



**Food and Agriculture  
Organization of the  
United Nations**



**The International Treaty**  
**ON PLANT GENETIC RESOURCES  
FOR FOOD AND AGRICULTURE**

**E**

**Item 16 of the Provisional Agenda**

**SIXTH SESSION OF THE GOVERNING BODY**

**Rome, Italy, 5 – 9 October 2015**

**Financial Report on Progress of the Work Programme and Budget for  
the 2014-2015 Biennium**

**Executive Summary**

1. This financial report is presented to the Governing Body in accordance with paragraphs xviii) and xix) of Resolution 13/2013 of the Fifth Session whereby the Secretary of the International Treaty was requested to *“report on progress on income and expenditures, as well as any adjustments made to the budget in the biennium 2014-15”* and to *“provide a detailed financial report, at least six weeks in advance, to each session of the Governing Body”*
2. The present document deals with the financial position of the International Treaty in its entirety and has been prepared using the financial data available at 31 May 2015. Any significant financial matters occurring during the period June – September 2105 will be reported to the Governing Body at the time of its Sixth Session.
3. Particular emphasis is placed on the Core Administrative Budget as provided for in Financial Rule III.3a but summary information is also provided on the donor-supported Funds (the Special Funds for agreed purposes, and the Fund to Support the Participation of Developing Countries), as well as on the Benefit-sharing Fund (for the disbursement of funds resulting from Article 13.2d of the Treaty).
4. Additional tables with detailed financial information are contained in the appendixes to information document IT/GB-6/15/Inf. 7 and generically referred to in this document as appendixes<sup>1</sup>.

<sup>1</sup> Available at <http://www.planttreaty.org/content/gb6>

## I. THE CORE ADMINISTRATIVE BUDGET

### *A. The structure of the 2014-15 Core Administrative Budget*

1. The Core Administrative Budget of the International Treaty is funded by:
  - a. The amount provided for the Treaty in the Regular Work Programme and Budget of the FAO under Rule V.1a
  - b. The voluntary contributions (hereinafter “contributions”) of Contracting Parties;
  - c. The voluntary contributions of States that are not Contracting Parties, of inter-governmental organizations, of non-governmental organizations and other entities, and
  - d. Funds carried over from the previous biennium, and miscellaneous income.
2. In the current biennium there have been no contributions under (c) above whereas the balance carried forward from the 2012-13 biennium amounted to USD 2,115,296 which included various segregated moneys as well as the Treaty reserve funds as follows:

**Table 1: Segregated and Reserve Funds at 31 December 2013**

	USD
<b><i>Amounts held as Reserve Funds at 31/12/2013:</i></b>	
Third Party Beneficiary Operational Reserve	255,573
Working Capital Reserve	202,118
<b><i>Other</i></b>	
Contributions received in advance for the 2014-15 biennium:	111,347
Repayment of borrowing from the Special Funds for Agreed Purposes:	824,975
<b><i>Sub-total segregated funds</i></b>	<b><i>1,394,013</i></b>
In addition to the above, the following funds were also set aside:	
Additional transfer to the Working Capital Reserve to enable full funding in accordance with Resolution 9/2011	197,882
Additional transfer to Third Party Beneficiary Operational Reserve to enable full funding in accordance with Resolution 5/2009	27,707
<b><i>Total funds set aside from biennium-end balance</i></b>	<b><i>1,619,602</i></b>

3. Accordingly, after considering the above amounts, the funds actually available to be carried forward to the 2014-15 biennium amounted to USD 495,694.
4. The Core Administrative Budget for the 2014/15 biennium as adopted by the Fifth Session of the Governing Body by Resolution 13/2013, envisaged a provision of USD 6,943,284 for the Work Programme, composed of:
  - USD 2,000,000 from FAO and
  - USD 4,943,284 from Contracting Parties
5. Resolution 13/2013 provided for the maintenance of the level of the Working Capital Reserve at USD 400,000, as previously adopted by Resolution 9/2011 of the 4<sup>th</sup> Session of the Governing Body.
6. *Appendix 2* of doc.IT/GB-6/15/Inf. 7 provides the 2014-2015 budget, as adopted.

