



October 2010

Item 8 of the Draft Provisional Agenda
INTERNATIONAL TREATY ON PLANT GENETIC RESOURCES FOR FOOD AND AGRICULTURE
SIXTH MEETING OF THE <i>AD HOC</i> ADVISORY COMMITTEE ON THE FUNDING STRATEGY
Rome, Italy, 13-15 October 2010
REPORT

Agenda Item 1-Opening of the meeting

1. The Secretary of the International Treaty, Dr Shakeel Bhatti, opened the meeting and welcomed the members of the *Ad Hoc* Advisory Committee on the Funding Strategy (“the Committee”). The list of participants is attached in *Appendix 1*.
2. Dr Bhatti welcomed the participants and recalled that at its fifth meeting, the Committee elected Messrs Bert Visser and Gabriel Bellon as Co-chairs. He also informed that the representative from Uruguay had unfortunately not been able to attend the meeting and the Committee needed to identify a second Co-chair. Mr Fabiano Soares, from Brazil was elected as Co-chair to this meeting.
3. Dr Bert Visser briefly introduced the main agenda items of the meeting. He recalled that the Committee, at its last meeting, made itself available to support the work of the Bureau in screening the pre-proposals submitted within the second round of the project cycle of the Benefit-sharing Fund.
4. He noted that the Committee should give advice to the Bureau on the pre-proposals to be invited to develop full project proposals and thanked the Secretariat for the extensive preparatory screening work already undertaken.

Agenda Item 2- Adoption of the agenda

5. The Committee adopted its agenda, as given in *Appendix 2*.

Agenda Item 3 - Report on the resource mobilization efforts

6. The fundraising company which has been engaged to assist with the implementation of the Strategic Plan, CCS, introduced document IT/ACFS-6/10/3 and presented an update on the Benefit-sharing Fund resource mobilization activities, specifically focused on the three key

prospect areas outlined in the Strategic Plan, namely Contracting Parties, the private sector and international foundations.

7. CCS underlined the success achieved to date, with the 'Top of Tier' support received from Spain, Italy and Australia, the US\$10 million commitment from UNDP and the commitment from Norway of 0.1% of seed sales in perpetuity. In addition, Kenya had indicated that it is considering to invest in the Fund.

8. CCS underlined a concern that the Treaty is heavily reliant on a small number of committed donors. The Committee noted the importance of keeping expectation levels high, building on existing momentum and sustaining a high level of activity for the initiative. This is to be achieved through widening the investor pool, maintaining the Treaty's investment of resources in the Fund, securing private sector investment and partnerships with international foundations, funds, agencies and bodies.

9. It was noted that no funds have yet been secured from the private sector or from international foundations. The Committee discussed how the 'Leading the Field' proposition might be packaged more attractively to garner support from foundations and the private sector. The importance of active, high-level and systematic outreach to these sectors from the Treaty was highlighted.

10. The Committee underlined the importance of the Treaty conveying a clear message to the mainstream media to secure more widespread recognition. This is something the Treaty has been weak in achieving to date and increasing efforts should be dedicated to communication and promotion efforts for the Treaty. It was suggested that once reports on existing project successes were received they should be conveyed to a wider donor and public audience.

11. The Committee was informed that the P3 position on resource mobilization was being filled, with the candidate expected to start in early November 2010. An appropriate handover from CCS is already being implemented and an on-site hand-over of 1-2 months is to be explored.

12. Budgetary constraints in the Core Administrative Budget and human resource procedures caused notable delays to the P3 process. It was suggested that the hire of the P5 position was actioned promptly and that the applicable procedures be streamlined within the existing FAO reform exercise, as the Committee recognised the relationship between administrative efficiency and results achieved for the Treaty. The Committee noted that the Treaty still has far more prospects than it has resources to manage.

13. The importance of multi-annual and direct investments was underlined and it was noted that all requests are seeking multi-annual commitments. However, to date, most investments have been 'one-off' contributions. To allow the Treaty to make long term plans, the necessary financial resources must be in place. CCS underlined the ability of the Treaty to secure multi-annual investments would be linked to the quality, delivery and impact of projects funded and the level of direct engagement with donors which the Treaty can secure.

14. While the projects may be based on technical considerations and scientific assessment, the message of the Fund must be presented in a simple format. The Secretariat had made some significant strides forward in this regard but had not yet achieved a mainstream media profile for the Treaty. It was suggested that the Secretary step up efforts in this regard and ensure that the identity of the Benefit-sharing Fund projects as having resulted from the International Treaty is maintained at all times. The Committee was presented with the Case for Support, and it was suggested this was widely circulated in an effort to convey a clear and coherent message for the 'Leading the Field' initiative.

15. CCS suggested that building on donor numbers would allow the Treaty to reach a critical mass of supporters which could be achieved by countries influencing neighbours and of bringing others along with the process. CCS anticipated this will take 1 to 2 more years to achieve, and could be facilitated through continued focus and momentum, improved communications and

outreach, linking to the issues of climate change and food security, diverse tailored events, additions to the High Level Task Force, among others. The Committee requested the Secretary to follow up on these items.

16. The Committee discussed a possible partnership with the global seed sector, including in particular the International Seed Federation, and the possible impact this may have on resource mobilisation activities. CCS underlined that it was important to secure private sector investment and that all options were being explored. Direct investments should be sought.

17. The Committee recognized that the cultivation events foreseen by the Strategic Plan have to date been the most effective tool in engaging donors, giving full donor recognition, sending positive messages about the International Treaty, and prompting investment announcements. Further country-led, high-level events would ensure appropriate platforms for investment announcements, strengthen Treaty relations with donors, and highlight the role of host governments. The Committee suggested that, in addition to the a series of tailored ‘cultivation activities’, the Secretary examine presence in existing events in the area of food security and climate change, including in Rome. Such strategies, it is envisaged would add value to the Treaty’s proposition, reduce resources required by the Treaty, and build synergies with existing mechanisms. These may include events hosted in FAO, IFAD, WFP and others.

