2014-15, which reflects a figure of USD 2 million in *Annex 1/2* as contained in paragraph 201 of “*The Director-General’s Medium Term Plan 2014-17 and Programme of Work and Budget 2014-15*”, as follows

*“The management of resources for Conventions and Treaty Bodies*

*201. FAO’s funding commitments for various conventions and treaty bodies will be managed by the head of the relevant department or office in conjunction with the concerned Secretariat. The resources for these commitments are budgeted under the relevant Strategic Objective, as follows:*

- *International Treaty on Plant Genetic Resources for Food and Agriculture: USD 2.0 million (SO2)”*