### ***B. Contribution from FAO to the International Treaty***

7. In view of the increase in the level of the Core Administrative Budget (CAB) approved at the 5<sup>th</sup> Session of the Governing Body, this means that the FAO contribution, expressed as a

percentage of the CAB, has declined from 36.24% in the 2010-11 biennium to the current level of 28.80%. This percentage is based on the level of the agreed budget and does not take into account the rate of voluntary contributions actually received. Considering the rate of payment of contributions at the end of a biennium of around 80% in the recent past, the impact of the FAO contribution remains around 33.60%.

### ***C. Contributions from Contracting Parties***

8. Itemized calls for contributions were issued in early 2014 to all Contracting Parties and another specific formal follow-up action was undertaken again in early 2015.

9. As at 31 May 2015, 49 Contracting Parties (out of 131 at the beginning of the period) had contributed to the Core Administrative Budget, for a total of USD 3,181,372.94 (including amounts due to the Working Capital Reserve and Third Party Beneficiary Operational Reserve).

**Table 2: Contributions to the Core Administrative Budget 1 Jan 2014 - 31 May 2015**

<i>Contributions from Contracting Parties</i>	<i>Current biennium at 31 May 2015</i>	<i>2012-13 biennium at 31 December 2013 (for comparison)</i>
Core Administrative Budget	<b>2,900,820.96</b>	<b>3,620,759.87</b>
European Commission	<b>131,543.74</b>	<b>66,313.00</b>
Funds received from the GCDT for co-funded liaison officer post (Resolution 13/2013 xv. refers)	<b>58,842.00</b>	n/a
Working Capital Reserve <sup>2</sup>	<b>76,045.89</b>	<b>56,635.83</b>
Third Party Beneficiary Operational Reserve	<b>14,120.35</b>	<b>12,308.50</b>
Total	<b>3,181,372.94</b>	<b>3,756,017.20</b>

10. Contributions to the Core Administrative Budget were equivalent to approximately 62.5% of the contributions expected from Contracting Parties, or approximately 44.5% of the total CAB (including FAO and Contracting Parties' contributions). It is encouraging to note the continuing support received from the European Commission during the biennium.

11. A list of the contributions made to date by Contracting Parties is provided in *Appendix 3* of doc.IT/GB-6/15/Inf.7 *Appendix 4* of the same document provides a breakdown, by region, of Contracting Parties that have contributed to the CAB in the current biennium.

12. Details of receipts of contributions for the period June 2015 – September 2015 will be provided to the Governing Body at the time of its Sixth Session

13. The general trend to date has been relatively positive although slightly lower than that of the previous biennium. It is expected that this current shortfall will be recovered in the course of the next few months and that there will not be a reoccurrence of the shortfalls experienced in earlier biennia. Nonetheless, the Treaty will not be able to approach full funding of the CAB for the biennium and a figure of between 80% and 85% appears to be more realistic (receipts in 2012-13 reached approximately 84% of the budgeted CAB)

14. It should be recalled that only 49 Contracting Parties (out of 131 at the beginning of the biennium, including the EU), or 37.4%, have made any payment as at 31 May 2015. At the end of the 2012-2013 biennium, contributions had been received from 49 Contracting Parties or 38.6% of the membership at that time.

<sup>2</sup> Including amounts received from countries having become Contracting Parties since the 5<sup>th</sup> Session of the GB

### ***D. Amounts due to the Special Funds carried forward from 2008-09***

15. As reported to the Governing Body at previous Sessions, the total amounts borrowed from the Special Funds in the 2008-09 biennium totalled USD 824,975 and remained as an obligation to be liquidated in a future period.

16. Extremely prudent financial management of the Treaty in the last biennium, made the repayment of the borrowing appear a probability at the end of December 2013. It was necessary to await the formal closure of the 2012-13 accounts before proceeding in order to endorse the financial position of the CAB but it can now be confirmed that the repayment of the borrowing to the Special funds for agreed purposes has been effected in its entirety.

