Item 9.2 of the Provisional Agenda

NINTH SESSION OF THE GOVERNING BODY

New Delhi, India, 19–24 September 2022

Overview of Resources Available under the Process to Enhance the Functioning of the Multilateral System

Note by the Secretary

This document provides an overview of the analyses and research, input by expert groups, submissions by Contracting Parties and stakeholders, compromise proposals and reports on informal consultations, developed for the Ad Hoc Open-ended Working Group to Enhance the Functioning of the Multilateral System in previous biennia. The preparation of this document follows a suggestion by participants of an informal consultation held in July 2022 as communicated to the Secretary by the two co-facilitators.

The content of this document is also available on the website of the International Treaty at www.fao.org/plant-treaty/areas-of-work/the-multilateral-system/enhancement-process/en/. The report of the information consultation as prepared by the two co-facilitators is given in document IT/GB-9/22/9.2/Inf.1.
I. INTRODUCTION

In 2013, Contracting Parties decided to start a formal process to enhance the functioning of the Multilateral System. The Governing Body set-up a working group with the task to recommend measures to enhance the functioning of the Multilateral System (the Ad Hoc Open-ended Working Group to Enhance the Functioning of the Multilateral System, Resolution 2/2013). The Governing Body renewed its mandate twice, in 2015 (Resolution 1/2015) and in 2017 (Resolution 2/2017).

One of the aims was to speed-up the anticipated slow build-up of a sustainable and predictable stream of user-based income to the Benefit-sharing Fund. A variety of reasons had been identified by the Ad Hoc Committee on the Funding Strategy (for example: Report of the Resumed Seventh Meeting; Report of the Seventh Meeting; Report to the Fifth Session of the Governing Body on the Implementation of the Funding Strategy, Add.4: Arrangements for the Working Group; summary of the work undertaken by the ACFS as a possible basis for the enhancement process; the “innovative approaches” identified by the ACFS).

The Working Group met ten times between 2014 and 2019. All documents prepared for the meetings and all reports of the Working Group are available on the website of the International Treaty.

This document compiles the analyses and research, input by expert groups, submissions by Contracting Parties and stakeholders, compromise proposals and reports on informal consultations by the Co-chairs that have been part of the enhancement process – leading to a set of concrete measures recommended by the Working Group to the Governing Body.

II. RESEARCH, STUDIES AND BACKGROUND PAPERS

Research and data have informed the process to enhance the functioning of the Multilateral System. The Working Group thus benefited from a solid knowledge basis to negotiate and recommend a package of measures to the Governing Body.

- **Moeller, N.I. & Stannard, C.** 2013 *Identifying benefit flows: Studies on the potential monetary and non-monetary benefits arising from the International Treaty on Plant Genetic Resources for Food and Agriculture.* Rome, FAO.

  The book presents the findings of five interlinked technical studies, addressing the overall economic impact of the International Treaty and, in particular, the benefits likely to flow from the use of the SMTA. It provides an overview of the conceptual bases for assigning monetary and non-monetary values to plant genetic resources for food and agriculture. It also constitutes the first steps towards a projection of benefit flows over time.

- **Synoptic Study 1: Estimating Income to be expected from possible changes in the provisions governing the functioning of the Multilateral System (2014)**

  This study provides an economic analysis, to evaluate the potential of possible revisions to SMTA Articles 6.7 and 6.11 to ensure sustainable and predictable income to the Benefit-sharing Fund.

  Available at: [www.fao.org/3/a-be635e.pdf](http://www.fao.org/3/a-be635e.pdf)

- **Synoptic Study 2: Policy and legal study on the feasibility and effects of changes to the Multilateral System (2014)**

  This document analyses some of the legal questions arising from certain measures to enhance the functioning of the Multilateral System, including revisiting Articles 6.7/6.8 and 6.11 of the SMTA, upfront payments on access to the Multilateral System and a possible expansion of the coverage of the Multilateral System.

