



Annual Report 2006



**GLOBAL CROP
DIVERSITY TRUST**
A FOUNDATION FOR FOOD SECURITY



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Introduction

CHAIR

AMBASSADOR FERNANDO GERBASI

IN JANUARY 2003, WHEN THE INTERIM PANEL OF EMINENT EXPERTS (IPEE) met for the first time, the Trust had no staff and no legal status, merely an extraordinary collection of people who were preparing to undertake a truly ambitious task.

It is therefore with considerable pride that I, and all the members of the IPEE, look now at the Trust. This report contains details of many exciting developments in this crucial year, but perhaps most significant, for me, was the announcement of the long term funding for the International Rice Research Institute.

The Trust was created to provide financial security to the world's most critical collections of crop diversity – nothing quite fulfils that mandate as neatly as a funding contract with no end date, to the world's largest and best kept collection of the world's most consumed crop. As a mark of an organisation poised to deliver, it was a truly exciting moment.

Taking into account that the Executive Board will be ready to take over in 2007, the IPEE had its final meeting, as an interim board, 26-27 October 2006. It has been a genuine privilege to chair this Panel from its inception. It is a diverse set of people, with very different skills and professional experience that has worked very efficiently and productively - and happily - together. I am very grateful to all the members of the Interim Panel for their commitment and hard work. There is perhaps no more fitting reward for the Panel's dedication, than the thriving Global Crop Diversity Trust which we hand on to the Executive Board.



Introduction

EXECUTIVE SECRETARY
CARY FOWLER

IN SEPTEMBER OF 2006, TYPHOON XANGSANE SWEPT through the Philippines and Vietnam, killing nearly 300 people and wreaking havoc with property and infrastructure in both countries. In Los Baños, an hour from Manila, a little-noticed event took place at one building – a nearby stream overflowed and pushed a wall of water and mud through it, and decimated the surrounding fields.

In the context of the typhoon, this seems irrelevant, but that building was the national genebank of the Philippines, and the muddy water destroyed much of the unique collection stored there. The surrounding land contained field collections; the top half of all the banana trees in the national collection were sheared off. Other crops were simply washed away. Inside, the damage was extensive, with moisture and heat soon contributing to the destruction of a significant part of the seeds stored there.

Set against the immediate human tragedy of the typhoon, it is not always easy to focus on the implications of lost collections of sweet potato, pigeon pea or banana. But this genetic diversity, specific to the Philippines, and much of it unique to that collection, represented a legacy of the generations of Philippine farmers who have adapted these crops to their particular requirements.

And in depriving Philippine agriculture, and agriculture further afield, of this diversity, options for successful farming in the future were dramatically cut. And just as in the typhoon, the Philippine rural poor will again be at the front line of feeling the impact.

The Trust stepped in immediately to offer what help it could. But ultimately the most important contribution we can make is not helping pick up the pieces but in addressing the root problem. The episode in the Philippines, unfortunately neither unique nor even rare globally, highlights the importance of developing a truly robust system for conserving crop diversity. It also provided further impetus to the Trust's formal articulation this year of our role in creating such a system. It has been important to establish exactly what the Trust will achieve, and our document on this topic is notable for being as clear about setting boundaries to our future work, as in setting objectives.

Soon after the Typhoon, the Stern Review on the Economics of Climate Change was released. Published by the UK Government, but global in scope and impact, the Review undermined economic arguments for inaction on climate change by demonstrating the enormous costs for society of failing to deal with the problem. The Stern Review draws attention to the importance not only of mitigating climate change, but also of preparing to adapt to it. It cites declining crop yields as one of the main impacts of climate change, and puts forward the case for more climate-resilient crops as one of the main strategies for adaptation.

The world cannot have climate-ready crops unless crop diversity is safely secured, effectively conserved, and readily available. As a few hours in September in the Philippines has proved, presumably while the Stern Review was undergoing final edits, future food security is far from safe. The Trust is working to ensure that the genetic diversity underpinning our adaptation to climate change, as well as to every other threat faced by agriculture, is safe. As this report shows, 2006 was a pivotal year in this work.



Shehzad Noorani/Still Pictures



Governance

IN JUNE, THE GOVERNING BODY of the International Treaty on Plant Genetic Resources for Food and Agriculture met for the first time. The meeting, hosted by the Spanish government in Madrid, had a packed agenda, with some crucial business regarding the Trust. The meeting opened with Ministers from 65 countries issuing a statement in which they committed themselves fully to implementing the funding strategy of the Treaty, and which called upon "all possible donors to support the Global Crop Diversity Trust".

An agreement was signed between the Governing Body and the Trust, which recognizes the Trust as an essential element of the funding strategy of the Treaty. It provides for the Governing Body to give policy guidance to the Trust and to appoint four members of the Executive Board. It also recognizes the Trust's independence in managing its operations and finances.

The report of the meeting notes: "The Governing Body expressed unanimous support for the Trust, recognizing it as an essential element of the Funding Strategy of the Treaty in relation to the ex situ conservation and availability of plant genetic resources for food and agriculture."

The unanimous support of over 100 countries bodes well for the Trust's mission.

Donors' Council

During the year the Donors' Council met twice, including a special session dedicated to nominating four members of the Executive Board of the Trust. The meetings were well attended and productive.

Interim Panel of Eminent Experts

The Interim Panel of Eminent Experts, an extraordinary group of individuals drawn from widely varying backgrounds, was appointed by the Directors General of FAO and Bioversity International in 2003 to oversee the establishment of the Global Crop Diversity Trust. When it met for the first time in February 2003, no one expected the Panel still to be at the helm at the close of 2006. The contribution of the IPEE Members has been exceptional, and they pass on a strong and vibrant organization to the newly formed Executive Board which will meet for the first time early in 2007.

