



Minutes of the 13th Meeting of the Donors' Council of the Global Crop Diversity Trust

26 October 2015, Rome, Italy

The Donors' Council of the Global Crop Diversity Trust ('Crop Trust') met on 26 October 2015 at FAO Headquarters in Rome, Italy. This meeting was held as a joint meeting with the Executive Board of the Crop Trust. The meeting was chaired by the Netherlands and attended by 33 representatives of current and prospective donor parties. Annex 1 provides the list of attendees. Annex 2 shows the meeting agenda.

1. Introductions and Adoption of the Agenda

The Chair of the Donors' Council expressed his gratitude in seeing many current and prospective donor partners represented. The Chair invited the FAO representative, the Chair of the Executive Board of the Crop Trust and the Executive Director of the Crop Trust to deliver words of welcome.

The Chair reiterated the global importance of plant genetic resources for food security and nutrition, as reiterated in the United Nations Sustainable Development Goals. This 13th meeting of the Crop Trust Donors' Council comes at a critical time for the institution's further development leading up to the Pledging Conference of the Crop Trust on 14 April 2016 in Washington, DC. The Chair invited current and prospective donors to use the next 5 months to mobilize political and financial support from among the community of nations to make the Pledging Conference a success.

The Minutes of the 12th meeting of the Crop Trust Donors' Council held on 18 May 2015 were adopted. The meeting agenda for this 13th meeting was agreed, with a request from a participant to add under Other Business a read-out from Crop Trust Management on its views on the recently held 6th meeting of the Governing Body of the International Plant Treaty.

2. Updates by Crop Trust Management

Crop Trust management updated Donors' Council members about the scientific work of the Crop Trust in safeguarding crop diversity in ex situ genebanks, including the Genebanks Program of the CGIAR, work on quality management systems of genebanks, the costing of genebank operations, the future funding expected by the CGIAR for the international genebanks, the new strategy for supporting selected national genebanks, and activities under the Crop Wild Relatives Project and in strengthening information systems around genebanks.

Management mentioned that the UN Sustainable Development Goals include Targets 2.5 and 2.a. on conserving global crop diversity by the year 2020, so that contributions to the Crop Trust Endowment Fund support directly implementing the SDGs. The Crop Trust is finalizing a new paper on the economic value of crop diversity and the impact of the work of genebanks. The Crop Trust has also updated its Strategic Work Plan. Institutional relations of the Crop Trust with the Secretariat of the International Plant Treaty are close and productive, and a new MoU on Crop Trust cooperation with FAO has been entered into recently. The Crop Trust participated in the 6th Governing Body meeting of the Treaty in Rome in October 2015 where it received policy guidance from the Treaty, as per the Relationship Agreement between the Crop Trust and the Governing Body.



Work with donor partners towards the Crop Trust Pledging Conference on 14 April 2016 in Washington, DC is ongoing at high intensity. More than 50 governments have been invited to participate at Ministerial level. The conference will be co-chaired by the Minister of Economic Cooperation and Development of Germany and the Minister of Foreign Affairs of Norway. The United Nations Deputy Secretary General will deliver a keynote address.

The goal of the Pledging Conference is to increase the Crop Trust Endowment Fund from currently USD 164 million to USD 500 million through firm financing commitment from donor governments. Minimum contribution shares have been calculated and proposed to each invited government; contributions are requested to be pledged up-front by April 2016 and they could be paid in over up to five years. The Crop Trust hopes for wide country participation at the Pledging Conference, preferably at Ministerial level.

The Pledging Conference is scheduled to take place in conjunction with the IMF/World Bank Spring Meetings in order to facilitate the participation of Ministers of Foreign Affairs, Finance, Development Cooperation and/or Agriculture visiting Washington DC at this time. Contributions to the Crop Trust Endowment Fund are 100% eligible to count as Official Development Assistance (ODA) in accordance with the OECD/DAC. A special website on the Pledging Conference has been launched, as follows: www.croptrust.org/pledging-conference.