17. The repayment of these moneys to the Special Funds makes them available for executing activities originally agreed with the donors. It would therefore be mistaken to consider them as newly available, unallocated resources.

### ***E. Projected Expenditure and Income***

18. The following table gives a forecast of forecast expenditure (or expenditure already committed) and additional CAB income projected through to the end of the biennium with the expected carry forward to the next biennium.

19. The available balance in the CAB at May 2015 was around USD 1.5 million. However, it must be borne in mind that the largest biennial expenditure, the cost of the 6<sup>th</sup> Session of the Governing Body, has still to be absorbed and that other items (primarily forecast routine expenditure and commitments to year end, have still to be accounted for.

**Table 3: Estimate of additional Core Administrative Budget expenditure to 31 Dec 2015**

Description:	All amounts in US dollars	
<b>Balance of the CAB at 30 May 2015</b> (as per financial statement)		-1,510,381
Reserve accounts <sup>3</sup>	-	
<b>Adjusted available balance</b>		<b>-1,510,381</b>
<b>Less: Projected expenditure to 31/12/2015</b>		
• Human Resource costs (including 8% ICRU & 6% PSC)	645,105	
• Cost of 6th Session of the GB (including 6% PSC)	689,000	
• Routine monthly Treaty expenditure	210,000	
<b>Sub total</b>		<b>33,724</b>
<b>Plus: Additional revenue forecast to 31/12/2015</b>	-1,150,000	
<b>Projected balance for carry-forward to the 2016-17 biennium</b>		<b>-1,116,276</b>

20. The status of expenditure is given in *Appendix 5a* of doc.IT/GB-6/15/Inf. 7 (whereas the consolidated financial statement at 30 June is given in *Appendix 5b*). Further financial information is also provided, which gives a detailed break-down of expenditure compared to the originally adopted Core Administrative Budget, by allotment.

### ***F. The Working Capital Reserve***

21. Financial Rule 6.4 provides that “*Within the General Fund there shall be maintained a working capital reserve at a level to be determined from time to time by the Governing Body by consensus....*”

22. The level of the WCR was increased from USD 350,000 to the current USD 400,000 in accordance with Resolution 9/2011 of the 4<sup>th</sup> Session of the Governing Body, to be funded in the 2012-13 biennium.

<sup>3</sup> In the interests of clarity and financial control, the monies held for the Working Capital Reserve and Third Party Beneficiary Operational Reserve are no longer comingled with the funds of the Core Administrative Budget. Since 2014, these monies are held in “Baby” accounts (01 & 02 respectively) within Trust Fund MTF/INT/017/MUL.

23. During the current biennium, amounts totalling USD 76,045 89 have been received from 15 Contracting Parties. At 31 May 2015, USD 278,164 or 69.5% of the amounts due to the Working Capital Reserve had been received, leaving a balance of USD 121,836 due from 84 Contracting Parties.

#### ***G. The Third Party Beneficiary Operational Reserve***

24. The Governing Body, by Resolution 5/2009 of its Third Session, requested that the Secretary of the International Treaty establish the Third Party Beneficiary Operational Reserve (TPB-OR) and called for it to be funded by voluntary contributions. In this connection, the Ad hoc Third Party Beneficiary Committee at its Second Meeting in March 2009 proposed to the Governing Body an initial level of the Operational Reserve at USD 283,280<sup>4</sup>

25. At the end of May 2015, USD 269,694 or 95.2% of the amounts due to the TPB-OR, had been received from 72 Contracting Parties leaving a balance of USD 13,586 still payable.

### **III. DONOR-SUPPORTED SPECIAL FUNDS**

#### ***A. Special Fund for Agreed Purposes***

26. The balance of this multi-donor Fund carried-forward from the 2012-13 biennium was USD 478,378. During the 2014-15 biennium, further contributions have been received, as set out in *Appendix 6* of document IT/GB-6/15/Inf. 7.