AUSTRALIA, KENYA AND GHANA all acceded to the Trust's Establishment Agreement during the year. Although signing the Establishment Agreement brings no financial responsibility, it is a strong and visible signal of support. By the end of 2006, 24 countries had signed or acceded to the Agreement.



Programme

The Role of the Trust

The Trust published a document called "The Role of the Global Crop Diversity Trust in Helping Ensure the Long-Term Conservation and Availability of PGRFA", which represented a vital stage in the development of the Trust's programme. The Trust's Executive Secretary, Cary Fowler explains why:

"Often it is just as important for an organization to determine what it is not going to try to do as what it will attempt to accomplish. This is certainly true in the beginning when expectations are created and precedents set.

Specifying one's role vis-à-vis others is not the same as drafting an organizational strategy. Strategies come and go. More than a few institutions unveil new ones routinely and with no obvious reason or provocation. Strategies can be drafted without grappling with the more fundamental question of role. They can simply assume the question of role is settled, understood and accepted.

In 2006, one of the most important developments in the life of the Trust occurred without accompanying fireworks, when the Trust published a document on its role. The result of intense, tough, and exceedingly challenging discussions, we believe the paper presents a clear and disarmingly simple vision for what the Trust will do, and what it will not do, and why.

Answering such questions is doubly important for an organization with an endowment fund, because there are so many good and important things that could be done in the world if only there were funds. We understood there would always be more demand for the Trust's funds than money to meet them. And thus, we needed to clarify a role, not just elaborate a strategy. We needed to explain both why we were focused on certain objectives and why we could not provide funding for certain activities even though they had merit.

In summary, here is what we have concluded:

- The Trust's role is a global one. We exist to ensure the conservation and availability of genetic resources at a global level. We cannot be a substitute for national funding for activities that are primarily national in scope, interest and impact – we will never have enough funds to meet such needs.
- The Trust is focused on conserving the diversity of each crop in an efficient manner. This means that the Trust cannot underwrite the conservation of excessive numbers of the same sample. Two replicates plus a safety backup at the Svalbard Global Seed Vault should be sufficient to guarantee conservation and availability. More than this is excessive and expensive. Genebanks are free to have copy number 200 of a globally popular accession (sample), or to have 50 copies of the same thing in their own genebank – and some do! – but it is not the role of the Trust to support this. It's not needed. It's not possible. It's not sustainable.
- The Trust's goal is to work with others to construct a rational and efficient global system, focusing on conserving priority collections, rather than conserving institutions. The distinction is more than semantic. Hundreds of institutions exist purporting to "conserve" crop diversity. Ensuring the prosperity of all these organizations is unachievable; securing the conservation of the full range of diversity of each crop, however, is a goal that is within grasp. This requires a hard-nosed effort to identify and focus on priority collections (from a genetic standpoint) and make sure they are conserved and made available in a cost-effective manner. And this, in turn, implies that we construct the global system taking into account, building upon and not seeking needlessly to duplicate the work properly functioning institutions are already doing.

The Trust exists not to dispense funds for every worthwhile project. It exists to accomplish a very specific goal that individual countries and donors cannot hope to achieve through the sum of their separate, ad hoc activities in this field. The Trust's role is to be a catalyst for the creation of an actual system – a rational, science-based, cost-effective system for ensuring, really

