

Global Crop Diversity Trust 11th Meeting of the Donors' Council

Minutes

The Donors' Council (DC) of the Global Crop Diversity Trust ('Crop Trust') met on 3 November 2014 at FAO Headquarters in Rome, Italy. The meeting was chaired by Germany. It was attended by representatives of current donors of the Crop Trust, prospective new donors, and partners from the FAO and the International Treaty on Plant Genetic Resources for Food and Agriculture.

Annex 1 provides the list of Attendees at the meeting. Annex 2 shows the Agenda and Annex 3 the Summary Report from the meeting to the Executive Board of the Crop Trust. Annex 4 provides a list of Due Diligence Principles for Private Donors.

1. Welcome, Introduction and Adoption of the Agenda

Crop Trust Executive Director Ms. Haga and Donors' Council Chairperson Ms. Kosak welcomed participants to the 11th meeting of the Donors' Council. The meeting Agenda was adopted as proposed, with an addition to Item 7 (Any Other Business) to include a discussion of the role of the Donors' Council in the governance of the Crop Trust. The minutes of the 10th meeting of the Donors' Council, held on 21 October 2013, were adopted without change.

2. Science Report

Ms. Lusty, Genebank Programme Coordinator at the Crop Trust, reported on the Crop Trust's scientific and technical work, including: monitoring and improving performance and efficiency in the management of international crop collections through the Genebanks CGIAR Research Program (CRP) and long-term grants from the endowment; collecting and pre-breeding of crop wild relatives (CWR); developing platforms for sharing and improving the quality of crop diversity data through GeneSys and the DivSeek Initiative; and prioritizing global actions to conserve crop diversity through Crop Advisory Committees.

The Bill & Melinda Gates Foundation commended Ms. Lusty for her presentation and highlighted the importance of establishing performance indicators for genebanks. There was a concern that references to genebanks should be prominent in the CGIAR's Strategy and Results Framework, and in the next round of CRPs, while genebanks may lose their status of a separate CRP after 2016 when the current Genebanks CRP expires.

Australia pointed to its support for the Crop Trust, referring to funding provided by the Grains and Research Development Corporation (GRDC), also the endorsement of DivSeek during Australia's presidency of the G20 and the important role that the initiative will play in the implementation of Article 17 of the International Plant Treaty. DivSeek was noted as a good example of collaboration between the Crop Trust and the Treaty. Australia made note of references made to the agricultural and economic impact in Ms Lusty's presentation and urged the Crop Trust to continue highlighting development

results in the lead up to the planned donors' pledging conference in 2016. In this connection Australia also welcomed dialogue on Crop Trust governance arrangements.

Norway expressed satisfaction with the quality of the Crop Trust's scientific work and highlighted the value of the DivSeek initiative. Results arising from the DivSeek partnership needed to remain in the public domain.

Canada raised questions on the indicators of availability and quality management of genebanks, asking which elements of genebank operations were involved. Canada also queried on the allocation of genebank budgets and the relationship with performance, including on the possible need to reduce or freeze allocations in view of a possible lack of performance.

Ms. Lusty explained that the Crop Trust was adopting a holistic approach to quality management, rather than pursuing ISO or a similar formal certification. This approach ensures that all genebank operations and policies are being reviewed, documented and progressively improved as part of a dedicated quality management system. She explained that fixed budget allocations are derived from a comprehensive costing study, and that allocations are intended to cover only routine genebank operations. In the review process, backlogs and issues are identified and remedial actions are recommended. CGIAR Centers are requested to develop an action plan for addressing the recommendations, and this follow-through is supported with additional funds through the Genebanks CRP.

Ms. Haga recognized donors' need for comprehensive evidence on the agricultural, economic and development impact of genebanks and the Crop Trust's associated work. The Crop Trust has developed crop impact stories to this effect, with more work to follow. There will also be a discussion with the Executive Board to explore ways of better demonstrating impact. Ms Lusty highlighted the value that crop genebanks bring to plant breeding efforts; the uniqueness of the material that genebanks manage; and the ability to access vast numbers of crop accessions for large-scale screening. The Crop Trust intends to hire a specialist to help analyzing and illustrating these unique attributes of global crop genebanks.

The Netherlands acknowledged the progress the Crop Trust is making in communicating impact, including through projects such as DivSeek. There was a question about how farmers are benefiting directly from genebanks, and how the Crop Trust's work relates to better nutrition. A query was also made concerning the status of ICARDA's crop collections in Aleppo, Syria.