  Available at: [www.fao.org/3/a-be638e.pdf](http://www.fao.org/3/a-be638e.pdf)
• Synoptic Study 3: An analysis on how to enhance mechanisms for capacity-building, technology-transfer and information-exchange (2014)

This study analyses non-monetary benefit-sharing under the International Treaty and provides an update on progress made on the development of mechanisms for non-monetary benefit-sharing. The study also suggests possible measures to enhance mechanisms for information exchange, technology transfer and capacity building.

Available at: www.fao.org/3/a-be636e.pdf

Research Studies (in collaboration with Bioversity International) to support preparation of Synoptic Study 3:

o Research Study 5. Experience involving technology transfer, capacity building, and information exchange for the International Treaty on Plant Genetic Resources for Agriculture. Author: Thomas F. McInerney.

o Research Study 6. Non-monetary benefit sharing mechanisms within the projects funded by the Benefit Sharing Fund. Authors: Gea Galluzzi, Isabel López Noriega and Michael Halewood.

• Synoptic Study 4: Consultation with stakeholder groups. An analysis of the factors that influence the willingness of stakeholder groups to make contributions to the Benefit-sharing Fund and to access plant genetic resources for food and agriculture from the Multilateral System (2014)

This study analyses different factors that influence the willingness of stakeholder groups to contribute to the successful operation of the Multilateral System, based on interviews and questionnaires.

Available at: www.fao.org/3/a-be637e.pdf

• Background Study 1: Estimating Income to be Expected from Possible Changes in the Provisions Governing the Functioning of the Multilateral System, by Nina Isabella Moeller and Clive Stannard (FAO, 2014)

Available at: www.fao.org/3/bq482e/bq482e.pdf

Research Studies in support of Background Study 1:

o Dynamic analysis of possible changes in the provisions governing the functioning of the Multilateral System, and possible income. Authors: Clive Stannard, Francesco Caracciolo, Peter Hillery.

o Innovative approaches for enhancing the flow of funds into the Benefit Sharing Fund of the International Treaty on Plant Genetic Resources for Food and Agriculture an evaluation of options. Author: C.S. Srinivasan

o Analysis of the transaction costs occurring for the user, under the under the SMTA of the International Treaty on Plant Genetic Resources for Food and Agriculture, and the EU Regulation on Implementation of the Nagoya Protocol. Author: Petra Engel

o Investigation of the preferences and behavior of users of the SMTA, when making decisions to use the alternative payment options of Articles 6.7 and 6.11 of the SMTA. Authors: Klaus Möller, Felix Isbruch and Tobias Flinspach.

o Summary of user opinions, following interviews with members of the seed industry. Author: Nina Isabella Moeller
III. INPUT FROM EXPERT GROUPS: THE FRIENDS OF THE CO-CHAIRS GROUPS AND THE STANDING GROUP OF LEGAL EXPERTS

The Working Group has also benefited from input by expert groups, established by the Co-chairs. Four Friends of the Co-chairs groups prepared their reports during the biennium 2016–2017. The Standing Group of Legal Experts provided legal opinions during the biennia 2016–2017 and 2018–2019.

- The **Friends of the Co-chairs group on User and Crop Categories** was established in early 2016. It assessed the possibility of establishing different rates for different crops and different sets of obligations for different categories of users, for example based on turn-over, or on formal status and role (i.e. profit vs. non-profit organizations). The FOCC also examined the possibility of exempting small scale farmers in developing countries from the use of the SMTA. Its report is available [here](#).
The Friends of the Co-chairs group on Access Mechanisms and Payment Rates was established in early 2016. In its first meeting report, the FOCC informed about options to incorporate multiple access mechanisms (single access vs. subscription system; mandatory or voluntary payments) in the revised SMTA, by developing criteria for evaluating the different options for enhancing the Multilateral System and making an assessment of the different options against these criteria. The FOCC also provided information on options to introduce a differentiated system of payment rates in the revised SMTA. The second meeting in November 2016 focused on non-refundable upfront advance payments; possible payment structures for the Subscription System and the Launch Mechanism.

