

Interim Panel of Eminent Experts for the Establishment of the Global Crop Diversity Trust

Draft Report of the Third Meeting Maccarese, Rome, 10-12 March 2004

The Interim Panel of Eminent Experts for the Establishment of the Global Crop Diversity Trust held its third meeting at IPGRI, Maccarese, Rome from 10-12 March 2004.

The following Members of the Panel were present:

Andrew Bennett, Executive Director, Syngenta Foundation;
Lukas Brader, Director-General, International Institute
of Tropical Agriculture (retired);
Lewis Coleman, President, Gordon and Betty Moore Foundation;
Walter Fust, Ambassador, Director General,
Swiss Agency for Development and Cooperation;
Geoffrey Hawtin, Interim Executive Secretary,
Interim Panel of Eminent Experts and Panel Member, *ex officio*;
Chebet Maikut, Chair of the Science and Technology Committee of the
International Federation of Agricultural Producers and President
of the Uganda National Farmers' Federation;
Mohammad Roozitalab, Chairman, Global Forum for Agricultural Research
and Deputy Director-General, Agricultural Research and Education
Organization, Islamic Republic of Iran;
Setijati D. Sastrapradja, Senior Scientist, Indonesian Institute of Sciences.

Members of the Interim Panel of Eminent Experts, who were unable to attend, sent their regrets:

Tewolde Berhan Gebre Egziagher, General manager, Environmental
Protection Agency, Ethiopia;
Fernando Gerbasi, Ambassador, Chairman of the Interim Panel of Eminent
Experts; and
Ismail Serageldin, Director, Library of Alexandria, Egypt

John Lovett, Emeritus Professor, Former Chief Executive Officer, The Grains Research and Development Corporation, Australia; Donelle Wheeler, Counsellor, Development Cooperation, Australian Delegation to the OECD; Ismail Abdel Galil Hussein, Professor, President, Desert Research Center, Egypt; Mahmoud Solh, Director, Plant Production and Protection Division, FAO; and Emile Frison, Director-General, IPGRI, attended the meeting as observers. Clive Stannard, Senior Liaison Officer, Secretariat of the Commission on Genetic Resources for Food and Agriculture acting as Interim Committee for the Treaty, also attended as did several other staff members of FAO and IPGRI.

Introduction

The Panel was informed that its Chairman, Ambassador Fernando Gerbasi, was unable to attend, for health reasons. He had accordingly suggested that Lucas Brader chair the meeting, and this was agreed.

Lukas Brader welcomed the members of the Interim Panel of Eminent Experts and observers and expressed the thanks of the Panel for the preparations that had been made for the meeting.

Emile Frison, Director General of IPGRI, welcomed the members of the Panel.

Governance

The Chairman informed the Panel that, on 13 February 2004, the Director General of FAO had conveyed the Trust's Establishment Agreement to Governments. The Interim Executive Secretary was requested to consult with FAO and the Secretariat of the Commission on Genetic Resources for Food and Agriculture, to see how FAO Representatives might promote signature of the Establishment Agreement. It was suggested that the Chairman of the Panel write to the countries that had signed and ratified the International Treaty on Plant Genetic Resources for Food and Agriculture, requesting them to sign the Establishment Agreement, as this would function as an essential part of the Treaty's funding strategy. It was also suggested that the Director-General of IPGRI write to countries that had signed IPGRI's establishment agreement. Members of the Panel were requested personally to promote signature whenever possible, including by their countries. The Interim Executive Secretary was accordingly requested to provide members of the Interim Panel of Eminent Experts with an information kit for this purpose.

It was further suggested that the Interim Executive Secretary consider making personal visits to those countries considered likely to be among the first to sign in order to help speed up the process.

Prof. Ismail Abdel Galil Hussein reported that Egypt, which had ratified the International Treaty on Plant Genetic Resources for Food and Agriculture, would sign the Trust's Establishment Agreement within the next ten days, because it regarded this as merely an act of implementation of the Treaty, not requiring further authorization. He recommended that other Governments that had ratified the Treaty adopt the same position, which would greatly speed up ratification of the Establishment Agreement.

The Panel discussed the need for rules of procedure and financial regulations for the Trust. The Interim Executive Secretary was requested to prepare a draft for consideration at IPEE-4.