Ms. Lusty referred to the impact pathways of different crops, mentioning that crops like rice and wheat have long and well-developed impact pathways, which may also position the genebanks further from farmers. Other crops have short impact pathways, such as forages and yams, with genebanks having a more direct interaction with farmers, and with related information and resources catering closely to farmers' needs.

Ms. Lusty confirmed that ICARDA was functioning at near normal level, despite the precarious security situation in Aleppo. Approximately 75% of the regular levels of crop regeneration at Aleppo had taken place this year, in sites in Morocco and Lebanon. There was still limited access to the collection in Aleppo, while cold room conditions were being maintained. Nearly all elements of the Aleppo crop collection have been backed up in the Svalbard Global Seed Vault.

Germany congratulated the Crop Trust on its work in developing performance indicators for genebanks and noted its online reporting tool as a further step forward. Questions

were raised on the evolution of genebank operating costs, also where additional resources would come from to cover rising routine costs and the cost of upgrading genebanks. There were further questions on possible reluctance of project partners to use the SMTA in the CWR project; on the Crop Trust's work in pre-breeding and its interaction with other relevant activities from e.g. FAO; the Crop Trust's specific role in the DivSeek initiative; the Crop Trust's partnership with the International Plant Treaty and the Commission on Genetic Resources for Food and Agriculture (CGRFA); and the participation of donors, FAO and International Plant Treaty in the development of Crop Advisory and Genebank User groups. Reference was also made to Brazil's recommendations at the 10th Donors' Council Meeting to maintain a roster of scientific experts.

Ms. Lusty explained that the Genebank CRP includes a component of work for upgrading and optimizing the performance crop collections. Negotiations with countries to partner in the CWR project are taking time yet are progressing steadily. Ms. Lusty mentioned that the Crop Trust's work on pre-breeding was not new as there had been a component on this in a previous project funded by the Bill and Melinda Gates Foundation. She explained that genebanks employ pre-breeding to uncover traits and characteristics in parts of their collections that breeders would not otherwise know about or pursue for use; this was a complementary approach to that of the breeders. Ms. Haga mentioned that Paul Smith, former head of the Millennium Seed Bank at Kew Gardens in the UK, will be designing a roadmap for the development of Crop Advisory Groups.

Mr. Daniele Manzella, Joint Liaison Officer of the Treaty and Crop Trust, responded to questions on the SMTA by saying that discussions in the Working Group of the Treaty on this subject were ongoing. Regarding DivSeek governance, he pointed to the joint Facilitation Unit that the Crop Trust and the Treaty are establishing to manage DivSeek.

Brazil stressed the need for capacity building in national crop collections. Support was expressed for stronger collaboration between the Crop Trust, the International Plant Treaty and CGRFA, with possible joint presentations or reports to be prepared for future meetings. The Brazilian representative conveyed the commitment of the President of Embrapa, Dr. Mauricio Lopes, to the partnership with the Crop Trust.

The Chair of the Governing Body of the International Plant Treaty made a statement expressing the desire to increase communication and collaboration with the Crop Trust. He also referred to the Benefit Sharing Fund (BSF) of the Treaty and its reliance on voluntary contributions. He stressed the complimentary roles of the BSF (for *in situ* crop conservation) and the Crop Trust Endowment (for *ex situ* crop conservation).

3. Donor Engagement Report

Mr. Koch, Director of Finance of the Crop Trust and Secretary of the Donors' Council, provided two presentations, covering the current and planned donor engagement of the Crop Trust and outlining the finance and investment report to the Executive Board.

Regarding donor engagement, Mr. Koch highlighted the priority of funding the Crop Trust endowment over funding of short-term projects. He summarized the fundraising targets of the Crop Trust, i.e. increasing the endowment fund from currently USD 180 million to USD 500 million by early 2016 under Phase 1, and further to USD 850 million by end of 2018 under Phase 2. Investment income from the endowment will provide long-term sustainable funding to the international crop collections maintained by the CGIAR and other partners that are protected under Article 15 of the International Plant Treaty, under Phase 1; and long-term funding for selected other essential regional and national crop

collections holding the 25 priority crops protected in Annex 1 of the Treaty that are critical for food security in least developed countries, under Phase 2. Phase 2 will also provide permanent funding of the running costs of other key elements of the Global System for the conservation of the world's crop diversity, including Information Systems and the Svalbard Global Seed Vault in Spitsbergen. Furthermore, the Crop Trust undertakes selected short-term projects to address critical constraints to the development and functioning of the Global System for crop diversity.