18. The Committee was informed that, at the initiative of the Secretary, the Treaty and the Trust will host a joint side event in the Hague on November 4th as part of the Dutch High Level Meeting on Food Security and Climate Change. Earlier this year, the Treaty and the Trust had participated in their first joint resource mobilization focused event in the Hague. Further exploration of a possible series of joint fundraising activities of the Treaty and the Trust Secretariat would be useful to present a global package to donors on PGRFA, including the *ex situ* conservation and on-farm conservation and sustainable use of PGRFA. The meetings would clarify for prospective donors the complementarity of the respective institutions.

19. A number of Contracting Parties have queried making multi-faceted investments to the Treaty to incorporate Core Administrative Budget, Benefit-sharing Fund and others. The Committee agreed that fundraising was donor driven and that the Secretariat should ensure that options were available to donors for contributing to the Treaty directly through customized contribution frameworks framed by the financial structure and strategic programmes of the Treaty, or through existing FAO strategic frameworks and mechanisms. In both options, the Secretariat should develop strong and direct relationships with donors and foster long term relationships.

Agenda Item 4 -Screening of Pre-proposals of the second project cycle of the Benefit-sharing Fund

20. Before the Secretariat introduced documents IT/ACFS-6/10/2 and IT/ACFS-6/10/2 Add.1 on the screening of pre-proposals, the Committee recalled that at its fifth meeting, a representative of UNDP was invited to present to the Committee UNDP’s proposed investment in the context of a possible partnership with the Treaty for the implementation of the Benefit-sharing Fund.

21. The Committee also recalled the confirmation of UNDP in working with the Benefit-sharing Fund to help small farmers adapt to climate change through the management of plant genetic resources and their intention to commit more than US\$10 million to this work in the context of the Fund. It also recalled UNDP’s agreement that the Governing Body of the Treaty will retain full responsibility and autonomy for the execution of the project cycle. The Committee advised that a similar respect for UNDP’s autonomy and procedures would be needed for an equitable partnership.

22. The Committee recalled UNDP's commitment to implementing the possible partnership with the Benefit-sharing Fund, including on investing in the call, supporting joint resource mobilization efforts, strategic policy advice and operation of the projects, including disbursement, monitoring and reporting. In this context, contracting with implementing institutions might be done by UNDP and project administration might be handed over accordingly. The Secretary and Co-chair informed on the exchange of various communications since the Committee's last meeting that had taken place with UNDP in order to develop the partnership as requested by the Committee at its last meeting.
23. Recalling the provisional agreements that had been made at its previous meeting, the Committee noted that UNDP needed more time to formulate the exact modalities by which the partnership with the Treaty could take form and a well-considered elaboration and presentation of the partnership would be preferred. It also noted that developing a partnership required more investment from the Treaty side than the standard engagement of a donor. The Committee stressed that UNDP should be seen not just as a donor, but as a comprehensive partner, whose contributions potentially involve multiple parts of the project cycle, rather than exclusively the transfer of cash to the Benefit-sharing Fund's trust account.
24. The Committee noted the nesting approach described by UNDP and strongly recommended that the Treaty should facilitate UNDP's efforts. It recommended that, in order to facilitate the nesting of full proposals approved by the Benefit-sharing Fund, applicants who are invited to prepare full proposals should be requested to contact relevant UNDP offices in order to develop full proposals in collaboration with UNDP so as to facilitate their nestability within larger UNDP projects and programmes, enhance the likelihood of the proposal to be approved for funding, and increase effectiveness and impact of the approved projects.
25. The Secretariat introduced documents IT/ACFS-6/10/2, *Screening of Pre-proposals of the Second Round of the Project Cycle of the Benefit-sharing Fund* and IT/ACFS-6/10/2 Add.1, *Screening of Pre-proposals: Annexes* on the preparatory screening work for the Committee to be able to screen the pre-proposals submitted within the Call for Proposals 2010.
26. The Secretariat informed the Committee that 402 pre-proposals were submitted to the Secretary, of which 344 were submitted on time, through the national authorities of eligible Contracting Parties, and having Pre-Proposals Forms fully completed. From the 344 pre-proposals, 258 fulfilled the eligibility criteria adopted by the Governing Body; the relevant criteria established as part of the Call for Proposals, including priorities of the Call, budget and duration parameters, and the screening criteria adopted by the Bureau for the second round of the project cycle.
27. The Committee recognized the good response from some of the Regions submitting pre-proposals and reviewed the screening work done by the Secretariat.
28. The Secretary called the attention of the Committee to special pre-proposal cases requesting the advice of the Committee on their eligibility. First, the Secretariat identified some pre-proposals submitted directly by the Ministries of Agriculture or the Assistant Ministers of Agriculture, and not through the National Focal Point or through the Permanent Representative to FAO, as indicated in the call for Proposals.
29. After considering the special cases pointed out by the Secretariat, the Committee decided to advise the Bureau to consider eligible those pre-proposals which were submitted directly by the Assistant Minister of Agriculture or the Ministry of Agriculture of an eligible Contracting Party, considering that they are by nature the national authorities in agricultural issues.
30. Furthermore, the Secretariat called the attention of the Committee on some multi-country pre-proposals which include non Contracting Parties to the Treaty. The Secretariat recalled that according to the Operational Procedures adopted by the Governing Body, projects must benefit Contracting Parties.

31. It also advised to consider eligible those multi-country pre-proposals including non Contracting Parties of the Treaty. However, the Committee was clear that applicants shall be informed that funds provided by the Benefit-sharing Fund will only fund activities undertaken in Contracting Parties of the Treaty.

32. Additionally, the Secretariat noted that two pre-proposals submitted under Window 1 had a size project between US\$400,000 and US\$ 500,000, when according to the Call for Proposals 2010 the expected size for projects submitted under this Window would not exceed US\$ 400,000.

33. The Committee also agreed to advise that those pre-proposals submitted under Window 1 that have requested more than US\$400,000 shall be considered eligible, taking into account that after the Call for Proposals was published in the Treaty's website, the Secretariat realized that it did not contain all the modifications made by the Bureau regarding the size of the projects, especially of Window 1. The Committee noted that a new version of the Call, including the modifications, was published in the website and some applicants might not have been aware of the new version when submitting their pre-proposals. These applicants should be asked to review their budget and adjusted when presenting the full project proposal.