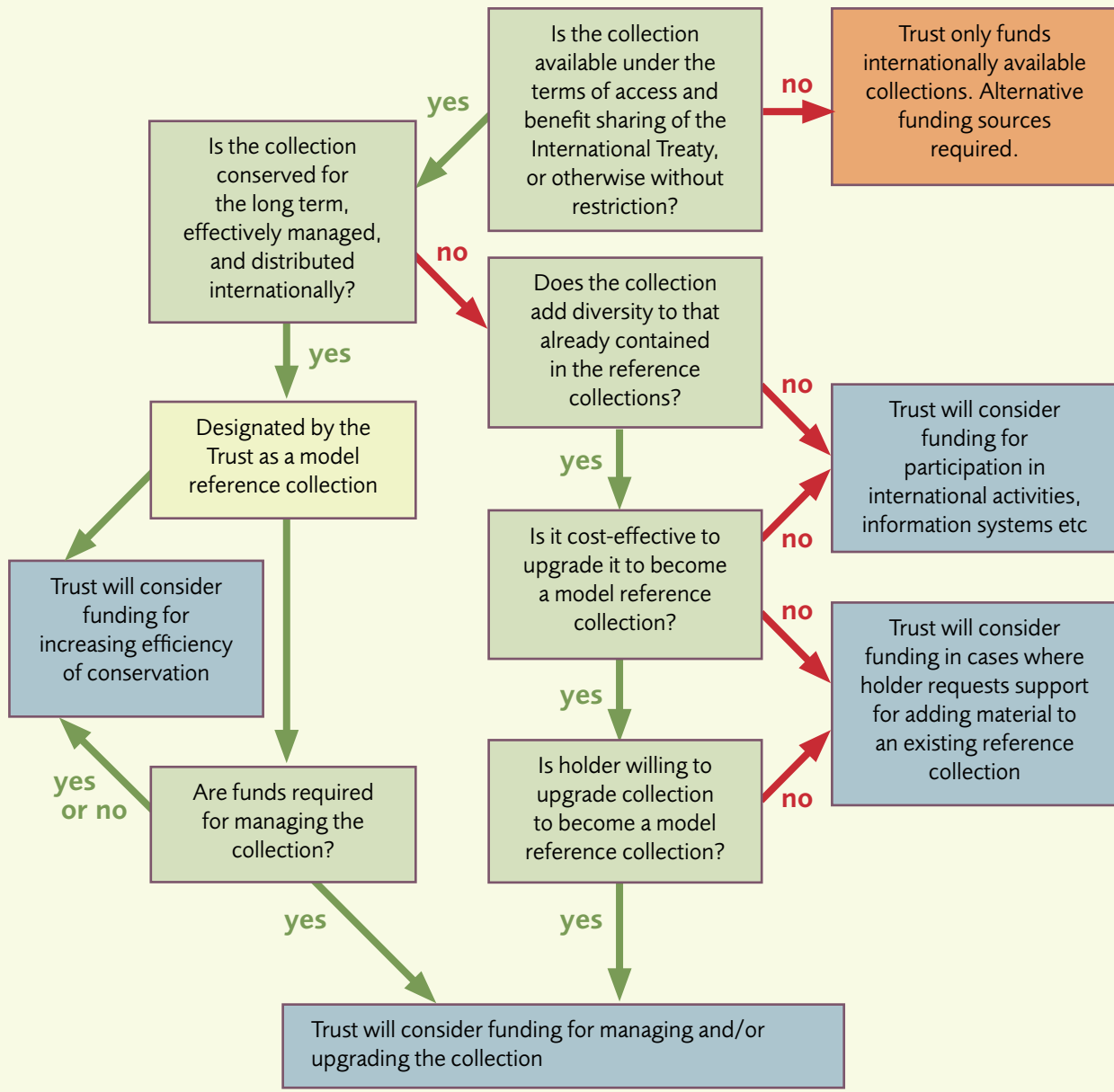
ensuring, the conservation and availability of crop diversity for the international community. It's a huge task. It's the area in which the Trust uniquely can supply 'value added' for donors, and gigantic benefits to all, now and in the future. But, capturing these benefits depends on our being ruthlessly goal-oriented and focused. We cannot be a general funder of good deeds in the field of crop diversity, as much as this might be desired or even needed. 'The Role of the Trust' walks us down the logical path to that conclusion.

'The Role of the Trust' was officially endorsed as policy by the Trust's interim board, and serves as the intellectual foundation of our work and a very practical guide for day-to-day decisions at the Trust. We believe it also effectively lays out a vision for how a rational, effective, efficient and sustainable system can be created, what it will look like, and how it will function."

You will find the paper on the role of the Trust on our website, at <http://www.croptrust.org/main/role.php>



Decision tree for identifying collections that may be funded and for determining the relevant funding category for those collections



First long-term grant

The Trust's first long-term conservation grant was made to the International Rice Research Institute. Formally signed at a ceremony at the CGIAR AGM in Washington, this grant has several noteworthy features.

The Trust has committed to provide USD 200,000 per annum to IRRI, for the conservation of its unique rice collection. IRRI will match this donation with a commitment of USD 400,000 of its own. The contract therefore secures USD 600,000 in funding set aside annually to guarantee the conservation and availability of one of the most important collections of crop diversity in the world.

In addition, the contract is exceptional in having no end-date. In recognition of the long-term nature of the Trust's work – the conservation in perpetuity of crop diversity – the contract provides for a short period each year when either party can provide notice that it wishes to break off the agreement, at which point the agreement runs for another five years before termination. This gives ample time to set other funding sources in place, and therefore, in contractual terms, provides meaning to 'in perpetuity conservation'.

The result is that the Trust's first long-term grant agreement has secured the most important collection of the crop which feeds more people than any other, and it has leveraged twice the level of the Trust's contribution.

Generation Challenge Programme

The Trust signed a Memorandum of Understanding with the Generation Challenge Programme during a brief ceremony in Washington on 5 December. The Generation Challenge Programme is a research and capacity building network that uses plant genetic diversity, advanced genomic science, and comparative biology to develop tools and technologies that enable plant breeders in the developing world to produce better crop varieties for resource-poor farmers. The MOU commits the two organizations to collaboration in a number of areas including the evaluation and documentation of samples held in genebank collections and the identification of unintended duplications within and between such collections.

This collaboration is an important development in orienting the Trust's conservation efforts towards use. Jean-Marcel Ribaut,

Generation Challenge Programme director, noted that "Our organizations have complimentary mandates, and together we can work more efficiently and toward greater impact." Cary Fowler, the Trust's Executive Secretary hailed the agreement as "an important step in ensuring that the crop diversity we conserve can be fully utilized to make agriculture more resilient and productive in the face of challenges such as climate change, and energy and water constraints." In 2007 the organizations will explore possibilities for joint research and programming.



S. Padulosi/Bioversity International

Strategies

The Trust continued work on its crop and regional strategies during the year. Progress on these is always visible on the Trust's website. During 2006, the Trust's work focused on the following crop and regional strategies:

- Banana
- Chickpea
- Grasspea
- Oats
- Sorghum
- Taro and other edible aroids
- Americas
- West & Central Africa
- Central Asia & Caucasus
- Barley
- Coconut
- Lentil
- Pigeon pea
- Strawberry
- Wheat, triticale and rye
- Eastern Africa
- Pacific
- Breadfruit
- Faba bean
- Maize
- Rice
- Sweetpotato
- Southern Africa
- West Asia & North Africa

Development

2006 WAS ANOTHER SUCCESSFUL YEAR for the Trust's fundraising efforts, with a number of donors not only honouring pledges or announcing new contributions, but also finding other ways to support the work of the Trust, in particular through staffing support.