Executive Board

The Panel endorsed in principle the proposed procedures for establishing the Executive Board, and the proposed timetable. These are attached as *Annex 1*. It agreed that the Interim Committee for the Treaty or its Governing Body should be approached for nominations to the Executive Board, in accordance with the Trust's Constitution. It therefore requested the Interim Executive Secretary to prepare for consideration at IPEE-4 a note outlining the mix of skills that the Executive Board would require, and explaining how the terms of its members would be staggered.

Donors' Council

IPEE-2 had invited the Governments of Australia and Egypt, which had already contributed to the Trust, to make a proposal for the establishment of the Donors' Council, on the basis of the pertinent articles of the Constitution, and to propose suitable arrangements in the period before the formal establishment of the Trust. Their proposal was presented to the Panel and, following discussions, a draft decision for the consideration of the Executive Board was prepared, by which it would establish the Donor's Council, in accordance with Article 10 of the Trust's Constitution. Furthermore the Panel agreed that the draft decision would be adopted on an interim basis by the Interim Panel following further consideration at its Fourth meeting in June 2004. The draft decision is attached as *Annex 2*. Australia and Egypt were requested to signify agreement to the text of the draft decision or suggest modifications as soon as possible. The Panel thanked them for their support. It was agreed that, pending the formal establishment of Trust and the Donors' Council, all donors to the Trust would be consulted where relevant.

Fundraising

The Panel was informed that, to date, \$44 million had been announced as firm commitments, and that about \$5 million had already been received. It noted with appreciation the recent grants of \$1 million each to the endowment fund by Syngenta and Dupont/Pioneer, which showed that the Trust was effectively developing as a public-private partnership, as foreseen at the Johannesburg World Summit on Sustainable Development.

The Panel agreed on the importance of presenting to donors a clear funding architecture and timetable for raising the endowment fund and of showing steady progress in implementing the Trust's work programme, including the funding of initial capacity-building grants within 2004. It requested the Interim Executive Secretary to take the necessary action.

The Interim Executive Secretary was requested to propose a communications strategy to IPEE-4. The Panel suggested that the Trust's role in poverty-reduction and food security be stressed as this would help in mobilising support for the Trust, especially on those countries that have included food security in their national poverty-reduction strategies. The Trust's strategy as a public-private partnership, in follow-up to the Johannesburg World Summit on Sustainable Development, should also be made clear, as should the relevance of the Trust to the achievement of the Millennium Development Goals.

The Panel noted with pleasure that the theme of World Food Day (16 October 2004) was "Biological Diversity for Food Security". It requested that this be taken into account in the communications plan.

The Panel welcomed the appointment of Julian Laird as Director of Development. Mr Laird made a presentation outlining his thoughts on the fundraising strategy.

The Panel noted the particular importance of mobilizing funds for the operations of the Interim Secretariat of the Trust. In this regard, it recorded a vote of thanks to the Board of IPGRI for authorizing the pre-financing of critical operations of the Trust should that be necessary. It also requested that details of FAO and IPGRI's in-kind contributions to the operations of the Trust be provided to IPEE-4, as well as a proposed policy for overheads to be applied by the Trust to grants, including in the

interim period, as these could make an important contribution to covering the costs of the Trust's operations.

It agreed that, in the initial phase of the establishment of the Trust, it would be reasonable, if necessary, to devote more than 10% of income from the endowment fund to maintaining the operations of the Trust.

The Panel endorsed the proposed expenditures in the indicative Trust budget for 2004-6, with the proviso that these be reviewed regularly by the Panel and subsequently the Executive Board. The Interim Executive Secretary was requested to further develop and present this budget to IPEE-4.