34. The Committee discussed possible *ad-hoc* screening criteria to select the pre-proposals that should be invited to present full project proposals. The Committee agreed that quality and technical merit must remain the main screening criteria.

35. The Committee reviewed the preparatory screening done by the Secretariat. It reviewed and confirmed the compilation of the pre-proposals adequately submitted to the Secretariat which also fulfilled the eligibility criteria adopted by the Governing Body at its Second Session and also fulfilled the eligibility criteria and the requirements established in the Call for Proposals 2010.

36. The Committee also reviewed the evaluation made by the Secretariat of the 58 eligible pre-proposals submitted under Window 1 and 200 eligible pre-proposals submitted under Window 2, noting that each of the pre-proposals was scored according to the screening criteria adopted by the Bureau at its second meeting and published within the Call for Proposals for the information of applicants.

37. The Secretariat explained how the eligible pre-proposals under Windows 1 and 2 had been evaluated according to the screening criteria adopted by the Bureau and explained that each of the screening criteria was evaluated from 0 to 5 and that the highest total score for pre-proposals under Windows 1 and 2 was 40 points.

38. The Committee addressed the number of pre-proposals invited, based on quality and technical merit, and therefore considering the ranking obtained from the evaluation of the screening criteria made by the Secretariat. It recalled the expert advice on the Call for Proposals 2010 that for every full project proposal to be approved between 1.5 and 3 pre-proposals be invited to present full project proposals.

39. The Committee recommended that a ratio of 1:2 pre-proposals under Window 1 and 1:3 under Window 2 are invited to submit full project proposals.

40. According to the evaluation of the screening criteria adopted for Window 1 pre-proposals, using the ratio of 1:2 pre-proposals to be invited under Window 1 and considering as the major criteria the quality of pre-proposals, the Committee recommended that pre-proposals which scored from 40 points to 28 points be invited to present full project proposals.

41. The 43 pre-proposals under Window 1, which the Committee recommended to the Bureau should be invited, are included in *Appendix 3* of this Report.

42. According to the evaluation of the screening criteria adopted for Window 2 pre-proposals, using the ratio of 1:3 pre-proposals to be invited under Window 2, and considering as the foremost criterium the quality of pre-proposals, the Committee recommended that pre-proposals scored from 40 points to 36 points be invited to present full project proposals.

43. The 88 pre-proposals under Window 2, which the Committee recommended to the Bureau should be invited, are included in *Appendix 4* of this Report.

44. Noting that some Regions are weakly represented in the 131 pre-proposals that should be invited to present full project proposals, the Committee called the attention of the Bureau to take this into account and look for options that could improve the quality of the full project proposals from less represented Regions. This should include to have the Helpdesk function taking a proactive approach offering more support to those Regions when preparing the full project proposals, subject to the availability of funds and capacity of the Helpdesk and to the availability of staff mastering FAO official languages, and to take a pro-active approach in future Calls for Proposals.

Next steps in the project cycle

45. The Committee discussed the next steps and other aspects of the operation of the present round of the project cycle. It discussed the roster of experts and the way the experts should undertake the appraisal of project proposals to be most effective, considering lessons learned and the special characteristics of the Call for Proposals 2010.

46. The Committee highlighted the importance that experts appraised project proposals according to adopted criteria and strengthened the need to facilitate their work and ensure transparency.

47. The Committee recommended that the panel of experts meet to conclude their task, possibly during the last week of February 2011, subject to the availability of funds.

48. The Committee recommended that by the end of November 2010 the experts selected to participate in the appraisal of the project proposals be contacted and informed on their task and timeframe for its delivery.

49. Furthermore, the Committee recommended that for future rounds of the project cycle, lessons learned from the first and second rounds of the project cycle should be considered and shared with Contracting Parties. It suggested that terms of reference should be prepared for the expert and for the partners of the Benefit-sharing Fund.

Mid-term programme of the Benefit-sharing Fund

50. At its fifth Session, the Committee considered the document *Expert advice on the second Call for Proposals, including a strategy and programme for the Benefit-Sharing Fund*. The Committee commended high-quality advice provided by high-level experts. The *Expert advice* paper provided an excellent basis for preparing the next Call for Proposals 2010 but also described the need to apply a programmatic approach to the development of the Benefit-sharing Fund.

51. At its fifth meeting, the Committee recommended that the Secretariat prepare elements for developing a mid-term programme of the Benefit-sharing Fund to ensure sustainable food security and climate change adaptation for discussion at its sixth meeting, as preparatory work for the Fourth Session of the Governing Body.¹

52. The Committee invited Mr Roberto Acosta and Dr N. Parasuramam to provide a presentation on the elements contained in the *Expert advice* paper to be taken into account in developing such mid-term programme for the Benefit-sharing Fund. In their presentation, the experts emphasized the need for strategic programming: climate change adaptation is a medium- and long-term activity, funding should not be piecemeal but conceived and implemented within a

¹ IT/ACFS-5/10/Report, para. 42.

overarching framework. A mid-term programme needs to have a clear thematic focus and identify the primary beneficiaries as well as the partnerships to be developed at project or programme levels. It should also indicate the need for a programmatic approach with two phases (planning and implementation), and ways to review progress and lessons learned.

53. The Committee highlighted that the design of such mid-term programme does not imply broadening or modifying the three agreed priorities of the Benefit-sharing Fund. Rather it constitutes a precise, consistent and concrete implementation of the agreed priorities with the aim of increasing the Fund's identity and positive impact to global challenges, in particular of developing countries, and priorities of current and potential donors.

54. The Committee recommended that the Secretary to engage the experts that had advised him previously to prepare a strategic and result-driven programme document based on the elements identified in the *Expert advice* paper. The document should be concise and would be ready for discussion by the Governing Body at its Fourth Session. The Bureau could consult Regional Groups on the content of the document before the Governing Body. The Committee clarified that their understanding was that a mid-term programme will at least cover the next 5-6 years but also indicated that this required further consideration by the experts, the Secretariat and the Bureau.

Agenda Item 5 - Further operationalization of the Benefit-sharing Fund: Institutional Arrangements and Procedures

55. The Secretariat introduced document IT/ACFS-6/10/6, *Operation of the Benefit-sharing Fund: Institutional Arrangements and Procedures*.