For example, Australia recruited a senior professional to assist the Trust in a number of areas including the establishment of appropriate administrative systems. Norway provided an Associate Professional Officer, and Sweden also agreed to fund such a position. Germany provided a professional officer during the year. Switzerland also agreed to provide support for an Independent Financial Advisor for a period of 3 years. And the Syngenta Foundation for Sustainable Agriculture supported the development of a new website for the Trust.

The Trust is extremely grateful to all its donors. The following donations and pledges were received during 2006:

The **Australian Agency for International Development (AusAID)** provided AUD 3,500,000 as part of their AUD 16,500,000 pledge to the endowment fund.

The **Canadian International Development Agency (CIDA)** provided CAD 1,000,000 as the fourth installment of a ten year CAD 10,000,000 pledge.

DuPont provided USD 250,000 as part of their USD 1,000,000 pledge to the endowment fund.

Egypt provided USD 25,000 as part of a pledge in the amount of EGP 1,000,000 to the endowment fund.

Ethiopia provided USD 25,000 as part of a USD 50,000 pledge to the endowment fund.

Friends of Global Crop Diversity, Ltd, a US charitable organization established in August 2005 whose purpose includes informing the American people of the objectives and purposes of the Trust and raising US funding to support the mission of the Trust, provided USD 82,472. The Corporation received support from the Rockefeller Foundation and the Moore Foundation during the year.

The Gatsby Charitable Foundation contributed GBP 225,000 as the final installment of a project on improving the management of banana and plantain genetic resources of Africa.



Germany provided EUR 1,500,000 as part of a five-year EUR 7,500,000 pledge to the endowment fund.

India provided an amount of USD 50,000 for the endowment fund.

Norway donated NOK 12,000,000 to the endowment fund. They also provided support for an Associate Professional Officer.

The **Swiss Agency for Development and Cooperation (SDC)** provided CHF 3,000,000 as part of their USD 10,000,000 pledge to the endowment fund. They also provided USD 30,000 as the first installment of a three year agreement (2007-2009) providing support for an independent financial advisor.

The **United Nations Foundation** contributed USD 275,000 to support the operations of the Trust.



Communications

THE TRUST LAUNCHED A NEW WEBSITE - WWW.CROPTRUST.ORG - to provide an identity which communicates more clearly the urgency of the mission and connects more vividly with the substance of the Trust's work. The redevelopment was funded by the Syngenta Foundation for Sustainable Agriculture. New printed publicity materials reflecting the same identity were also produced.

A new way of keeping our many stakeholders in contact with the Trust was launched at the beginning of the year. Crop Diversity Topics are billed as offering analysis and reflections – the Topics are an eclectic, accessible selection of thought pieces compiled and written by the Trust's Executive Secretary. They provide an opportunity to show the myriad ways in which crop diversity intersects with issues of concern such as climate change, water shortages in agriculture, and food security. A deliberate attempt was made not to produce a corporate newsletter focused solely on the progress of the Trust, but, to establish a regular and diverse source of accessible information about the wider issue in which the Trust is engaged.

A great deal of press coverage was received during the year. In particular media interest was high for the launching ceremony of the Svalbard Global Seed Vault. This event, attended by all five Nordic Prime Ministers (Denmark, Finland, Iceland, Norway and Sweden), was reported in the news media globally.



Finance and Investment

AS REPORTED LAST YEAR, THE TRUST OPENED its first Endowment Investment Fund with HSBC Asset Management (Europe) Limited in April 2005. Funds are invested in accordance with Investment Objectives and Policies established by the Interim Finance and Investment Committee (IFIC) and approved by the Interim Panel of Eminent Experts (IPEE).

- During 2006 contributions in the amount of USD 12,582,000 (2005: USD 26,305,800) were invested. The investment fund reported a gain in market value at year end of USD 6,088,833 which represents an annualized rate of return of 17%. The market value of the endowment fund at year end was USD 45,533,539 (2005: USD 28,176,193).
- As at December 31, 2006, contributions to the endowment fund had been received from the following donors:
Australia, DuPont/Pioneer Hi-Bred, Egypt, Ethiopia, Germany, India, New Zealand, Norway, Sweden, Switzerland, Syngenta A.G., and the United States.

Annex 1 Financial Statements

D. Cavigliaro

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INDEPENDENT AUDITOR'S REPORT

To the Interim Panel of Eminent Experts The Global Crop Diversity Trust

We have audited the accompanying financial statements of the Global Crop Diversity Trust which comprise the statement of financial position as at December 31, 2006 and 2005 and the statements of activities, changes in fund balances and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Global Crop Diversity Trust as at December 31, 2006 and 2005 and the results of its activities and its cash flows for the years then ended in accordance with International Financial Reporting Standards, as described in Note 2 to the financial statements.