Mr. Koch referred to the increase of the Crop Trust endowment from USD150 million in October 2013 to USD 180 million at present. The Crop Trust withdraws up to 4% annually from the endowment for the funding of crop genebanks, while also preserving the real value of the endowment against USD inflation. Thus far, sovereign countries have provided more than 90% of the resources in the endowment.

The Crop Trust is using a range funding approaches, including a fair opportunity-sharing approach for the endowment between some 50 nations that reflects the size and per-capita income of a given country, thus building a global coalition of nations to protect the global common good of crop diversity. The Crop Trust is also contacting wealthy individuals and is approaching foundations, companies and financial intermediaries, including through innovative financing solutions.

Mr. Koch made reference to the current support by the Norwegian Government to the Svalbard Global Seed Vault, and the expectation that the Crop Trust will take over the responsibility of financing the Vault over the long term, through the endowment.

Mr. Koch discussed the road map for donor engagement over the coming 15 months. There will be two Stakeholder Discussions, in January 2015 in Berlin and by about June 2015, possibly in Rome. The meetings will cover the scientific aspects of the Crop Trust's work. In October 2015, there will be the next annual meeting of the Donors' Council.

Mr. Koch reaffirmed plans for the international donors' pledging conference to be held in the first half of 2016 to fund Phase 1 of the endowment. He suggested that current and prospective donor governments should plan for providing an up-front financing commitment to the Crop Trust, between now and latest by early 2016, as part of donors' 2015 and/or 2016 national budgets. All funds committed to the Crop Trust since October 2013 will be counted as contributions in the lead up to the pledging conference in early 2016. The Crop Trust has hired a global media firm for the implementation of an 18-month communications strategy towards the international donors' pledging conference.

With new private donors expected to support the endowment, the Donors' Council endorsed raising the representation threshold for new private donors at the Donors' Council to USD 250,000, effective January 2015, and to apply due diligence procedures for new private donors contributing at least USD 25,000.

Canada acknowledged the importance of the Crop Trust's value proposition, and suggested adding to it the Crop Trust's future role in implementing the forthcoming post-2015 UN Sustainable Development Goals. Canada proposed the need for a set of policy principles to support the due diligence questionnaire for new private donors; these due diligence principles have subsequently been prepared by the Crop Trust Secretariat and are attached in [Annex 4](#) of these Minutes.

The International Seed Federation confirmed the commitment of the seed industry to the Crop Trust and the International Treaty and called for further cooperation between both.

Germany reaffirmed its commitment in supporting the Crop Trust as the host country of the Crop Trust Secretariat. Germany, Brazil and others suggested exploring further options for joint donor engagement between the Crop Trust and the International Treaty, including consideration to be given to a joint fundraising strategy.

4. Finance and Investment Report

Mr. Koch summarized the investment management and return performance of endowment portfolio. He referred to current market conditions that pose challenges to achieve the target return of 4% per year plus US dollar inflation going forward. He summarized the recent asset allocation review for the endowment, with the goal of achieving a satisfactory portfolio return going forward. Mr. Koch highlighted expected savings on asset management fees resulting from a direct hedge funding investment instead of continuing to use a fund-of-funds approach. The Crop Trust intends to tender for its investment adviser contract by mid-2015.

Mr. Koch provided an overview of the 2014 and 2015 budgets of the Crop Trust, with a small surplus projected for 2014 and the expectation of a balanced budget for 2015. Program expenditures in 2015 are expected to increase considerably as the Crop Wild Relatives Project will gain momentum, with further countries expected to enter into crop collection agreements. Mr. Koch confirmed management's intention to continue to limit withdrawals from the endowment fund to 3.5% per year, below the 4% threshold.

Mr. Koch informed about selected new financial policies and procedures of the Crop Trust, referencing an institutional overhead charge capped by policy at 15%, a corporate credit card policy, and hospitality and entertainment policy.

The Netherlands urged caution in the use of hedge funds given potential reputational issues and requested to receive further information on this topic.

5. Donors' Council: Elections and Appointments

Donors' Council members elected The Netherlands to assume the role of DC Chair, and Germany to assume the role of DC Vice-Chair, effective immediately. Moreover, members appointed Mr. Alexander Mueller, nominated by Germany, to the vacant fourth seat on the Executive Board for members appointed by the Donors Council. In addition, DC members recommended that the Executive Board appoint Mr. Knut Storberget, nominated by Norway, to the second vacant seat on the Executive Board for additional members appointed by the Board to ensure overall balance among its membership.