56. At its Third Session, the Governing Body requested the *Ad Hoc* Advisory Committee on the Funding Strategy to advise the Bureau and the Secretary on the operation of the Benefit-sharing Fund, including on disbursement and reporting procedures. The Committee, at its fifth meeting, requested the Secretariat to prepare for its consideration at its next meeting, documentation on procedures and institutional arrangements, including:

- a. draft procedures for disbursement, reporting and monitoring, in accordance with the Operational Procedures of the Fund, as adopted by the Governing Body;
- b. a comparative analysis of the disbursement, reporting and monitoring procedures as well as institutional arrangements developed and implemented by other multilateral financial mechanisms, taking into account established international standards and lessons to be learned for the implementation of the Benefit-sharing Fund;
- c. relevant information and analysis for customizing the disbursement, reporting and monitoring procedures to the functional needs of the Treaty's Benefit-sharing Fund, given the status of the International Treaty as a legal instrument adopted under Article XIV of the FAO basic texts;
- d. information on the deliberations of the Programme Committee and other processes of FAO related to Article XIV bodies as well as their background documentation relevant to the operation of the Benefit-sharing Fund.²

57. The Committee thanked the Secretariat for providing an overview of the document. It stressed the importance of establishing procedures and institutional arrangements to monitor and evaluate projects funded by the Benefit-sharing Fund and to effectively disburse funds to project recipients. The Committee emphasized that these procedures and institutional arrangements will enhance the operation of the Benefit-sharing Fund by promoting accountability and facilitating the assessment and dissemination of results and impact achieved as well as by identifying lessons learned from projects. Having an efficient monitoring and evaluation framework will be vital for assessing project quality and support further resource mobilization.

² IT/ACFS-5/10/Report, para 55.

58. The Committee considered the draft *interim* procedures prepared by the Secretariat based on a review of state-of-the-art procedures employed by existing multilateral financial mechanisms. The Committee recommended that the procedures should retain sufficient flexibility to respond to the evolving needs of the Governing Body and its Benefit-sharing Fund, and should not burden applicants with an overly complex and costly amount of monitoring, evaluation or auditing.

59. The Committee emphasized the importance of integrating the auditing of projects more clearly into these procedures. It also advised the Secretary to explore different options regarding the mechanisms and costing of monitoring, evaluation and auditing, recognizing that the Benefit-sharing Fund is at its start-up-phase and there are economies of scale to be considered in undertaking these activities. For example, at least some of these activities could be undertaken for a sample of projects of a given project cycle and paid through an overall overhead cost reserved from the Benefit-sharing Fund. Another possibility is to reflect the costs of these activities into the budget of the full project proposal and aim to keep the fees for project cycle management as low as possible.

60. The Committee advised the Secretary to use the draft *interim* procedures in *Appendixes 5* and *6* as a basis for further work with the understanding that the future roles and responsibilities of this Committee, the Bureau and other inter-sessional Treaty processes will need to be discussed and agreed upon by the Governing Body of the Treaty. It took note of the need to discuss these draft *interim* procedures with the relevant Departments of FAO as well as engaging the necessary expert advice and partners such as UNDP and IFAD, before presentation to the Governing Body.

61. The Committee recommended that the agreements establishing the grant conditions will need to include provisions to deal with inclusions into the MLS of materials arising from the projects funded.

62. The Committee noted that different FAO bodies, such as the Committee on Constitutional and Legal Matters (CCLM), are undertaking a review of statutory bodies with a view to allow them to exercise greater financial autonomy and administrative authority. The CCLM noted that the extent of functional autonomy of statutory bodies depend on a range of combined factors such as funding modalities, in particular the extent to which they are financed by contributions of Contracting Parties. The Committee emphasized that the Benefit-sharing is under the direct control of the Governing Body and it is financed exclusively through the Strategic Plan that Contracting Parties have established for its implementation. The Committee therefore expects that, given that there is a high degree of self-financing, there should be an equally high degree of autonomy and self-administration in the operation of the Benefit-sharing Fund. The Committee recommends a value-for-money approach in selecting and obtaining the necessary administrative services and applying necessary administrative procedures, whether from FAO or external partners.

63. The Committee inquired about an ongoing exercise of the Programme Committee of FAO to address the functional needs of conventions, treaties and other Article XIV bodies housed in FAO, including the International Treaty. The Secretary informed that, pursuant to this exercise, a request had been received for a list of the needs of the Treaty and that the Bureau and various Committees of the Treaty had over the past biennia compiled a list of needs. The Committee noted the list, which is at *Appendix 7* of this Report, and recommended that it be provided to Programme Committee and the Bureau of the Governing Body so that the functional needs of the Treaty may be addressed.

64. The Committee recommended to enhance as much as possible the effectiveness of the operation of the Benefit-sharing Fund, including by relying on designated implementation entities to provide services related to project formulation, supervision and implementation. It requested the Secretary to continue exploring options for partnerships with multilateral institutions that provide similar services for other multilateral funds and have a recognized capacity for project

and financial management, are present in the field and can support co-funding of projects funded by the Benefit-sharing Fund. In doing so, lessons can be learned from the ongoing establishment of the partnership with UNDP.

65. In this context, the Co-chairs invited Mr Adam Bouloukos, Director of Outreach and Partnerships of the United Nations Office for Project Services (UNOPS), to provide an overview of the work of its organization. Mr Bouloukos explained that UNOPS has been established by the UN General Assembly to provide high-quality, flexible and cost effective services. UNOPS specializes in project management, procurement and loan and grant supervision services for donors, governments and the UN system. Mr Bouloukos gave a number of examples of projects and programmes, such as the Small Grant Programme, executed by UNOPS including in the areas of biodiversity or post-disaster rehabilitation, and explained that UNOPS uses a strong project management methodology for design and implementation of projects.

66. The Committee thanked Mr Bouloukos for his presentation and highly appreciated the positive and constructive offer to partner with the Benefit-sharing Fund. The Committee made some questions to the UNOPS representative regarding possible arrangements for conducting certain services during project implementation. The Committee requested the Secretary to further explore the partnership with UNOPS, recognizing that other agencies including IFAD and UNDP can provide similar services.