Deloitte & Touche

Rome, Italy
March 30, 2007

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Torino Treviso Verona

Member of
Deloitte Touche Tohmatsu

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Statement of Financial Position for the Year Ended 31 December 2006

	Notes	2006 USD	2005 USD
ASSETS			
Current Assets			
Accounts Receivable	4		
Donor		1,028,002	50,000
Other		431,424	1,007,611
Total Current Assets		1,459,426	1,057,611
Non Current Assets			
Cash and Cash Equivalents	3	506	3,613,994
Endowment Fund	7	45,533,539	28,176,193
Total Non Current Assets		45,534,045	31,790,187
TOTAL ASSETS		46,993,471	32,847,798
LIABILITIES & FUND BALANCES			
Current Liabilities			
Accounts Payable	5		
Donor		145,009	355,225
Other		70,090	66,864
Total Current Liabilities		215,099	422,089
Non Current Liabilities		-	-
Total Liabilities		215,099	422,089
Fund Balances			
Unrestricted		390,811	81,065
Temporarily Restricted		851,016	554,457
Permanently Restricted		45,536,545	31,790,188
Total Fund Balances	6	46,778,372	32,425,709
TOTAL LIABILITIES & FUND BALANCES		46,993,471	32,847,798



Statement of Activities for the Year Ended 31 December 2006

	Notes	2006 USD	2005 USD
INCOME & SUPPORT			
Investment Income			
Endowment Fund Gain		6,088,833	2,688,209
Investment Expenses		(132,887)	(16,599)
Interest Income		18,054	157,087
Net Investment Income		<u>5,974,001</u>	<u>2,828,698</u>
Contributions to Operational Fund			
Contributions to operational and fund raising activities	9	981,574	844,663
Total Contributions to Operational Fund		<u>981,574</u>	<u>844,663</u>
Net Assets released from Restrictions			
From Capacity Building Fund		514,197	610,641
From Endowment Fund		1,180,600	874,218
Total Net Assets released from Restrictions		<u>1,694,797</u>	<u>1,484,859</u>
TOTAL INCOME & SUPPORT		8,650,371	5,158,219
GRANT EXPENSE			
Conservation Strategies		514,197	391,933
External Review & Consultancies		48,053	16,607
Salaries & Benefits		204,819	204,295
Capacity Building Grants		91,475	347,806
Long-term Conservation Grants		208,000	-
Total Grant Expense	11	<u>1,066,544</u>	<u>960,641</u>
SUPPORTING EXPENSES			
Salaries & Benefits		716,229	484,875
Travel		79,822	87,415
Governance		75,042	64,324
Public Awareness & Communications		132,925	243,565
Professional Services		226,062	108,552
Facilities		70,000	60,000
Total Supporting Expenses	12	<u>1,300,080</u>	<u>1,048,731</u>
TOTAL EXPENDITURE		2,366,624	2,009,372
Net Excess of Income & Support over Expenditure		6,283,747	3,148,846
Increase/(Decrease) in Restricted Funds:			
Capacity Building Fund			
Contributions	13	810,756	783,958
Released from Restrictions		(514,197)	(610,641)
Increase/(Decrease) in Capacity Building Fund		<u>296,559</u>	<u>173,317</u>
Endowment Fund			
Contributions	14	8,952,957	20,390,889
Released from Restrictions		(1,180,600)	(874,218)
Increase/(Decrease) in Endowment Fund		<u>7,772,357</u>	<u>19,516,671</u>
Increase/(Decrease) in Restricted Funds		8,068,916	19,689,988
Increase/(Decrease) in Fund Balances		14,352,663	22,838,835
Fund Balances at Beginning of Period		32,425,709	9,586,874
Fund Balances at End of Period		<u>46,778,372</u>	<u>32,425,709</u>



Statement of Changes in Fund Balances for the Year Ended 31 December 2006

	2006 USD	2005 USD
RESTRICTED FUND BALANCES		
Endowment Fund		
Opening Balance	31,790,188	9,444,818
Donations/Contributions	8,952,957	20,390,889
Investment Income	18,054	157,087
Net Endowment Fund Gain	5,955,946	2,671,611
Amount Released	(1,180,600)	(874,218)
Closing Balance	<u>45,536,545</u>	<u>31,790,188</u>
Capacity Building Fund		
Opening Balance	554,457	381,140
Donations/Contributions	810,756	783,958
Amount Released	(514,197)	(610,641)
Closing Balance	<u>851,016</u>	<u>554,457</u>
UNRESTRICTED FUND BALANCES		
Operational Fund		
Opening Balance	81,065	(239,084)
Operating Surplus/(Deficit)	309,746	320,149
Closing Balance	<u>390,811</u>	<u>81,065</u>
TOTAL FUND BALANCES	<u>46,778,372</u>	<u>32,425,709</u>



Statement of Cash Flows for the Year Ended 31 December 2006

	2006 USD	2005 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase/(Decrease) in Unrestricted Fund Balance	309,746	320,149
(Increase)/Decrease in Accounts Receivable	(399,314)	(668,919)
Increase/(Decrease) in Accounts Payable	<u>(206,988)</u>	<u>175,452</u>
Net Cash Provided By Operating Activities	(296,556)	(173,318)
CASH FLOWS FROM RESTRICTED ACTIVITIES		
Increase/(Decrease) in Capacity Building Fund	296,559	173,317
Increase/(Decrease) in Endowment Fund	<u>(3,613,489)</u>	<u>(5,830,824)</u>
Net Cash Provided By Restricted Activities	(3,316,930)	(5,657,507)
Increase/(Decrease) in Cash	(3,613,486)	(5,830,825)
CASH AT BEGINNING OF YEAR	3,613,993	9,444,819
CASH AT END OF YEAR	<u>506</u>	<u>3,613,993</u>



Notes to the Financial Statements for the Year Ended 31 December 2006

1. STATEMENT OF PURPOSE

The Global Crop Diversity Trust (the Trust) is an autonomous international fund established under international law. The international status of the Trust is conferred under an Establishment Agreement which has been signed by 24 countries. The Trust was established on October 21, 2004 and operates within the framework of the International Treaty on Plant Genetic Resources for Food and Agriculture as an essential element of its Funding Strategy.