6. Donors' Council Report to the Executive Board

A Summary Report of the meeting was drafted by the Secretary of the Donors' Council based on input from meeting participants. It is enclosed in [Annex 3](#). The Report was subsequently presented to the Executive Board of the Crop Trust at its meeting on 6-7 November 2014.

7. Any Other Business

The DC endorsed the suggestion by the Chairperson and Crop Trust management to prepare a concept note on establishing an ad hoc working group on the role of the

Donors' Council in the governance of the Crop Trust. As the endowment fund is expected to increase and the Crop Trust would extend its funding to national or regional genebanks other than those from the CGIAR-System, donors would have an interest to engage more closely, and more frequently, on the scientific and financial work of the Crop Trust. This concept note, to be prepared within one month, will serve as the basis for comments from donors and partners. This process will lead to decisions on governance at the Donors' Council in October 2015.

**Global Crop Diversity Trust
11th Meeting of the Donors' Council**

List of Attendees

Current Donors and Donor Council Members:

Barbara Kosak (Chairperson of the Donors' Council, Germany)
Samuel Beever (Australia)
Pamela Anderson (Bill & Melinda Gates Foundation)
Larissa Maria Lima Costa (Brazil)
Michael Gort (Canada)
Felipe Steiner Fraser (Colombia)
Thomas Meier, Christoph Kessler (Germany)
Damien Kelly (Ireland)
Michael Keller (International Seed Federation)
Anthe Crawley (New Zealand)
Jostein Leiro (Norway)
Santiago Menéndez de Luarca (Spain)
Christina Blank (Switzerland)
Gerda Verburg, Jaap Satter (The Netherlands)
John Norris, Christopher Shepherd-Pratt (USA)

Observers from Prospective Donors and Partners:

Andrea Silvina Repetti (Argentina)
Fuad Farzalibayov (Azerbaijan)
Jozef Spánik (Czech Republic)
Siim Tiidemann (Estonia)
Willem Olthof (European Commission)
Ana Margarita Fraile Vasallo (European Union)
William Murray (FAO)
Zoltán Kálmán (Hungary)
Tamar Ziv (Israel)
Matthew Worrell, Shakeel Bhatti, Mario Marino (ITPGRFA)
Yuzi Kozaki (Japan)
Liping Shen (People's Republic of China)
Stella Chirinos (Peru)
Juhee Rhee (Republic of Korea)
Moshibudi Rampedi (South Africa)
Gladys Fransisca Urbaneja Durán (Venezuela)

Members of the Executive Board of the Crop Trust:

Ambassador Tim Fischer (Vice Chair of the Executive Board, Crop Trust)

Crop Trust Staff:

Marie Haga, Executive Director
Michael Koch, Director of Finance and Secretary of the Donors' Council
Charlotte Lusty, Genebank Programme Coordinator
Krupali Patel, Partnerships Manager
Nella Bause, Operations Assistant
Daniele Manzella, Joint Liaison Officer (Crop Trust and ITPGRFA)

**Global Crop Diversity Trust
11th Meeting of the Donors' Council**

Agenda

Monday, 3 November 2014 – FAO Headquarter – Lebanon Room

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| 10:00 | 1. | Welcome, introduction and adoption of the Agenda – approval of report from last meeting |
| 10:15 | 2. | Science Report - Discussion |
| 11:00 | 3. | Donor Engagement Report - Discussion |
| 11:45 | 4. | Finance and Investment Report - Discussion |

12:30 Lunch - Sandwiches

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| 13:15 | 5. | Donors' Council: Elections / Appointment
5.1 Chairperson and Vice-Chairperson
5.2 One Board Member from the Donors' Council |
| 13:50 | 6. | Donors' Council Report to the Executive Board |
| 14:45 | 7. | Any Other Business |

15:00 Close of Meeting

**Global Crop Diversity Trust
11th Meeting of the Donors' Council**

Summary Report to the Executive Board

The Donors' Council (DC) of the Global Crop Diversity Trust met on the 3rd of November 2014 at FAO in Rome, Italy. The meeting was chaired by Dr. Barbara Kosak of Germany.

Per Agenda Item 1, the DC Chair welcomed representatives of 15 current donors and 21 observers and prospective new donors to the meeting, complemented by partner representatives from the International Treaty on Plant Genetic Resources for Food and Agriculture and the FAO. The DC adopted the meeting agenda and approved the report from the last DC meeting of October 21, 2013.