Agenda Item 6 - Monitoring the implementation of the Funding Strategy: resources not under the direct control of the Governing Body

67. The Secretariat introduced document IT/ACFS-6/10/8, *Monitoring the implementation of the Funding Strategy: resources not under the direct control of the Governing Body*. The document provides information on resources not under the direct control of the Governing Body that contribute to the Funding Strategy, including from Contracting Parties and non-Contracting Parties; international organizations with which the Governing Body has entered into an agreement, in particular the Global Crop Diversity Trust; and relevant international mechanisms, funds and bodies.

68. The Committee recalled that at its Third Session, the Governing Body requested the *Ad Hoc* Advisory Committee on the Funding Strategy to, *inter alia*, address the full remit of the Funding Strategy, including in particular the resources not under the direct control of the Governing Body and to advise on the monitoring of the implementation of the overall Funding Strategy and on the assessment of its efficacy. It noted that recognition of all activities under the Funding Strategy would raise the profile of the Treaty, and allow for a careful recognition of the gaps and shortcomings of the Funding Strategy.

69. The Committee emphasized the importance of the provision of information by Contracting Parties and Non-Contracting Parties on resources not under the direct control of the Governing Body. It appreciated that the Secretary had twice requested such information in Notifications he had issued in the present biennium. It advised him to extend the deadline for submission of reports by Contracting Parties and Non-Contracting Parties so that information can be made available to the Fourth Session of the Governing Body in a timely manner. Governments should be informed through a notification and the website of FAO Permanent Representatives. The Committee suggested that it could further enhance the compilation and dissemination of information provided by Contracting Parties and non-Contracting Parties by promoting the collection of information in the Regions.

70. The Committee emphasized the importance of collaboration between the Benefit-sharing Fund and the Global Crop Diversity Trust. It stressed the critical importance of the successful operation of the Trust for the implementation of the Funding Strategy of the Treaty and highlighted that the Treaty provides the policy and legal framework for its activities. The Committee advised the Secretary to explore with the Executive Director of the Global Crop

Diversity Trust the possibility of practical mechanisms to further enhance the synergies between the Benefit-sharing Fund and the Global Crop Diversity Trust.

71. The Committee advised the Secretary to continue establishing contacts with senior management of relevant institutions, including through the support from Contracting Parties. It advised that the initial focus should be on the establishment and elaboration of cooperation arrangements with UNDP and IFAD before the Fourth Session of the Governing Body. It also recalled the importance of strengthening cooperation with FAO and its Commission on Genetic Resources for Food and Agriculture, as the work on *The State of the World's Plant Genetic Resources*, the updated of the Global Plan of Action and the Facilitating Mechanisms were relevant to the implementation of the Funding Strategy. Finally it also recommended to cooperate with the Consultative Group on International Agricultural Research.

Agenda Item 7 - Other business

72. The Committee recommended that the Secretariat transmit the list of key issues in the implementation of the Treaty to the Bureau.

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

74. The Co-chairs invited Dr Shantanu Mathur, Grants Coordinator of International Fund for Agricultural Development (IFAD), to join the meeting via teleconference. Dr Mathur underlined that IFAD and the Benefit-sharing Fund exhibited the same objectives in prioritizing the conservation and use of biodiversity in addressing rural poverty reduction. The partnership was prompted by Dr Bhatti's participation with Dr Nwanze, President of IFAD, in a high-level panel in the context of the International Year of Biodiversity and further discussed when Dr Mathur participated in the food security event hosted by the Spanish government in Cordoba. Since then the Secretary of the Treaty has been working closely with the President of IFAD and his colleagues to develop the announcement that followed.

75. Dr Mathur confirmed IFAD's pledge on 1,5 million US\$ to fall under the Call for Proposals 2010 of the Benefit-sharing Fund. The expectation is that these funds would be made available to the Governing Body in the first week of March 2011 after a vetting and approval process by IFAD. Since objectives and criteria of both institutions are similar, no major impediments are expected.

76. The funds would be channelled through the Bioversity International to the Benefit-sharing Fund trust account. Dr Emile Frison, Director General of Bioversity, has confirmed that there will be no administrative costs associated with this transfer other than minimum bank transfer charges.

77. In addition to its pledge, IFAD undertakes to support mobilization of co-funding by the European Commission, in particular objectives 3 and 4 of their thematic programme on food security.

78. Dr Mathur stated that IFAD plans to adopt and fund a subset of projects following the approval by the Bureau of the Governing Body. These projects should be technically robust, sustainable, provide added value and deliver clear outputs. He also emphasized the importance of the thematic focus of the Call for Proposals 2010 in the area of climate change adaptation. He

closed by reaffirming IFAD's interest in partnering with the Treaty and looked forward to continue working with the Secretary to develop the modalities for such partnership.

79. The Committee thanked Dr Mathur for making time in his busy schedule today and for his presentation on the partnership. The Committee highly appreciated the positive and constructive offer made by IFAD. They also recognized that a partnership with IFAD will build the credibility of the Benefit-sharing Fund further by having a recognized and experienced institution recognizing and supporting the Treaty.

80. The Committee recommended the Secretary to fully engage in establishing the partnership with IFAD. In doing so, the Committee asked that a number of aspects of the partnership be clarified, including decision timeframe for the co-financing from the EC, the spending timeline on these funds, and the modalities for the adoption of the subset of projects and their implementation. Based on the advice of the Committee, the Secretary undertook to develop the partnership with the advice and support of the Co-chairs of the Committee.

81. The Committee considered that the Panel of Experts may be asked to conduct the ranking procedure as adopted in the selection of the Preproposals. The Bureau may consider whether or not to apply a minimum score for a Proposal to qualify for funding.