The Friends of the Co-chairs group on a Termination Clause was established in 2016 to prepare a text proposal on a possible termination clause for the SMTA. The report of the second meeting provides the outcomes of the work of the FOCC on a Termination Clause to develop draft texts of termination/withdrawal clauses to be included in a revised SMTA, with the understanding that the SMTA could still contain a single-access option, as well as a short note explaining the main aspects of those clauses. In its interim report after the first meeting, informed about their work to develop a text proposal that would form the basis for discussions by the Working Group to enable the inclusion of a termination clause in the revised SMTA.

The Friends of the Co-chairs group on Scope of the Multilateral System was established in late 2016 to map options for adapting the scope of the Multilateral System. It evaluated amongst others the advantages and disadvantages of expanding the coverage of the Multilateral System to “all PGRFA” or to only some additional PGRFA. The FOCC also looked at advantages and disadvantages of not changing the coverage of the Multilateral System at all. Additionally, the FOCC evaluated the impacts on both access and benefit-sharing for the various groups of users of the Multilateral System, and the extent to which the implementation of the Multilateral System with an expanded coverage will be enforceable and effective, taking into account the objectives of the Treaty. The report is available here.

The Standing Group of Legal Experts (SGLE) was established in late 2016 by the Co-chairs, following recommendation by the Working Group, and comprised legal experts from all FAO Regions, with support from the FAO Legal Office. It met four times between 2017 and 2019 and issued 21 legal opinions on the below issues.

The opinions are available in the reports of the SGLE: Opinions 1 to 6 in the Report of the first meeting, Opinions 7 to 11 in the Report of the second meeting, Opinions 12 and 13 in the Report of the third meeting, and Opinions 14 to 21 in the Report of the fourth meeting.

Question 1: Can the Governing Body delete Article 6.8 without having to amend the Treaty, i.e., can the Governing Body revise the SMTA in accordance with the provisions of the Treaty in such a way that all payments under the SMTA are mandatory?

Question 2: Should all payments be mandatory, are there any provisions of the Treaty that would prevent the Governing Body stipulating different payment rates for different categories of products, in accordance to whether or not they are protected by intellectual property rights, and the nature of such protection (e.g. PVP, patents)?

Question 3: Would a SMTA that only contains a subscription system and has no option for single access, like that outlined in document IT/OWG-EFMLS-5/16/3, be in accordance with the provisions of the Treaty?

Question 4: Would the advance payment discussed in document IT/OWG-EFMLS-5/16/Inf.5 (paras. 25 and 30) be in accordance with the Treaty, in particular its Article 12.3b? If not, what would be the main questions that require further consideration?

Question 5: Could the Register provided for in document IT/OWG-EFMLS-5/16/3, p. 14 (Article 2 of Annex 3 to the second draft revised SMTA) be public, while respecting
confidentiality laws? More specifically, which information could or should be public, and which information should or might not be public?

Question 6: Reviewing the advice from the Ad Hoc Technical Advisory Committee on the SMTA and the MLS on this matter (IT/AC-SMTA-MLS 2/10/Report, Appendix 3), would the restoration of germplasm to the original provider/providing country require the use of an SMTA?

Question 7: On which basis can a protocol to the Treaty be adopted? Can such a protocol provide that the provisions of the Treaty apply to plant genetic resources for food and agriculture (PGRFA) not included in Annex I of the Treaty? If so, which provisions? Could such a protocol establish a new system similar to the Multilateral System, considering in particular Article 3 of the Treaty?

Question 8: Could Annex I of the Treaty be amended in such a way as to include all PGRFA? Which provisions of the Treaty would need to be amended, so that the Multilateral System contained all PGRFA? In which ways? Would an amendment of the Treaty lead to a situation that two different versions of the Treaty would be in force? If so, are there any possibilities to avoid such a situation or to minimize its impact? Could the Governing Body decide to limit itself to amending only specific provisions of the Treaty, thereby avoiding to open the whole text of the Treaty? What would be the legal nature of such a Governing Body decision and would it be an effective means to prevent Contracting Parties from requesting to open other parts of the Treaty, at a subsequent meeting of the Governing Body? Would there be other possibilities to limit the amendment of the Treaty to specific provisions of the Treaty, in a legally binding manner?