The Trust is currently located in Rome, hosted by the Food and Agriculture Organization of the United Nations (FAO) and Bioversity International, pending the establishment of a permanent headquarters location. Bioversity International is the name under which the International Plant Genetic Resources Institute (IPGRI) operates since December 1st, 2006.

The mission of the Trust is to ensure the long-term conservation and availability of plant genetic resources for food and agriculture with a view to achieving global food security and sustainable agriculture. To do this, the Trust aims to raise an endowment fund of USD 260 million to support the development of a rational and efficient system for conserving crop diversity around the world.

A United States charitable organization, Friends of Global Crop Diversity, Ltd, was established in August 2005 to further the mission of the Trust. The Corporation was established under section 501(c)(3) of the US Internal Revenue Code and will assist the Trust in informing the American people of the objectives and purposes of the Trust and raising US funding to support the mission of the Trust.

Donors to the Trust include governments from developing and developed countries, foundations, the private sector and individuals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Trust are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by International Accounting Standards Board (IASB). Since existing IFRS do not cover issues unique to not-for-profit organizations, the Trust has drawn from other widely used standards (such as FAS 117 of US GAAP) to provide guidance on issues of importance that are not yet addressed by existing IFRS. The significant accounting policies followed are described below:

Revenue recognition

Funding managed by the Trust falls into three categories:

- 1) Endowment fund
- 2) Funds for regional and crop conservation strategies and capacity building grants
- 3) Funds to cover the operational and fundraising activities of the Trust



While some donors provide funds that may be applied to any category and activity at the discretion of the Trust, most donors allocate their funds to a specific category or categories. In certain cases, the Trust may receive funds that are either unrestricted for use within the category concerned or that are restricted or "earmarked" by the donor for a specific purpose or activity.

Unrestricted grants, received and pledged, are recognized as revenues when the conditions imposed by the donor have been substantially met or explicitly waived by the donor.

Restricted grants are recognized as revenue to the extent grant conditions have been met. Grants pledged but not yet received are accrued among receivables only to the extent expended.

Grants in kind are recorded at the fair value of the assets or services received, or the fair value of the liabilities satisfied.

Foreign currency transactions

The Trust conducts its operations in several currencies and maintains its accounting records in United States dollars. The financial statements are expressed in United States dollars solely for the purpose of summarizing the financial position and the results of activities. All items in the Statement of Financial Position, where necessary, have been translated at market rates of exchange at year-end. Revenue and expense items in currencies other than United States dollars have been recorded at the exchange rate prevailing on the transaction date.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in banks denominated in US dollars. It includes contributions received for the endowment fund together with related interest earned. As contributions for the endowment fund are permanently restricted, cash and cash equivalents at year-end of USD 506 (2005: USD 3,613,994) are reported as non-current assets.

4. ACCOUNTS RECEIVABLE

All receivable balances are valued at their net realizable value.

(A) Accounts receivable - donors

Accounts receivable from donors consists of claims for unrestricted grants promised or pledged provided that the conditions attached to the grants have already been met. It also pertains to claims for expenses paid on behalf of restricted projects in excess of the amount received.

Further detail can be found in Exhibit 1.

(B) Accounts receivable – other

This balance relates mainly to amounts received by the host organizations, FAO and Bioversity International, on behalf of the Trust which have not yet been expended by the Trust.

Further detail can be found in Exhibit 2/A.



5. ACCOUNTS PAYABLE

(A) Accounts payable - donors

Accounts payable to donors includes unrestricted grants received for which conditions have not yet been met and unexpended funds received in advance for restricted projects.

Further detail can be found in Exhibit 1.

(B) Accounts payable – other

This balance consists of amounts payable at the year end in respect of supplies and services received during the year together with amounts expended on behalf of the Trust by the host organizations, FAO and Bioversity International, in respect of which contributions have not yet been received.

Further detail can be found in Exhibit 2/B.

6. FUND BALANCES

Resources are classified for accounting and reporting purposes into fund categories according to the activities or objectives specified by internal designation or by external restriction.

Unrestricted Fund

The Unrestricted Operational Fund comprises contributions received and expenditure incurred in respect of the operational and fundraising activities of the Trust.

Temporarily Restricted Fund

The Temporarily Restricted Capacity Building Fund comprises contributions received or allocated and expenditure incurred in respect of crop and regional conservation strategies and capacity building grants.

Permanently Restricted Fund

The Permanently Restricted Endowment Fund comprises contributions received for the endowment fund together with the related bank interest earned, changes in market value less management fees and amounts utilized during the year.



Current year contributions to the fund are as follows (amounts in USD/000):

Donors	Balance Dec 31, 2005	Contributions	Other movements	Balance Dec 31, 2006
Australia	4,994	2,586		7,580
Dupont/ Pioneer Hi-bred	500	250		750
Egypt	-	25		25
Ethiopia	-	25		25
Germany	-	1,962		1,962
India	-	50		50
Norway	5,901	1,776		7,677
New Zealand	50	-		50
Sweden	7,265	-		7,265
Switzerland	5,083	2,279		7,362
Syngenta AG	1,000	-		1,000
United States	5,000	-		5,000
Private	1	-		1
Interest Earned	199		18	217
Realized & unrealized gain on investment fund (change in market value) less management fees	2,671		5,956	8,627
Realized Gains	(874)		(1,180)	(2,054)
Total	31,790	8,953	4,794	45,537

Further detail can be found in Notes 7 & 8.