Agenda Item 8 - Adoption of the report

82. The Committee adopted the report of its sixth meeting.

Appendix I

LIST OF PARTICIPANTS

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Appendix 2

Item 2 of the Draft Provisional Agenda
INTERNATIONAL TREATY ON PLANT GENETIC RESOURCES FOR FOOD AND AGRICULTURE
SIXTH MEETING OF THE <i>AD HOC</i> ADVISORY COMMITTEE ON THE FUNDING STRATEGY
Rome, Italy, 13-15 October 2010
DRAFT PROVISIONAL AGENDA

1. Opening of the meeting
2. Adoption of the agenda for the sixth meeting of the *Ad Hoc* Advisory Committee on the Funding Strategy
3. Report on the resource mobilization efforts
4. Screening of Pre-proposals of the second project cycle of the Benefit-sharing Fund
5. Further operationalization of the Benefit-sharing Fund: Institutional Arrangements and Procedures
6. Monitoring the implementation of the overall Funding Strategy, including on resources not under the direct control of the Governing Body
7. Other business
8. Adoption of the report

NOTE

***Appendixes 3 and 4* are pending finalization of the screening of pre-proposals by the Bureau of the Fourth Session of the Governing Body**

Appendix 5

INTERIM REPORTING, MONITORING AND EVALUATION PROCEDURES³**1. Objectives**

Monitoring and evaluation have the following overarching objectives:

- a. Promote accountability for the achievement of priorities established by the Governing Body through the assessment of results, effectiveness, processes, and performance.
- b. Promote learning, feedback, and knowledge sharing on results and lessons learned, as a basis for decision-making on policies, strategies, programmes, and project management.

2. Procedural steps for reporting, monitoring and evaluation of projects

The following minimum steps shall be applied to reporting, monitoring and evaluation during the project cycle.

1. *Submission of project proposals: design of a monitoring and reporting (M&E) plan*

- a. a concrete and fully budgeted monitoring and evaluation plan, which is included in the full project proposal by the time a project proposal is submitted for appraisal.
- b. the plan generally contains:
 - indicators for project implementation;
 - indicators for results (outcomes, outputs and, if applicable, impacts);
 - baseline for the project, with a description of the problem to be addressed, with indicator data;
 - identification of reviews and evaluations that may be undertaken; and,
 - organizational set-up and budgets for monitoring and evaluation.
- c. according to the format for the M&E plan contained in the templates for project proposals.
- d. Responsibility: Implementing entities, in consultation with executing entities, following the format for the M&E plan prepared by the Secretary.

2. *Reporting and monitoring: application of M&E plan*

- a. implementation of the M&E plan, comprises, as a minimum:
 - indicators for implementation are actively used, or if not, a reasonable explanation is provided;
 - indicators for results are actively used, or if not, a reasonable explanation is provided;
 - the baseline for the project is fully established and data compiled to assess progress reviews; and,
 - the organizational set-up for M&E is operational and budgets are spent as planned.

³ Appendix II of the Operational Procedures for the use of resources under the direct control of the Governing Body.

- b. project monitoring and supervision ensured through the internal operational standards and systems and field presence of implementing entities.
- c. monitoring should be based on periodic observation visits, capture the views of stakeholders and identify obstacles in project implementation.
- d. *Implementation Reports* submitted periodically, at least annually, according to a reporting schedule with milestones included in the project document.
- e. *Implementation Reports* meet the following requirements:
 - *Financial Records Requirement*, including periodical audited financial statement to the Secretary on the use of received funds.
 - *Results Reporting Requirement*, including an implementation periodical report on progress and results for all activities to the Secretary.
- f. Responsibility: Implementing entities, based on periodic observation visits and capturing the views of executing entities and stakeholders, develop the monitoring products and deposit them with the Secretary.

3. Independent Evaluation: elaboration of a terminal evaluation report

- a. minimum requirements:
 - be based on norms and standards of the United Nations Evaluation Group, and in particular of the implementing entities concerned.
 - assess at a minimum:
 - achievement of outputs and outcomes, and provide ratings for targeted objectives and outcomes;
 - likelihood of sustainability of outcomes at project termination, and provide a rating for this; and
- b. minimum contents of the terminal evaluation report:
 - basic data on the evaluation:
 - when the evaluation took place,
 - who was involved,
 - the key questions, and
 - methodology;
 - basic data of the project, including actual Benefit-sharing Fund and other expenditures;
 - lessons of broader applicability; and,
 - the terms of reference of the evaluation (in an annex).
- c. exception to small-size projects may be granted.
- d. terminal evaluation report submitted to the Secretary within a reasonable time after project termination, as stipulated in the project document.
- e. Responsibility: an institution or group of experts independent of project management reviewed if needed by the evaluation office of the implementing entity.

4. Roles and responsibilities for Monitoring and Evaluation

The Governing Body

The Governing Body is responsible for the strategic oversight of results at the level of the Benefit-sharing Fund. The *Ad Hoc* Advisory Committee on the Funding Strategy, with the support of the Secretary, monitors the progress in the implementation and impact of the project portfolio funded by the Benefit-sharing Fund.

The Governing Body approves the procedures for monitoring and evaluation. The *Ad Hoc* Advisory Committee on the Funding Strategy advises on the review of these procedures and makes specific recommendations for changes in them to the Governing Body.

The Bureau of the Governing Body

The Bureau of the Governing Body may request information related to the monitoring and evaluation from the project portfolio to the *Ad Hoc* Advisory Committee on the Funding Strategy that may be of relevance to the project cycle. The *Ad Hoc* Advisory Committee on the Funding Strategy will inform the Bureau of any issues arising from the monitoring and evaluation that may require the guidance from the Governing Body, so that the Bureau can take it into account in preparation for the next Session of the Governing Body.

The Ad Hoc Advisory Committee on the Funding Strategy

The *Ad Hoc* Advisory Committee on the Funding Strategy, with the support of the Secretary, provides a biannual report to the Governing Body on the overall status of portfolio implementation and progress towards results based on Implementation Reports and Evaluation Reports received from implementing entities. It also provides advice on the development of programmatic approaches for the Benefit-sharing Fund, that incorporates results frameworks and learning mechanisms to enhance monitoring and evaluation of individual projects.

The *Ad Hoc* Advisory Committee on the Funding Strategy advises the Secretary who prepares the templates of the implementation reports and project proposals, including the format for the M&E plan.

At any stage of the project implementation, the *Ad Hoc* Advisory Committee on the Funding Strategy may recommend the Bureau that the Governing Body considers the suspension or cancellation of a project for several reasons, notably: (a) financial irregularities in the implementation of the project; or, (b) material breach and poor implementation performance leading to a conclusion that the project can no longer meet its objectives. Before the *Ad Hoc* Advisory Committee on the Funding Strategy makes its recommendation whether to suspend or cancel a project or a programme, the implementing entity will be given a fair chance to present its views.