27. The financial statement for the Special Fund at 31 May 2015 is given in *Appendix 7 a)* of document IT/GB-6/15/Inf. 7.

#### ***B. Fund to Support the Participation of Developing Countries***

28. The initial balance carried forward at the beginning of the 2012-13 biennium was USD 389,539. Income to the Fund in the current biennium to date has USD 135,988.

29. Summary financial data on this fund is provided in *Appendix 7 b)* of doc.IT/GB-6/15/Inf. 7. With a balance at the end of May 2015 of USD 392,084, the Fund should be able to meet the needs of the current Sixth Session of the Governing Body.

30. However, the Fund is very close to depletion, and it is disappointing to have to note that the total support to this fund over the years has come from only four Contracting Parties. In view of the financial burden resulting from convening the Sixth Session of the Governing Body, Contracting Parties are urgently invited to make donations to the Fund.

### **IV. THE BENEFIT-SHARING FUND**

31. Documents IT/GB-6/15/Inf. 7, *Report on the Operations of the Benefit-sharing Fund*, deals with the activities of the Benefit Sharing Fund in detail.

32. Details of those Contracting Parties having made contributions to the Fund during the period from 1 January 2014 to 31 May 2015 are provided in *Appendix 6* of document IT/GB-6/15/Inf.7 whereas the summary financial position of the Benefit-sharing Fund at 31 May 2015 is given in *Appendix 7 c)*.

### **V. CONCLUSIONS**

33. The Core Administrative Budget exists to assure the stable core of the Treaty's functions, and it is, therefore, essential that a lack of funding, on a regular and predictable basis, does not impede its basic operations, and the implementation of the Work Programme.

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<sup>4</sup> [http://www.planttreaty.org/meetings/tpbc2\\_en.htm](http://www.planttreaty.org/meetings/tpbc2_en.htm) doc. IT/TPBC-1/08/2 refers

34. Despite some positive notes, certain potential financial problems remain that could have a negative impact on the Treaty's Work Programme, and on the operational and policy engagement of Treaty stakeholders and membership.

35. There remains the very real possibility that the Special Funds will be exhausted during the next biennium which could have a severe operational impact on the overall Work Programme of the Treaty. The exceptional extra-budgetary support that has been provided by only a very limited number of donors since the inception of the Treaty cannot be expected to continue, given the enduring international financial crisis.

36. In the last two biennia, the Core Administrative Budget has been strengthened and has absorbed more activities that by their nature are Core Implementing Functions. This has been done without increasing the financial burden on each single Contracting Party given the increase in Treaty membership. Despite this, the importance of securing sufficient new funding for the Special Funds must not be underestimated, in making possible the implementation of the Work Programme.

37. Accordingly, Contracting Parties are urged to make every effort to provide voluntary contributions to the Special Fund for Agreed Purposes, as well as to the Special Fund for the Participation of Developing Countries, in the near future.

38. Despite the generally stable financial position of the Core Administrative Budget, it must be noted that the number of Contracting Parties actually making any contribution to the Core Administrative Budget continues to be very limited: only 49 out of 131. An improvement in this regard is essential to underline the multilateral nature of the Treaty. In this context, it is encouraging to note that the support of the European Union, which contributed to the Core Administrative Budget for the first time in 2012, is continuing in the current biennium. All Contracting Parties are strongly urged to make their contributions at a commensurate level and in a timely manner.

39. The nature of voluntary contributions carries with it a degree of uncertainty regarding the level of budget that can actually be collected. The use of the Indicative Scale of Contributions for voluntary contributions of Contracting Parties makes it difficult to collect the shortfall in the total adopted Core Administrative Budget created by those cases where the contribution received from one of the larger contributors differs significantly from the amount expected. This makes it important to seek the guidance of the Governing Body on how to address the systemic tendency towards the potential conservation of shortfalls from the approved Core Administrative Budget which arises from the use of a voluntary Indicative Scale of contributions.