3. Innovative Financing Options

a) Concessional Donor Loans (Reference: Background Paper No. 1)

Management explained the rationale, elements, benefits and risks of the proposed Concessional Borrowing Framework of the Crop Trust which has been informed by an expert study. Under the Framework, the Crop Trust would be able to accept a few donor loans, adding funding to the endowment and generating annual investment income to support Crop Trust operations until donor grant resources are fully paid in. All outstanding loans would be limited to 33 percent of total invested endowment assets of the Crop Trust.

Individual loans would need to have the following parameters: a sufficiently long term, with a loan maturity of at least 20 years; a low cost base, with a maximum average interest rate of 1.25% on all outstanding loans; a fixed interest rate; be denominated in US Dollars; and the option of pre-payment by the Crop Trust. There should be no donor restrictions on the investment of loan proceeds by the Crop Trust into the endowment, nor on the use of income generated from the invested loan proceeds. Detailed risk management procedures have been outlined in the proposed Framework, which has been informed by similar recent concessional loan frameworks instituted by IFAD and the World Bank's International Development Association. Individual donor loans would require prior approval by the Finance and Investment Committee, the Donors' Council, and the Executive Board.

In the discussion, Management explained that income withdrawn from invested loan proceeds would conservatively be limited to the amount of actual investment income earned minus loan expenses paid so as to protect the invested loan principal. When asked why individual loans should amount to at least USD 10 million in volume, Management answered that it intends to limit the number of outstanding loans to no more than three loans; with an endowment target of USD 500 million, this would limit all loans to USD 167 million, hence the intention to source a few large-volume loans which would offer substantial financial benefits for the Crop Trust. Another question posed was on the nature of a possible Special Investment Fund. Management explained that such a Fund could be used if a proposed donor loan was not aligned with core requirements as per the Framework and would hence be invested in a separate investment



account without recourse to the Crop Trust endowment. A further question was posed on the Board members serving on the Finance and Investment Committee of the Crop Trust.

A donor representative suggested that concessional loans were a new way of operating for the Crop Trust and required careful consideration. Donors at the OECD-DAC have been discussing the merits of donor loans in recent years. A question was posed as to how the grant equivalent amount of donor loans to the Crop Trust would be calculated. Management responded that the method outlined in the background expert study followed the net present value calculations used by the World Bank's International Development Association on concessional donor loans. However, as there are no voting power calculations needed for Crop Trust donors, with each donor having one vote on the Donors' Council irrespective of contribution volumes, the grant element was not a relevant financial parameter in the context of donor loans to the Crop Trust.

In concluding this session, Management pointed out that the risk for loan- and grant-providing donors was considerably lower at the Crop Trust than, for example, in the case of donor loans to IFAD or the World Bank's International Development Association: the latter two development finance institutions are on-lending donor loans to lower income economies, with the associated credit risk, whereas the Crop Trust would be investing donor loans in the capital markets through the endowment fund, just as any other long-term institutional investors do such as pension funds and insurance companies. If donors were prepared to entrust their grant resources to the Crop Trust for long-term investment in the endowment, then the same rationale would presumably apply for concessional loan amounts invested in the endowment.

The Chair summarized the discussion and recorded the adoption of the Concessional Borrowing Framework by the Donors' Council. The Chair pointed out that any individual donor loans would require prior approval by the Donors' Council, as per the Crop Trust Constitution.

b) Investment Sharing Facility (Reference: Background Paper No. 2)

Management summarized the features of the new Investment Sharing Facility, which the Crop Trust has developed in cooperation with Deutsche Bank. The Facility is a mutual equity fund open to all investor types with an initial focus on investors in the European Union. The equity fund is managed by Deutsche Bank and invests in socially responsible firms selected under strict Environmental, Social and Governance (ESG) safeguards. The dividend income earned by the equity fund will be directed to the Crop Trust for its work on global crop diversity protection. Investors retain the ownership of their invested assets and benefit from any capital appreciation of the fund.