Fund allocation

The proposed *Interim Eligibility Principles and Criteria for Identifying Plant Genetic Resources that are Eligible to Receive Funding From the Global Crop Diversity Trust* were presented by Ruth Raymond. The Panel reviewed and approved the proposed eligibility principles with minor amendments, as follows:

- The plant genetic resources are of crops included in Annex 1 or referred to in Article 15.1 (b) of the International Treaty
- The plant genetic resources are accessible under the internationally agreed terms of access and benefit sharing provided for in the multilateral system as set out in the International Treaty
- Each holder of plant genetic resources for food and agriculture commits to its long term conservation and availability
- Each recipient of funds from the Trust shall undertake to work in partnership with the aim of developing an efficient and effective global conservation system

The Panel approved the proposed categories of eligibility criteria and requested that the Interim Executive Secretary prepare a more explicit set of criteria for consideration at IPEE-4. It approved in principle the proposed process for developing crop and regional strategies for the identification of priorities for grants. The process foreseen would be highly consultative and involve all relevant stakeholders. The Panel stressed the need to draw on existing information and emphasised that these studies should be used to move the Trust forward, and not be a goal in themselves. It requested the Interim Executive Secretary to prepare a short note for donors, indicating the importance of, and financial needs for developing the regional and crop fund allocation strategies.

The Panel stressed the importance of being able to make initial grants by the end of 2004. It wished to see an initial list of priority collections or genebanks for funding at IPEE-4, in order to make decisions at IPEE-5.

Financial Procedures

The Panel reviewed the work done on developing draft financial policies and procedures for the Trust, which should be ready for consideration at the first meeting of the Executive Board. It requested that the Interim Executive Secretary seek the advice of a well-qualified consultant and provide a progress report to IPEE-4.

The Panel considered possible interim financial arrangements for the Trust. It agreed to establish an Interim Finance and Investment Committee, composed of:

- Lewis Coleman, President, Gordon and Betty Moore Foundation (Chairman);
- Andrew Bennett, Executive Director, Syngenta Foundation;

Geoffrey Hawtin, Interim Executive Secretary, IPEE;
John Lovett, Emeritus Professor, Former Chief Executive Officer, The Grains
Research and Development Corporation, Australia (to be confirmed by
Australia).

The terms of reference of the Interim Finance and Investment Committee were approved and are attached as *Annex 3*.

The panel requested the Interim Finance and Investment Committee to develop draft terms of reference for tenders by financial institutions to manage the Trust's funds in the interim period, and to identify institutions to be invited to tender. The terms of reference would be approved by the Panel through email consultations, after which the Interim Executive Secretary or IPGRI would invite the agreed institutions to submit tenders. The Panel decided that the target rate of return after costs and inflation should be 5%. The Interim Finance and Investment Committee was also requested to discuss further with the United Nations Foundation arrangements by which the Foundation might manage investments on behalf of the Trust, and report to IPEE-4. The Panel wished to be in a position to take decisions on the interim investment strategy at IPEE-4. In the meantime, the Interim Executive Secretary was requested to explore with IPGRI, the holding of funds for the endowment in an interest bearing account. The Committee was also requested to identify the profile of a staff member to oversee the Trust's finances and investments, and identify the functions that would need to be performed.

Secretariat

The Panel noted the intention of the Interim Executive Secretary to leave his functions at a suitable time in mid-2005. It therefore decided to establish a Search Committee to identify candidates for the Trust's Executive Secretary, recognizing that the final decision on recruitment was the prerogative of the Executive Board. The Search Committee will comprise:

Lukas Brader, Director-General, International Institute of Tropical Agriculture (retired);
Walter Fust, Ambassador, Director General, Swiss Agency for Development and Cooperation;
Fernando Gerbasi, Ambassador, Chairman of the IPEE;
Mohammad Roozitalab, Chairman, Global Forum for Agricultural Research and Deputy Director-General, Agricultural Research and Education Organization, Islamic Republic of Iran.

The Panel considered the possible staffing for the Secretariat of the Trust, once formally established, and agreed to keep this under review.

The Panel also reviewed possible procedures for identifying a host country for the Trust and agreed that this was a process that the Executive Board itself should undertake.

IPEE Work Plan

The Panel took note of the proposed Work Programme, and requested that this be amended in the light of its decisions. It approved the 2004 Operational Budget expressing the hope that it would be possible to avoid the projected operating deficit of US\$331,000. The Panel requested the Secretariat to contact prospective donors to seek adequate resources for the operations of the Trust in this crucial period. The

Panel reiterated its request that the in-kind contributions of FAO and IPGRI be identified.

The Panel reviewed a draft Business Plan, made suggestions as to how it might be improved, and requested that the Secretariat revise it for further consideration at IPEE-4.