Supplement to Questions 7 and 8: Please identify possible implications of an expansion on the definition of “Plant Genetic Resources for Food and Agriculture” in Article 2 of the Treaty, as well as on the limitations to the use of PGRFA pursuant to Article 12 of the Treaty.

Question 9: The Working Group stressed the importance of ensuring that the revised SMTA be legally enforceable and include clear provisions on the consequences of non-compliance with the terms of the SMTA. Are you of the opinion that an arbitral tribunal could award remedies based on the SMTA and if so, based on which legal provisions? How could the enforceability of the provisions of the SMTA be improved?

Question 10: What is the most adequate term for what has been discussed so far as a “termination clause”, but for which one of the Friends of the Co-chairs Groups has suggested to use the term “withdrawal clause” instead?

Question 11: Will the Third Party Beneficiary have to agree on the amendments that the Working Group suggests for the SMTA as contained in document IT/OWG-EFMLS-5/16/3?

Question 12: Please provide your general assessment on the draft text for an amendment to Annex I of the International Treaty, proposed by the Co-chairs in the document, IT/GB-7/17/31, Appendix 1, Annex 3. Please provide alternative suggestions for amending Annex I of the International Treaty in such a way as to give the Governing Body the capacity to decide on expanding the coverage of the Multilateral System without requiring ratification, acceptance or approval of Contracting Parties for each such expansion. Please indicate alternative legal modalities for expanding the crop coverage by amending the Treaty, but with minimal changes to the main text of the Treaty.

Question 13: Please provide an appropriate and legally sound definition of the term “sales” that could be incorporated into the revised SMTA proposed by the Working Group in the document, IT/GB-7/17/7, Appendix 2.

Question 14: Please provide a legal assessment of the definitions of “Sales” and “to commercialize” proposed by the International Seed Federation for the revised SMTA. Please include legal advice on replacing the term “Products” and “products” by “PGRFA” and on replacing the concept of income resulting from commercialization by the Recipient, its
affiliates, contractors, licensees and lessees by the terms “income received by the Recipient
and its respective affiliates from licensing PGRFA to third parties and from
commercialization”.

Question 15: In the revised SMTA being negotiated by the Working Group, the words
“contractors”, “licensees” and “lessees” might be deleted, so that only the Recipient and its
affiliates would remain (e.g. in Article 2, definition of “Sales”, Annex 2). Could you provide a
generally accepted legal definition of the term “affiliate” as it is being used in the revised
SMTA? If there is no generally accepted definition, could you clarify what the meaning of
“affiliate” could be in the context of the SMTA?

Question 16: What rights and guarantees could be stipulated in the revised SMTA to ensure
that a Subscriber duly receives PGRFA from the MLS on the basis of their Subscription?
What could be a possible redress for the Subscriber if PGRFA is not received from providers
under the Multilateral System as per the Subscription terms?

Question 17: What would constitute a “material breach” in case of Article 4.5 of Annex 3 of
the draft revised SMTA? Would your assessment change if the Governing Body did not have
the right to terminate the Subscription but to terminate the right of the Subscriber to access
PGRFA covered by the MLS under the Subscription terms? Are you aware of any cases in
international law where a political body is given the right to establish a “material breach” of a
contract between private individuals and to make a decision that could result in the
termination of rights set out in the contract?

Question 18: The Working Group is exploring the possibility of limiting an expansion of the
list of crops contained in Annex I of the Treaty to all plant genetic resources for food and
agriculture found in ex situ conditions, for example by adding the qualifier, “that are held in
ex situ collections”. Would such a limitation be compatible with the provisions on the MLS
contained in Articles 10 to 13 of the Treaty, including Article 12.3h? Would such an
amendment have any consequences for the exemptions currently contained in the list of crops?
If so, what could these consequences be? What are the consequences of the formulation
“established according to criteria of food security and interdependence” in Article 11.1 of the
Treaty for amending Annex I?