Participants expressed support for the objective of the Crop Trust to mobilize private resources for the Crop Trust's operations. In the discussion, Management explained that it expects to use any funding to be received from this Facility for the general operations of the Crop Trust without any limitations. Management pointed out that the Crop Trust is in discussion with further financial institution to launch possible innovative investment vehicles in other markets, so as to help diversify its funding sources. The volume of funds coming from this Facility and other possible vehicles cannot yet be estimated. With respect to investors in Germany, discussions are ongoing whether income donated to the Crop Trust could be tax deductible for investors. A core feature of the Facility is that it is a commercial investment product of Deutsche Bank, which bears all associated costs and risks. Participants pointed out the need to carefully manage communications around the Facility so as to avoid any possible misperceptions as to the Crop Trust's association with commercial banks on this product. Management mentioned that the Facility has been warmly welcomed in an initial presentation at the UN Financing for Development Conference in Addis Ababa in July 2015.



In conclusion, the Chair suggested including a further update on the Investment Sharing Facility in the agenda of the next Donors' Council meeting in February 2016.

Following this discussion, the Executive Director of the Crop Trust offered her views on the outcome of the 6th meeting of the Governing Body of the International Plant Treaty held in Rome in early October 2015, which was followed by a discussion with Participants.

4. Governance and Legal Matters

a) Governance Role of the Donors' Council of the Crop Trust (Reference: Background Paper No. 3)

The Secretary of the Donors' Council summarized the outcome of the 1-year consultation process of Donors' Council members to review their governance role in the Crop Trust. Five recommendations have emerged, as set out in the Background paper issued for this agenda item. Participants broadly welcomed these recommendations and commended Management for the transparent and participatory process followed in developing the recommendations. In the discussion, it was agreed to hold at least one Donors' Council meeting per year, and to apply some flexibility as to the venue and format for holding joint sessions of the Donors' Council with the Executive Board.

In conclusion, the following recommendations were adopted by the Donors' Council:

1. The Donors' Council will meet at least once per year. If necessary, a second meeting could be held in a given year, which would synchronize the meeting schedule of the Donors' Council with that of the Executive Board and help strengthen the information flow between the two bodies.
2. Donors' Council meetings will cover the functions established in the Crop Trust Constitution, under a standard agenda, and may also include other items considering the agenda of Executive Board meetings of the Crop Trust. This will allow donors to express their views on the operations of the Crop Trust on a regular basis and to engage more closely in the decision-making process of the Executive Board.
3. The meetings of the Donors' Council will be held ahead of the meetings of the Executive Board. This will allow the DC Chair to report to the Executive Board on the views expressed by donors at the DC meeting; such reports would normally be prepared in writing.
4. Meetings of the Donors' Council may be held back-to-back with the Executive Board to provide for a joint session between the two bodies. Such a joint session will offer donors the opportunity to communicate their views on the operations of the Crop Trust directly to members of the Executive Board.
5. Donors' Council meetings will normally be held at FAO Headquarters in Rome, Italy so as to facilitate access of a large number of donors to such meetings through their FAO country representatives. Meetings may periodically be held in other locations so as to facilitate interaction with the Executive Board.

b) Proposed Agreement on Privileges and Immunities (Reference: Background Paper No. 4)

Management explained that the proposed Agreement on Privileges and Immunities ('P&I Agreement') has been prepared at the request of the Germany Government. As host country of the Crop Trust, Germany requests that the 28 signatories to the Establishment Agreement of the Crop Trust be asked to provide similar privileges - such as tax exemption - to the Crop Trust as Germany does under its Headquarters



Agreement with the Crop Trust. This is a standard request by governments for international organizations that are being hosted in other countries as well. It was explained that the proposed P&I Agreement would come into force if at least 5 of the 28 signatory parties of the Crop Trust Establishment Agreement endorsed and ratified it. Countries not ratifying the proposed P&I Agreement would not be bound by it.

Participants asked about different aspects of the proposed P&I Agreement. There were questions raised about the mandate of the Crop Trust Donors' Council to discuss this issue. Some expressed doubts about whether this agreement would be agreed to by their government. Many expressed an understanding for the rationale of having such an agreement. It was suggested that further explanations on the kinds of activities that the Crop Trust performs or contracts outside of Germany (which would justify the possible need for a general agreement on privileges and immunities) be provided so as to inform countries.