Reporting to the Interim Committee and Governing Body of the International Treaty on Plant Genetic Resources for Food and Agriculture

The Panel noted with pleasure that the process of ratification of the International Treaty was proceeding very rapidly, and that the Treaty was likely to come into force in June 2004. It therefore requested the Interim Executive Secretary to propose to IPEE-4 an outline of the report it would make to the Second Meeting of the Interim Committee and possibly the First Meeting of the Governing Body in November 2004.

Other Business

The Panel decided that, as it was fulfilling many of the functions expected of the Executive Board in the interim period, a modest honorarium should be made available to Panel Members for attendance and periods of work undertaken.

Date and place of the Fourth Meeting of the Interim Panel of Eminent Experts

The Panel accepted with thanks the generous offer of the Swiss Government that it convene its fourth meeting in Switzerland, and tentatively agreed on the dates of 10-11 June 2004. It requested the Interim Executive Secretary to circulate the agenda and documents, to the extent possible, well in advance of meeting. It hoped that it would also be possible to arrange a meeting with potential donors on this occasion.

Conclusion of the Meeting

Louise Fresco, ADG, FAO expressed her understanding that the meeting had been very useful and productive. The Chairman then closed the meeting, thanking all the members and observers for their active participation. He thanked all those who had prepared the documents and expressed the Panel's appreciation in particular to IPGRI for the excellent arrangements for the meeting as well as to FAO and the Secretariat.

Procedure for Establishing the Executive Board

It is expected that the Trust will become a legal entity some time in mid/late 2004, upon signature of the Establishment Agreement by seven countries, including at least four developing countries, from 5 of the FAO regions. The Executive Board should be established soon thereafter, with the aim of holding its first meeting by mid 2005.

In order to achieve this, the following sequence of events and timetable were agreed at the Third Meeting of the Interim Panel of Eminent Experts:

1. An Interim Donors' Council will be established at IPEE4 in June 2004.
2. The first meeting of the Interim Donors' Council will take place in the period September-October 2004 at which time consideration will be given to the process for the appointment of members to the Executive Board.
3. In mid 2004, the Chairman will contact the Chair of the Commission on Genetic Resources for Food and Agriculture, acting in its capacity as the interim Governing Body of the International Treaty, and request that the subject of the appointments to the Trust's Executive Board by the Commission on Genetic Resources for Food and Agriculture acting as the Interim Committee for the International Treaty be placed on the agenda of the next Interim Committee meeting (tentatively November 2004).¹
4. At the Interim Committee meeting, representatives of the Interim Donors' Council and the Trust will meet with the Interim Committee (or the Bureau of the Interim Committee, or other group set up for this task) with a view to ensuring the necessary consultations take place as foreseen under Article 5(2) of the Trust's Constitution. The aim would be to have both the interim Donors' Council and Interim Committee/Governing Body appointees agreed by the end of the meeting.
5. Once the Interim Donors' Council and Interim Committee appointees have been agreed, the Chair of the Interim Panel of Eminent Experts will contact the Director General of FAO and the Chair of the CGIAR, informing them of the appointees and inviting them to make their own appointments.

¹ Depending on when its first meeting will be held, the Governing Body of the International Treaty might be able to assume the functions foreseen here for the Interim Committee in appointing members to the Executive Board of the Trust.

Donors' Council

DRAFT DECISION OF THE EXECUTIVE BOARD

Introduction

This paper proposes a draft decision for the establishment of the Donors' Council by the Executive Board of the Global Crop Diversity Trust. The proposal has been prepared by Australia and Egypt at the request of the Interim Panel of Eminent Experts and incorporates the comments of the Interim Panel at its third meeting on an initial draft. It is envisaged that the draft decision will be adopted on an interim basis by the Interim Panel at its Fourth meeting in June 2004.

A Donors' Council is hereby established under Article 10 of the Constitution.