Under Agenda Item 2, Crop Trust management summarized its scientific and technical work over the past year. DC members acknowledged the achievements of the Crop Trust in performance management of genebanks. DC members encouraged continued work to demonstrate the effectiveness and development results of the Crop Trust's work. They also discussed the need for increased cooperation between the Crop Trust and Treaty Secretariat and other relevant actors, citing the DivSeek Initiative and the joint secretariat as examples. They pointed to the need for capacity building activities in the context of ex situ conservation and genebank management.

Under Agenda Item 3, Crop Trust management reported on its outreach with current and prospective donors over the past year, and its plans for future donor engagement and communications leading up to the international donors' pledging conference envisaged for early 2016. The DC suggested taking advantage of opportunities for joint fundraising by the Crop Trust and the International Treaty. The DC recommended the Board to approve raising the representation threshold for new private donors at the Donors' Council to USD 250,000, effective January 2015, and to apply due diligence procedures for new private donors contributing at least USD 25,000. They expressed the need for a set of policy principles to support the questionnaire.

Under Agenda Item 4, Crop Trust management summarized a number of financial topics relating to the investment portfolio of the endowment, the 2014 and 2015 budgets of the Crop Trust Secretariat, new financial policies and procedures, and other financial matters. The DC urged caution in the use of hedge funds given potential reputational issues.

Under Agenda Item 5, DC members elected The Netherlands to assume the role of DC Chairman, and Germany to assume the role of DC Vice-Chairman, effective immediately. Moreover, DC members appointed Mr. Alexander Mueller, nominated by Germany, to the vacant fourth seat on the Executive Board for members appointed by the DC. In addition, DC members recommended that the Executive Board appoint Mr. Knut Storberget, nominated by Norway, to the second vacant seat on the Executive Board for additional members appointed by the Board to ensure overall balance among its membership.

The DC endorsed the suggestion by Crop Trust management to prepare a concept note on establishing an ad hoc working group on the role of the DC in the governance of the Crop Trust. The note, to be prepared within one month, will serve as the basis for comments from donors and partners and it could also be included in the Road Map for the collaboration between the Crop Trust and the International Treaty. This process will lead to decisions on DC governance at the Donors' Council in October 2015.

Global Crop Diversity Trust

Due Diligence Principles for Private Donors

The Crop Trust welcomes philanthropic contributions from private (non-governmental) donors, including foundations, civil society organizations, corporations, high-net-worth individuals, and other individual donors. While private donors to date account for less than 10% of financial contributions to the Crop Trust endowment fund, it is expected that their importance in funding of the endowment may rise over the coming years.

At the request of the Crop Trust's Finance and Investment Committee, the Crop Trust Secretariat has established a Due Diligence Questionnaire for Private Donors, informed by best practices used by the UN and other international organizations. The Questionnaire allows the Crop Trust to perform a consistent due diligence review of prospective new Private Donors to the Crop Trust contributing more than USD 25,000.

The Questionnaire has been established using a core set of Due Diligence Principles for Private Donors. These Principles are summarized as follows:

- Benefits and risks need to be assessed by the Crop Trust Secretariat before accepting significant contributions from Private Donors. Risks include potential harm to the Crop Trust's relationship with other benefactors and partners.
- Clarity is required as to the underlying motivation and expected benefits, which Private Donors hope to gain from engaging with the Crop Trust.
- Potential conflicts of interest need to be assessed, in particular when Private Donors have a prior or current business relationship with the Crop Trust (e.g. as a vendor, contractor, or grant recipient).
- Private Donors should not have been exposed to financial difficulties over the past years nor have unsatisfactory audits or non-compliance with financial regulations.
- Private Donors should have appropriate ethical and sustainability policies in place (e.g., staff code of conduct, environmental sustainability, financial ethics).
- Private Donor contributions shall not be funded by activities that are unlawful (including theft, fraud, tax evasion, money laundering or terrorist activity).
- The following specific disclosures constitute a negative list of items that could result in a rejection of a proposed new contribution from a Private Donor:
 - Inclusion in pertinent UN sanction or investigation lists
 - Violation of international sanctions
 - Pending significant legal actions, including litigations or arbitrations
 - Involvement in questionable labour practices
 - Involvement in questionable business activities (e.g. weapons, tobacco, gambling, alcohol, extraction of natural resources, environmental degradation)
 - Public criticism by civil society organizations, government or the media
- Crop Trust staff responsible for soliciting gifts and managing the stewardship of potential Private Donors will conduct their work with transparency and ensure that they are open to reasonable scrutiny.