Implementing Entities

Implementation entities will be responsible of the monitoring of individual projects during their implementation. They shall ensure that capacity exists to measure and monitor results at the country-level, as monitoring should be based on periodic observation visits, capture the views of stakeholders and identify obstacles in project implementation. Monitoring and evaluation during project implementation will follow the standards, procedures and requirements of the implementing entities directly concerned.

Appendix 6

DRAFT INTERIM DISBURSEMENT PROCEDURES**1. Background**

Based on Article 19.3 (h) of the Treaty, the Governing Body has established a Trust Account to receive financial contributions to the Benefit-sharing Fund. In accordance with the Financial Rules of the Governing Body, the Trust Account of the Benefit-sharing Fund is administered by FAO and its accounts and financial management are subject to the policies and procedures of FAO.

The implementation of these interim disbursement procedures shall be:

- In line with the Financial Rules of the Governing Body.
- Consistent with existing FAO financial rules and procedures as well as other applicable FAO rules and procedures.
- In accordance with generally accepted accounting principles, and, as soon as these are accepted and implemented by FAO, in accordance with the International Public Sector Standards.⁴

2. Procedural steps for disbursement of funds

The following steps shall be applied to the disbursement of funds during the project cycle.

1. Transfer of funds to implementing entities

- a. according to a project-cycle agreement with implementing entities that will include, *inter alia*:
 - a schedule for the disbursement of funds in tranches based on time specific milestones;
 - a requirement for an *Implementation Report* from the implementing entity prior to each tranche disbursement.
- b. Responsibility: following signature of project-cycle agreement, the Secretary requests the first tranche funds be transferred to implementing entity. The implementing entity submits an *Implementation Report* before requesting transfer of subsequent tranches of funds.

2. Disbursement of funds from implementing entities to project beneficiaries

- a. dependent upon receipt of funds by the implementing entity.
- b. according to the policies and procedures of the implementing entity
- c. use of payment and disbursement systems that meet international fiduciary standards;
- d. fund disbursement adequately documented for preparation of financial records.
- e. responsibility: implementing entities.

⁴ http://www.ipsas.org/en/ipsas_standards.htm

3. Roles and responsibilities of the implementing entities

In order to achieve transparent and secure disbursement of funds, the Governing Body shall rely on implementing entities that meet fiduciary standards for disbursement, including on:

- Managing and disbursing funds efficiently and with safeguards to recipients on a timely basis;
- A control framework that is documented with clearly defined roles for management, internal auditors, the governing body, and other personnel;
- Financial projections demonstrating financial solvency;
- Demonstration of proven payment and disbursement systems.

The Secretary, in consultation with relevant FAO departments, shall draft memoranda of understanding or other necessary agreements with the implementing entities. A framework template approved by the Governing Body shall be used to prepare such agreements. The agreements shall include provisions on roles and responsibilities on:

- disbursement;
- financial reporting;
- accountability requirements regarding financial transactions, such as cancellations of approved amounts, financial closures and unutilized funds if any.

Each implementing entity will be responsible for the use of funds transferred by FAO and directly accountable to the Governing Body in accordance with the implementing entities own fiduciary framework, policies, guidelines and procedures.

Upon the transfer of funds, fiduciary responsibilities and legal liability will be transferred to the implementing entity. FAO will no longer hold any legal obligation over the effective financial management of the funds, provided that accountability for the proper handling and the use of funds will be between the implementing entity receiving the funds and the Governing Body.

The rules, guidelines, policies, procedures for procurement, financial management, safeguards and supervision of the implementing entity will apply between the implementing entity and the project recipient.

Appendix 7

COMPILATION OF ELEMENTS FOR PREPARATION OF A LIST OF FUNCTIONAL NEEDS OF THE INTERNATIONAL TREATY

This *Appendix* compiles elements arising from discussions of the Bureau and various Committees of the Treaty over the past biennia for preparation of a list of needs of the International Treaty. Such list is being prepared pursuant to a request received as part of the ongoing exercise by FAO governing bodies to address the functional needs of conventions, treaties and other Article XIV bodies housed in FAO, including the International Treaty.

Key administrative challenges in the implementation of the Treaty

Overall, the major challenge is to implement the Treaty Systems under the direct control of the Governing Body, namely the Benefit-sharing Fund of the Funding Strategy and the Multilateral System of the Treaty in an effective, balanced and coherent manner. A clear focus on these two priorities will address the functional needs of the Treaty to operate globally functional regulatory systems, maintain policy relevance, make the Treaty attractive to both Contracting and non-Contracting Parties, and ensure efficiency and cost-effectiveness in Treaty implementation.

One important challenge relates to issues of governance and the role of the Governing Body and its Secretariat. The Bureau of the Governing Body and various Treaty Committees have considered the issue of the functional autonomy of the Treaty and its Secretariat, as affirmed at the First, Second and Third Sessions of the Governing Body.

The Bureau and the Committees sought at different points in time to identify the practical needs of the Treaty for functional autonomy in light of the operational needs of the Treaty. They tried to catalogue these needs and requested the Secretariat to work with FAO Administration to address them with the support of the Administration.

The Bureau members of the Third Session of the Governing Body have articulated the relationships, reflecting the Decisions of the Governing Body and the text of the Treaty, as follows:

“The Sector/Department/Division houses the Secretariat of the IT-PGRFA which has its own governance and management structure, responding to the Governing Body of the International Treaty, and which cooperates with the technical programmes providing support to the implementation of the Treaty.”

According to Article 20 (g) of the Treaty, the Secretary
“Manages the human and financial resources of the Secretariat of the Governing Body and, as appropriate, reports on these to the Director-General.”

The Terms of Reference of the Secretary specify that the Secretariat shall enjoy functional autonomy and be technically accountable to the Governing Body. There is a need to develop the modalities of implementing such functional autonomy from a practical point of view, which may address such issues as: *representation, correspondence, financial and human resource management, reporting, travel, administrative procedures, management and reform processes, and the executive authority of the Secretary.*

The Bureau has discussed these issues in some detail and, at its request, the Secretariat compiled a catalogue of practical measures that could be taken to address these needs of the Treaty.