Question 19: After adoption of the revised SMTA by the Governing Body, which version of
the SMTA would have to be used for subsequent transfers of PGRFA received under the
current (old) SMTA? Could the revised SMTA be adopted provisionally by the Governing
Body pending the fulfilment of certain specified conditions? In other words, could the
Governing Body adopt the revised SMTA on condition that it will come into effect after
certain requirements are met within a given period of time?

Question 20: What are the legal consequences in case of a breach of Art. 6.2? What are the
possible legal remedies that are available in such a case?

Question 21: The Working Group is discussing a proposal to prioritize/earmark income
generated under the benefit-sharing provisions of the SMTA (and therefore paid into the BSF):
Payments made by users in a specific Contracting Party would be used, either exclusively or
predominantly, for projects to be implemented in this same Contracting Party. The Co-chairs
are of the opinion that this is not a merely legal question, but a political question for, for the
Governing Body to decide. Please provide a general legal assessment of this proposal.

IV. SUBMISSIONS AND OTHER INPUTS BY CONTRACTING PARTIES,
REGIONS, AND STAKEHOLDER GROUPS

The process to enhance the functioning of the Multilateral System has been an inclusive process.
Regions and Contracting Parties as well as stakeholder groups (farmers, civil society, CGIAR,
private sector) have made submissions and shared other inputs, both from. All inputs have been published on the website of the International Treaty and are compiled below.

2014-2015

- **Information from and consultations with relevant stakeholders** (first meeting of the Working Group, 2014)
  - International Center for Tropical Agriculture
  - International Seed Federation
  - European Seed Association

- **Information from and Consultations with Relevant Stakeholders - Add.1** (first meeting of the Working Group, May 2014)
  - Bioversity International

- **CGIAR services to enhance capacity building, technology transfer and information-exchange related to plant genetic resources for food and agriculture** (second meeting of the Working Group, December 2014)

- **Submissions received by the Working Group during the [2014-2015] biennium, in preparation for the Subscription System and the Draft Revised Standard Material Transfer Agreement** (fourth meeting of the Working Group, October 2015, listed below in the sequence of their receipt)
  - Submissions received after the third meeting of the Working Group, in preparation for the draft revised Standard Material Transfer Agreement
    - Japan, *Appendix 1*
    - Bayer CropScience, DuPont Pioneer Hi-Bred International and Monsanto Company, *Appendix 2*
    - Brazil, *Appendix 3*
    - Australia, *Appendix 4*
    - International Seed Federation, *Appendix 5*
    - Berne Declaration on behalf of a group of Swiss stakeholders, *Appendix 6*
    - Syngenta International AG, *Appendix 7*
  - Submissions received during the third meeting of the Working Group
    - Japan, *Appendix 8*
    - Developing countries of the Asia Region, *Appendix 9*
  - Submissions received before the third meeting of the Working Group, as requested by the Working Group at its second meeting
    - Berne Declaration and Community Technology Development Trust (CTDT), *Appendix 10*
    - Intergrain Pty. Ltd. and Australian Grain Technologies Pty. Ltd., *Appendix 11*
    - Third World Network, *Appendix 12*
    - La Via Campesina, *Appendix 13*
    - Switzerland, *Appendix 14*
    - Japan, *Appendix 15*
    - North America Region, *Appendix 16*
    - International Seed Federation, *Appendix 17*
    - India, *Appendix 18*
    - European Seed Association, *Appendix 19*
- CGIAR Consortium and its 11 CGIAR Centers hosting international ‘in trust’ crop and forage collections (CGIAR), Appendix 20
- Asia Region (1), Appendix 21
- Asia Region (2), Appendix 22
- Near East Region, Appendix 23