1. *The Donors' Council shall be composed of no more than 20 members in accordance with the following scheme:*
 - A. *Donors with the largest contributions in the following categories:
Funding institutions in developed countries (6 members)
Funding institutions in developing countries (6 members)
corporations and foundations (2 members)
non-government organizations or individuals (2 members)
intergovernmental organizations (2 members)*
 - B. *Two additional donors elected by the Donor Forum constituted in accordance with section 2 in order to ensure overall balance between donors.*
 - C. *Subject to paragraph D below, members of the Donors' Council shall hold office for terms of three years and shall be eligible for re-election or re-selection as the case may be.*
 - D. *The members of the first Council shall be appointed by the Interim Panel of Eminent Experts. Half of the members of the first Council, as decided by ballot, shall hold office for a term of 18 months.*
 - E. *The Executive Board, in consultation with the Donors' Council, will keep under review the composition of the Donors' Council and eligibility criteria for membership of both the Donors' Council and the Donor Forum.*
2. *The Donor Forum shall be composed of all donors to the Trust with a minimum contribution of US\$ 50,000 who signify in writing to the Chairman of the Donors' Council their wish to be considered members of the Donor Forum.*
3. *The Donor Council shall exercise the functions of the Donors' Council as described in the Constitution of the Trust and the procedures of the Donors' Council.*

4. *Decisions made by the Donors' Council shall be made by consensus. In the event that consensus is not achievable, decisions shall be taken by a two-thirds majority of the members present and voting.*
5. *In accordance with Article 10.3 of the Constitution, the Donors' Council shall establish its own procedures and the procedures for the appointment of its members.*
6. *In carrying out its functions, the Donors' Council shall take into account the relevant deliberations of the Donors' Forum and shall ensure that the Forum is kept fully informed on all matters related to the business of the Council.*
7. *Members of the Donors' Council and of the Donor Forum shall bear their own costs of participation. Costs of operation shall be allocated among their members by the respective bodies.*

**Global Crop Diversity Trust
Interim Finance and Investment Committee**

Proposed Terms of Reference

The Executive Board is responsible for financial oversight of the Trust. Until the Executive Board is established, the Interim Panel of Eminent Experts (IPEE) has been assigned this responsibility in its stead. In order to carry out its fiduciary responsibilities efficiently and effectively, the IPEE has decided to establish an Interim Finance and Investment Committee (IFIC). The members of the IFIC shall be appointed by the Interim Panel of Eminent Experts and will comprise the Interim Executive Secretary, two additional members appointed by the Interim Panel of Eminent Experts, one of who shall be appointed as Chair, and one member appointed by the donor community.

The IFIC shall meet at least twice per year, or more often if needed. Meetings may be held electronically. Minutes will be kept of all meetings and these will be made available to all members of the Interim Panel of Eminent Experts.

The IFIC reports to the Interim Panel of Eminent Experts and is responsible for advising on all financial matters. Furthermore it is directly responsible for carrying out specific tasks delegated to it by the Interim Panel of Eminent Experts.

Specifically the IFIC shall:

A) In the area of financial management:

- 1) Recommend to the Interim Panel of Eminent Experts financial policies and procedures
- 2) Maintain close contact with the Interim Secretariat of the Trust, in particular the Interim Executive Secretary and, when appointed, the Chief Financial Officer or other officer having equivalent responsibilities, and provide guidance on financial issues.
- 3) Review the three-year rolling budget, the annual programme of work and budget, and the annual accounts, and recommend to the Interim Panel of Eminent Experts their adoption, with or without changes.
- 4) Review reports from grantees regarding the expenditure of funds and provide an evaluation of the outputs and achievements of specific grants.
- 5) Meet with the independent auditors to review the completed annual audit and discuss plans for the forthcoming audit, providing specific instructions as necessary.
- 6) Identify issues of concern for deliberation and/or action by the Board and recommend appropriate solutions to such issues.

B) In the area of investment:

- 1) Recommend investment objectives, policies and strategies, in consultation with the donors community, for approval by the Interim Panel of Eminent Experts. Such

policies may from time to time be altered, amended, supplemented or repealed by the Interim Panel of Eminent Experts based on recommendations of the IFIC.

2) Manage all investments on behalf of the Trust. The IFIC has the power to delegate to the Chief Financial Officer of the Trust, subject to certain limitations, full power and authority to act with respect to all investment management duties conferred upon the IFIC. The IFIC has the power to further delegate certain authority to managers of specific asset classes, as and when such managers are appointed by the Trust, to effect the daily management of their respective asset classes.

3) Hire a fund asset management firm or firms

C) General:

1) The IFIC will report to the Interim Panel of Eminent Experts on its activities and on the investment performance of the Trust at least twice per year.