7. ENDOWMENT FUND

In March 2005 at the Sixth Meeting of the Interim Panel of Eminent Experts (IPEE), the Panel, acting on behalf of the Executive Board, approved the appointment of HSBC as investment managers for the initial USD 50 million received for the Endowment Fund. The investment fund was opened in April 2005 when contributions previously received in the amount of USD 21,150,000 were transferred to the fund.

The endowment fund investments at year-end of USD 45,533,539 represent the principle together with changes in market value less management fees and amounts released during the year. Changes in the market value of the funds and interest earned are reported in the Statement of Activities in the year in which the change occurs.

Further detail can be found in Notes 6 & 8.



8. INVESTMENTS

The investment fund is managed by a third party investment advisor, in accordance with guidelines provided by the Trust.

The following schedule represents the composition of the market value of the investment fund as at December 31:

	Balance Dec 31, 2006	Balance Dec 31, 2005
Equities	25,895,010	15,353,696
Bonds	14,413,435	8,869,964
Hedge Funds	2,228,415	1,747,406
Real Estate	1,603,371	923,180
Cash	1,393,308	1,281,947
Total	45,533,539	28,176,193

9. CONTRIBUTIONS TO OPERATIONAL AND FUNDRAISING ACTIVITIES

This amount comprises contributions received from donors and expended by the Trust for operational and fundraising activities.

Further detail can be found in Exhibit 3.

10. IN-KIND CONTRIBUTIONS

The Trust received an in-kind contribution of staff time from Bioversity International and FAO during the year. These amounts have not been quantified in the financial statements as it is difficult to estimate the true cost of the support.

Further detail can be found in Exhibit 4.

11. GRANT EXPENDITURE

During the year an amount of USD 514,197 was released from the capacity building fund in respect of expenditure incurred on regional and crop conservation strategies.

12. SUPPORTING EXPENDITURE

With the exception of investment management expenses which are released from the investment fund, all expenditures are incurred by the host organizations, FAO and Bioversity International, on behalf of the Trust. These costs are charged back to the Trust at cost plus overhead.

13. CAPACITY BUILDING FUND CONTRIBUTIONS

This balance comprises contributions received for the crop and regional conservation strategies and capacity building grants.

Further detail can be found in Exhibit 3.

14. ENDOWMENT FUND CONTRIBUTIONS

This balance comprises amounts received during the year for the endowment fund.

Further detail can be found in Note 6.



EXHIBIT 1
Statement of Grant Revenue
as at 31 December 2006

Donor	Accounts Receivable	Advance Payment	Grant 2006	Grant 2005
Restricted				
Grains Research & Development Corporation	84,649	-	439,875	411,952
Syngenta Foundation	-	-	21,829	50,000
Unrestricted				
Canada (CIDA)	860,882	-	860,882	830,565
Friends of Global Crop Diversity, Ltd	82,472	-	82,472	-
Italy	-	-	-	300,000
Norway	-	115,009	100,569	-
Switzerland (SDC)	-	30,000	-	31,441
United Nations Foundation (UNF)	-	-	275,000	-
United States (USAID)	-	-	-	-
Other	-	-	11,704	4,663
	1,028,002	145,009	1,792,330	1,628,621

as at 31 December 2005

Donor	Accounts Receivable	Advance Payment	Grant 2005	Grant 2004
Restricted				
Grains Research & Development Corporation	-	355,225	411,952	383,148
Unrestricted				
Canada (CIDA)	-	-	830,565	813,219
Italy	-	-	300,000	-
Switzerland (SDC)	-	-	31,441	87,037
Syngenta Foundation	50,000	-	50,000	100,000
United Nations Foundation (UNF)	-	-	-	160,850
United States (USAID)	-	-	-	100,000
Other	-	-	4,663	-
	50,000	355,225	1,628,621	1,644,254



EXHIBIT 2 A
Accounts Receivable - Other
 as at 31 December 2006

	<u>2006</u>	<u>2005</u>
	FAO	FAO
Amounts Received		
Previous Year c/f	398,284	(246,636)
United Nations Foundation	275,000	160,850
Norway	215,576	-
Transfer from Bioversity International	-	500,000
Italy	-	300,000
Other	11,704	4,603
	<u>502,280</u>	<u>965,453</u>
Amounts Paid		
Expenditure Incurred	(471,640)	(320,533)
Amount Receivable/(Payable)	<u><u>428,924</u></u>	<u><u>398,284</u></u>
		Bioversity International
Amounts Received		
Previous Year c/f		94,695
Bank Interest		73,000
Investment Income		506,109
Canada (CIDA)		830,565
Grains Research & Development Corporation		900,325
Switzerland (SDC)		31,441
Syngenta Foundation		-
United States (USAID)		-
Private Donation		60
		<u>2,436,195</u>
Amounts Paid		
Expenditure Incurred		(1,755,378)
Transfer to FAO		(350,000)
Amount Receivable/(Payable) - FAO		<u><u>330,817</u></u>
Investment Fund Income - HSBC		<u><u>278,510</u></u>
Other	<u><u>2,500</u></u>	<u><u>-</u></u>
ACCOUNTS RECEIVABLE - OTHER	<u><u>431,424</u></u>	<u><u>1,007,611</u></u>