2016-2017

- **Compilation of Submissions from Contracting Parties and Relevant Stakeholders** (fifth meeting of the Working Group, July 2016, listed below in the sequence of their receipt)
  - European Seed Association, Appendix 1
  - Third World Network, Appendix 2
  - International Seed Federation, Appendix 3
  - European Seed Association, Appendix 4
  - International Seed Federation (1), Appendix 5
  - India, Appendix 6
  - European Seed Association, Appendix 7
  - International Seed Federation (2), Appendix 8
  - Quaker United Nations Office, Appendix 9
  - Japan, Appendix 10

- **Submissions from Contracting Parties and Stakeholders on matters to be discussed in the Sixth Meeting of the Working Group** (sixth meeting of the Working Group, March 2017, listed below in the sequence of their receipt)
  - North America Region
  - CGIAR System Organization
  - International Seed Federation

2018-2019

- **Submissions from Contracting Parties and Stakeholders on matters to be discussed at the Eighth Meeting of the Working Group** (eighth meeting of the Working Group, October 2018, listed below in the sequence of their receipt)
  - La Via Campesina
  - International Seed Federation
  - North America Region
  - CGIAR

- **Submissions from Contracting Parties and Stakeholders on matters to be discussed at the Ninth Meeting of the Working Group** (ninth meeting of the Working Group, June 2019)
  - Argentina
  - Brazil
  - Japan
  - North America Region
  - Philippines
  - Senegal
  - Spain
  - Uruguay
  - CGIAR
  - International Seed Federation
• Submissions from Contracting Parties and Stakeholders on matters to be discussed at the Ninth Meeting of the Working Group – Addendum (ninth meeting of the Working Group, June 2019)
  o Ecuador

V. CO-CHAIRS’ COMPROMISE PROPOSALS AND REPORTS ON INFORMAL CONSULTATIONS:

At various stages of the process, the Co-chairs provided their compromise proposals and reports on informal consultations on the package of measures. These are all available as meeting documents and are compiled below.

• Enhancing the Functioning of the Multilateral System: Elaboration of the Revised SMTA, Note by the Co-Chairs on the Outcome of the Friends of the Co-Chairs Groups (fifth meeting of the Working Group, July 2016)

• Enhancing the Functioning of the Multilateral System: Measures Beyond the Elaboration of the Revised Standard Material Transfer Agreement, Note By The Co-Chairs (fifth meeting of the Working Group, July 2016)

• Enhancing the Functioning of the Multilateral System: Note by the Co-Chairs on the outcomes of the Friends of the Co-Chairs Groups and the Standing Group of Legal Experts (sixth meeting of the Working Group, March 2017)

• Consideration of issues regarding Genetic Information associated with material accessed from the Multilateral System: note by the Co-Chairs (sixth meeting of the Working Group, March 2017)

• Draft Co-Chairs’ Proposal from the Outcomes of the Meetings of the Ad Hoc Open-Ended Working Group to Enhance the Functioning of the Multilateral System (seventh meeting of the Working Group, September 2017)

• Enhancing the Functioning of the Multilateral System: Note by the Co-Chairs, (eighth meeting of the Working Group, October 2018)

• Co-chairs’ Proposed Consolidated Text of the Revised Standard Material Transfer Agreement (eighth meeting of the Working Group, October 2018)

• Co-chairs’ Summary Arising from the Seventh Session of the Governing Body (eighth meeting of the Working Group, October 2018)

• Enhancing the functioning of the Multilateral System: note by the Co-Chairs (ninth meeting of the Working Group, June 2019)

•Draft Revised Standard Material Transfer Agreement: Co-Chairs’ proposal to the Ninth meeting of the Working Group (ninth meeting of the Working Group, June 2019)

• Draft Revised Standard Material Transfer Agreement Co-Chairs’ proposal to the Ninth Meeting of the Working Group: explanatory notes (ninth meeting of the Working Group, June 2019)

• Adaptation of the coverage of the Multilateral System: proposal by the Co-Chairs (ninth meeting of the Working Group, June 2019)