

**FOR ACTION**

**Programme Report - Long-term Grants**

**Purpose**

To consider and approve a suite of long-term investments for 6 crops for 2007 and an additional 8 crops for 2008, resulting in the Trust supporting international collections for 14 major crops on a recurring basis.

**Background**

When the budget for fiscal year 2007 was approved at the last meeting of the IPEE (October 2006), it included a line item of USD 1.4 million for long-term conservation grants. This amount included USD 200K previously committed for rice (to IRRI) and USD 125K already in advanced negotiations with Norway for the Svalbard Global Seed Vault. These represent the only long-term conservation grants committed to date by the Trust.

At the time of the IPEE meeting, the Secretariat was not in a position to specify and propose specific grants for the remainder of the allocated funds, but was able to project how much money would be available for this purpose in the coming year (2007). Indeed, the plan was for the Secretariat to seek approval for the overall budget for the 2007 long-term conservation grants, approach individual institutes on this basis, and then return to the newly formed Executive Board with specific proposals for consideration at its fall meeting, 2007. The Secretariat is now doing this. In addition, however, it wishes to present specific proposals for long-term grants for 2008 in conjunction with the relevant line item in the proposed budget. This will align the proposal approval and budget approval processes and ensure the Board will only have to consider long term grant proposals once, rather than twice. Henceforth, the Secretariat plans to continue to present such proposals to the Board annually when the overall budget is approved.

The Board therefore has before it long-term conservation grant proposals for the 2007 and 2008 budget years. The proposals come to the Board prior to discussions with the relevant grantee. This reduces the possibility of embarrassment if the Board subsequently rejects the proposal. It provides the Secretariat with clear “marching orders” in terms of grant amounts and conditions, prior to initiation of talks with the grantee. Finally, the Trust can be reasonably assured that all such investments will, in fact, be finalized according to standard contractual terms. This will certainly be the case when the grantee is an international center and our grant is made in furtherance, as it would be, of their existing mandate and goals. In such cases the “negotiation” process with the individual institution should be simple, straightforward and quick.

**Issue**

*Financial Considerations*

In making a particular investment, the Trust incurs a moral and legal responsibility that is likely to extend beyond anyone’s tenure on the Board or staff. Extreme care must be taken to ensure that the Trust can meet these obligations. Conservative planning is indicated. One element involves assumptions about returns on investment over time. The Trust’s business model assumes a return of 4.5% above inflation, over time. In addition, however,

one must factor in the effect of the termination of restricted grants to the Trust (some of which cover overhead expenses) and the need for the endowment to cover these expenses when the time comes, in addition to maintaining investment commitments.

When one looks into the future, one can see that the amount available for investments will rise in the next couple of years and then dip as a result of our having to pick up organizational expenses currently covered by donor grants to the Trust that will come to an end in the next few years (e.g., Canada, GRDC). A conservative approach would dictate that the Trust not make grant commitments that exceed the *smallest* amount available in the foreseeable future. Moreover, while the Trust might reasonably assume that its endowment fund will grow and thus allow for an increase in grant-giving in the coming years, one cannot predict such growth with certainty. Thus, we have calculated this year's proposals to the Board (for 2007 and 2008) on the basis of what can be sustained over time without any further growth in the endowment fund. If and when the endowment fund grows, the Trust will be in a position to assume greater responsibilities and increase its investments in long-term conservation.

### *Specific Proposals*

It is our intention that the proposals being put before the Board make sense both individually *and* collectively. They should be consistent with and serve to further the overall strategy the Trust has adopted (as contained in the Trust's principles and eligibility criteria and enunciated in some detail in the document on "The Role of the Trust" found on the website and in the background Board documents provided at the first Board meeting).