It is important that there is policy coherence and consistency in the implementation of the Treaty, guided by the Governing Body and its Secretariat, including cooperation with relevant bodies and stakeholders, and appropriate coordination of relevant activities by the Governing Body through its Secretariat. The Chair of the Governing Body in his Report to the Second Session, spelled out a list of issues that should be addressed to implement the functional autonomy of the Treaty.

These issues should be addressed as follows:

Representation

- The Secretariat of the Governing Body represents the Governing Body of the Treaty, with its distinct membership and Resolutions, in other organizations, treaty bodies, fora and institutions. Therefore, IT-PGRFA staff representing the IT-PGRFA should not be counted as part of regular FAO delegation quotas for applicable calculations of FAO delegation, as long as their travel costs are covered by the Treaty budget (for example: if the regular quota of FAO delegations at other organizations or treaty bodies is 4 persons and 4 staff have been nominated to attend, this must not prevent the Treaty Secretariat from sending the required number of its staff, which the Secretary considers necessary and appropriate, to represent the Treaty, as long as their travel costs are covered by the Treaty budget).
- It is part of the Secretary's function to "cooperate with other organizations and treaty bodies, including in particular the Secretariat of the Convention on Biological Diversity, in achieving the objectives of this Treaty." (Article 20.5) It should therefore be under the authority of the Secretary to decide and approve attendance of Secretariat at such organizations and treaty bodies.
- Since it constitutes an international Treaty Body, which cooperates with other treaty bodies and organizations, the IT-PGRFA shall have its own plate and seating in meetings of other organizations and treaty bodies.
- In the list of participants of meetings of other treaty bodies or organizations, the Treaty Secretariat may be listed under 'International Treaty on Plant Genetic Resources for Food and Agriculture' or under the FAO delegation, depending on the practice of the relevant treaty body or organization.
- It is the function and responsibility of the Secretary to "communicate any information [about the Treaty] received from Contracting Parties in accordance with the provisions of this Treaty" (Article 20.3(b)). Therefore, the following shall be observed in communication, representation or information issued concerning the Treaty and its Governing Body and subsidiary bodies:
 - for any representation, description or reference to the IT-PGRFA in documents or publications of FAO, the Secretary shall before-hand:
 - (i) be consulted on whether there should be a reference to the Treaty,
 - (ii) how the reference, representation or description should be worded. Any comments of the Secretariat on wording shall be incorporated and the revised text shall be presented to them prior to publication or communication.
 - (iii) approve the reference prior to its publication.
This principle shall be observed by units or departments issuing statements on the Treaty.

Correspondence

- The IT-PGRFA Secretariat is responsible for any contact with Contracting Parties regarding the Treaty.

- Essential parts of ensuring the functioning of the Treaty are direct communication and relations of the Secretary with:
 - Contracting Parties Ministries, including Ministers
 - Donors
- For any issues relating to the Treaty, if contacts affecting the Treaty are to be made by other departments or units, the Secretary shall to be consulted

Financial management

- The Treaty Secretariat is required to operate under the financial oversight of both the Governing Body of the Treaty and of FAO. The application of all three of the principles on administrative and management systems, mentioned in (ii) above, would increase the efficiency of the Treaty Secretariat in operating within the specific financial structure of the Treaty.
- Possibility to use regular programme contribution for staff salaries, irrespective of the posts they are on;
- MULs of ITS shall be used for joint programmes of ITS with other departments which require inputs from other departments.
- Procurement rules, if necessary, should be adjusted to allow the Secretariat to procure the necessary equipment and materials needed to perform the functions and tasks assigned to it by the Governing Body;

Human resource management

There is need for the Secretary to be able to recruit staff by the most efficient and rapid procedures. The Secretary needs to be given the relevant support for the recruitment process and management of the Secretariat at all levels, as required.

- The Secretariat is under pressure to respond rapidly to operational needs of the Treaty. Therefore, the ITS requires quick and efficient staffing procedures.
- Quick staffing procedures should be established by:
 - Applying Field Staff Selection Procedures to all posts in the Secretariat, irrespective of the source of their funding (through Contracting Party contributions or regular programme contribution)
 - the Treaty should have similarly or more independent procedures as the FAO Independent Offices, since, unlike those offices, it adopts its own budget, maintains its own Secretariat, and executes its own workprogrammes
- selection and management of staff shall rest with the Secretary. Practical delegation of authority should be done to the Secretary, as has been done with Independent Offices of FAO and departments to ADGs.
- the ITS must be enabled to set its own, appropriate and competitive consultancy rates. Otherwise, it is not competitive on the international market and cannot attract the best expertise required to implement the Treaty.

Travel

- travel of IT-PGRFA staff is to be authorized by the Secretary and should not require any further authorizations, provided it is funded from the Treaty's own budget;
- Treaty travel should not be subject to the "docket"-system or an expedited docket system;
- Treaty staff travel should not be counted as part of FAO travel quotas

Management and reform processes

- The setting of objectives, priorities, strategies and work programmes for the Treaty and its Secretariat are done by the Governing Body and its Secretary. They are not subject of other objectives, priorities, strategies, workplans, management or planning processes, which would be overlaid on those set by the Governing Body of the Treaty and its Secretariat.
- The IT-PGRFA Secretariat should not be subjected to reform and change management processes which overlap with the workprogramme established by the Governing Body.
- The functioning of the Treaty and its Secretariat will be evaluated and assessed by the Governing Body of the Treaty and it should therefore not be subject of other evaluation or reform processes, initiated by other bodies or entities.

Conclusion of contracts and agreements with other organizations

- The Treaty Secretariat has sometimes faced challenges in securing the external services and expertise that is required to implement the Treaty due to limitations on its ability to negotiate, and set terms and conditions for agreements, with other organizations or external experts. For example, the draft Report on Corporate Strategy B.1 evaluates that '[a]utonomy is further challenged by limits on the instruments' ability to directly enter into contractual agreements with other instruments.' A delegation of authority in this area will the Secretariat to make the Treaty more competitive in securing state-of-the-art services on the international market for the implementation of the Treaty.