EXHIBIT 2 B
Accounts Payable - Other
 as at 31 December 2006

	<u>2006</u>	<u>2005</u>
	Bioversity International	
Amounts Received		
Previous Year c/f	330,817	
HSBC Investment Income	1,259,359	
Switzerland (SDC)	30,000	
Syngenta Foundation	<u>50,000</u>	1,339,359
Amounts Paid		
Expenditure Incurred	(1,685,795)	
Amount Receivable/(Payable)	<u><u>(15,619)</u></u>	
Investment Management Expenses - HSBC	<u><u>(54,471)</u></u>	<u><u>(66,684)</u></u>
ACCOUNTS PAYABLE - OTHER	<u><u>(70,090)</u></u>	<u><u>(66,684)</u></u>



EXHIBIT 3

Contributions to Operational, Fundraising & Capacity Building Activities for the Year Ended 31 December 2006

	Bioversity International USD	FAO USD	TOTAL USD
Canada (CIDA)	860,882		860,882
Friends of Global Crop Diversity, Ltd	82,472		82,472
Grains Research & Development Corporation	439,875		439,875
Norway		100,569	100,569
Syngenta Foundation			21,829
United Nations Foundation		275,000	275,000
Other		11,704	11,704
Total Contributions	1,383,229	387,273	1,792,330
Contributions to Operational and Fundraising Activities			981,574
Contributions to Capacity Building Fund			810,756
Total Contributions			1,792,330

for the Year Ended 31 December 2005

	Bioversity International USD	FAO USD	TOTAL USD
Canada (CIDA)	830,565		830,565
Grains Research & Development Corporation	411,952		411,952
Italy		300,000	300,000
Switzerland (SDC)	31,441		31,441
Syngenta Foundation	50,000		50,000
Other	60	4,603	4,663
Total Contributions	1,324,018	304,603	1,628,621
Contributions to Operational and Fundraising Activities			844,663
Contributions to Capacity Building Fund			783,958
Total Contributions			1,628,621



EXHIBIT 4
Statement of In-kind Contributions
for the Year Ended 31 December 2006

Biodiversity International

Director General	5%
Regional Director SSA	5%
Regional Director Americas	5%
Regional Director APO	5%
Regional Director Europe	5%
Regional Director CWANA	5%
Senior Scientist Conservation Strategies	5%
Senior Scientist SINGER Coordinator	5%
Senior Scientist Genetic Diversity/Conservation	5%
Finance Manager	5%

FAO

Director, AGP	5%
Chief, AGPS	5%
Agricultural Officer, AGPS	10%
Senior Officer (Seed & Plant Genetic Resources)	5%
Senior Officer (Cereals & Crop Breeding, AGPC)	5%

Annex 2

Members of the Interim Panel of Eminent Experts

D. Cavagnaro

Ambassador Fernando Gerbasi (Venezuela)

Chair, Interim Panel of Eminent Experts, the Global Crop Diversity Trust
Former Chair of the Commission on Genetic Resources for Food and Agriculture
Former Chair of the Commission on Genetic Resources for Food and Agriculture Acting as Interim Committee for the International Treaty on Plant Genetic Resources for Food and Agriculture

Andrew Bennett (UK)

Executive Director, Syngenta Foundation for Sustainable Agriculture

Lukas Brader (the Netherlands)

Former Director General, International Institute of Tropical Agriculture (IITA), Nigeria

Lewis Coleman (United States)

President, DreamWorks Animation
Former President, Gordon and Betty Moore Foundation

Tewolde Gebre Egziabher (Ethiopia)

Director General, Environmental Protection Authority, Ethiopia

Cary Fowler (USA)

Executive Secretary, Global Crop Diversity Trust

Ambassador Walter Fust (Switzerland)

Director General, Swiss Agency for Development and Cooperation

Chebet Maikut (Uganda)

President, Uganda National Farmers Federation (UNFFE)
Chair, International Federation of Agricultural Producers (IFAP) Committee on Science and Technology

Mohammad H. Roozitalab (Iran)

Deputy Director General, Agricultural Research and Education Organization, Iran
Chair, Global Forum on Agricultural Research

Setijati Sastrapradja (Indonesia)

Senior Scientist, Indonesian Institute of Sciences

Ismail Serageldin (Egypt)

Director, New Library of Alexandria, Egypt

Annex 3

Staff of the Global Crop Diversity Trust



Full-time staff

- Anne Clyne - Finance Officer
- Cary Fowler - Executive Director
- Julian Laird - Director of Development and Communications
- Brigitte Laliberté - Scientist
- Melly Pereira - Programme Assistant
- Ola Westengen* - Associate Professional Officer

Part-time staff

- Sophie Mannhardt - Programme Assistant
- Gerald Moore - Legal Advisor
- Ruth Raymond** - Assistant Executive Secretary and Campaign Coordinator
- Geoff Hawtin - Senior Advisor

* Arrived in 2006

** Left during 2006



The Global Crop Diversity Trust is extremely grateful to its donors and supporters:

Australian Agency for International Development

Canadian International Development Agency

CGIAR Centers

DuPont

Empresa Brasileira de Pesquisa Agropecuária

Federal Ministry of Food, Agriculture and Consumer Protection, Germany

The Gatsby Charitable Foundation

Grains Research and Development Corporation

Gordon and Betty Moore Foundation

Government of Egypt

Government of Ethiopia

Ministerio de Agricultura y Desarrollo Rural, Colombia

Ministry of Agriculture, India

Ministry of Agriculture and Forestry, New Zealand

Ministry of Foreign Affairs, Italy

Ministry of Foreign Affairs, Norway

The Rockefeller Foundation

Swedish International Development Cooperation Agency

Swiss Agency for Development and Cooperation

Syngenta AG

Syngenta Foundation for Sustainable Agriculture

Systemwide Genetic Resources Programme

United Nations Foundation

U.S. Agency for International Development

World Bank – CGIAR