Numerous considerations arise. Collectively, the investment proposals before the Board represent a range of crops – cereals, legumes, roots and tubers, tree crops, etc. The group contains one or more crops of high importance to each region. All crops are listed in Annex I of the International Treaty on Plant Genetic Resources, and have thus been given the highest priority by the Treaty, whose Governing Body provides overall policy guidance to the Trust. The amount of money devoted to individual crops is thought to be "in balance" with regard to the importance of the crop (though in a few cases special situations have dictated a lesser or greater amount than one might otherwise presume – details follow). Finally, the amount devoted to each crop is sufficiently high as to "make a difference" and to put the Trust in a position of influence.

In only one case, *Lathyrus* (grass pea), might the investment amount cover virtually the entire cost of conservation. In other cases, the amount of funding proposed represents an initial contribution that we would anticipate increasing in future years. Partial but substantial annual investments allow us leverage in monitoring and enforcing contractual terms, particularly by encouraging grantees to play a positive and proactive (if not necessarily precisely defined) global role.

Proposals for 2007 and 2008 concentrate on the international collections held by the Centers of the Consultative Group on International Agricultural Research (CGIAR). These collections are held "in trust" by the Centers, which manage them in accordance with agreements concluded with the Governing Body of the International Treaty. These collections are typically the largest, most diverse, most complete, best documented, best managed, and most widely distributed collections in the world. They serve an exclusively international purpose. The institutions concerned depend on the unpredictably variable largesse of the international community and have no reliable recourse to national budgets. Arguably, their survival is less secure than that of a major national collection that serves national goals and has a direct call on national resources. For all of these reasons, these international collections must serve as the backbone of any rational, efficient and effective global system and be a priority for Trust investments. Funding by the Trust can ensure that

the word “sustainable” can be added to the familiar list of adjectives in the previous sentence.

National institutions obviously have an important role to play in any global system. However, determining the division of labor, establishing funding needs and agreeing on what portion of their budget should continue to be borne by the country and what portion is an international responsibility, fashioning relationships between the national programs, and concluding contracts with governments, are matters of extreme complexity institutionally, politically, financially and even scientifically.

The proposals before the Board focus on international collections where the argument for support is unimpeachable and scientifically based and the way forward non-problematic.

As noted earlier, the list of crops presented to EB2 is a *package* that includes a range of fourteen crops of importance to all regions. Every important food crop could not be included in the package this year. A few were specifically excluded because of the complexity of conservation arrangements associated with the crop. Simply put, more time will be needed to fashion institutional arrangements globally for crops such as potato and maize.

As part of the documentation for this agenda item, a separate fact sheet for each crop collection is included. These provide information on the crop and the collection, the institution managing the collection, the size of the proposed annual investment, and any special considerations related to the specific proposal.

The Trust has already committed to making two grants: one to IRRI for USD 200K per annum and one to the Svalbard Global Seed Vault for USD 125K per annum. The proposal for 2008 is that the Svalbard grant be increased to USD 150K to cover higher initial start-up costs, and that the IRRI investment be increased to USD 250K for 2007 as well as for 2008.

At Executive Board Meeting -1, the Board authorized the Executive Director to approve “one-off” grants of up to USD 200K and long-term grants of up to USD 100K. Because of the large number of investment proposals before the Board, because this is the first time the Board will have considered this subject, and because the proposals constitute a “package,” the Secretariat has chosen to include all of the proposed grants for the consideration of the Board regardless of the size of the individual proposal.

The proposals before the Board total USD 1035K for 2007 and USD 1950K for 2008. Approval of these investment proposals should be understood as authorization to proceed with negotiation with the named institutions, for those crops and for the amounts specified.

The Board might consider giving the Executive Director some discretion in the negotiating process so as to be able to take advantage of any leveraging possibilities that might arise. For example, the Trust may wish to allocate more funds to a particular Center if that Center is willing to set aside matching funds for their collection under contract with the Trust (such as the Trust arranged with IRRI). It is understood that the Executive Director would confer with the Chair of the Board and the Chair of the FIC in any situation regarding substantial changes in crops or funding levels.

### **Action**

That Members consider and approve 17 proposals for long term investments for collections comprising 14 major crops.