Management explained that the proposed P&I Agreement would be most relevant for activities carried out by the Crop Trust in countries outside of Germany. One example would be asset management services provided for the Crop Trust Endowment Fund. There the Crop Trust may be liable to pay value added tax on the investment advisory and investment management services contracted. Moreover, the Crop Trust may be subject to taxation on its annual investment income by the country where an asset manager is domiciled. Another example are consultant services contracted by the Crop Trust for development of its new website, or consultant services for assessing crop genebanks located outside of Germany, or other expert services from non-German suppliers. Consultant firms domiciled outside of Germany may be required to charge the Crop Trust value added tax for the services delivered. Having a general P&I Agreement in place may help mitigate against such tax liabilities.

In conclusion, the Chair summarized that the Donors' Council acknowledged the rationale of the proposal for an Agreement on Privileges and Immunities, as requested by Germany as host country of the Crop Trust. Per the background document issued for this agenda item, the Executive Board is expected to invite the Executive Director of the Crop Trust to circulate the draft P&I Agreement to the Parties to the Establishment Agreement for their comments. A revised draft would then be circulated formally, such as by the Director General of FAO as Depositary of the original Establishment Agreement, for signature and ratification in due course.

c) Nomination to the Executive Board of the Crop Trust (Reference: Background Paper No. 5)

Management explained that one of the four positions on the Crop Trust Executive Board that are nominated by the Donors' Council becomes vacant as of end-2015, when the first 3-year term of Amb. Tim Fischer from Australia expires. Management recommends that the Donors' Council re-nominate Mr. Fischer to the Executive Board for a second term.

Participants expressed broad support for Management's recommendation. The Chair concluded that the Donors' Council moves by consensus to re-appoint Mr. Fischer to the Executive Board of the Crop Trust for a second term (2016-2018). The Chair of the Donors' Council will advise the International Treaty Secretariat and the Treaty Bureau of the Donors' Council appointment.

5. Any Other Business

Management summarized the Policy Guidance approved by the 6th meeting of the Governing Body of the International Plant Treaty (GB-6) to the Crop Trust. Various participants stressed the importance of the follow-up on the implementation of such Policy Guidance by the Crop Trust in the next two years. It was suggested that the Policy Guidance should be distributed to Crop Trust donors when made available by the Treaty, and that this be included in the agenda of the Crop Trust governance bodies accordingly. It was also



suggested that information on the follow-up of the invitations, recommendations and suggestions contained in the Policy Guidance be provided to Crop Trust donors over the next two years. Participants reiterated the need for good collaboration between the Crop Trust and the Treaty Secretariat.

Participants expressed their satisfaction with the format of holding a joint meeting of the Donors' Council and the Executive Board on a periodic basis. Many called for a continued close partnership of the Crop Trust with the Governing Body of the International Plant Treaty. In responding to a question, Management explained that the next Donors' Council meeting planned for early 2016 would look at regular agenda items including financial audits and asset management of the Crop Trust Endowment Fund. A private donor representative stressed the expectation for a closer collaborative partnership with the Crop Trust going forward, including financial support from the private sector.

6. Wrap-up and Conclusions

Management explained that it will prepare Minutes and circulate these for comments and finalization; these will be adopted at the next meeting of the Donors' Council. The slide presentations shown at this meeting will be shared electronically with all Participants.

The Chair announced that the next Donors' Council meeting will take place on Tuesday, 2nd of February 2016, at FAO Headquarters in Rome. The meeting adjourned at 15:18 hrs.



Annex 1: List of Participants

(a) Donors' Council Members

Australia:	Rosemary Navarrete
Brazil:	Larissa Maria Lima Costa
Canada:	Eric Robinson
Egypt:	Ahmed Shalaby
Ethiopia:	Tarekegn Tsegie Haile
Germany:	Christoph Kessler, Thomas Meier, Felix Povel, Christina Seeberg-Elverfeldt
India:	Sellappillai Selvaraj
Italy:	Stefano Ligrone
Netherlands:	Jaap Satter (Chair of the Donors' Council), Marije van den Berg
Norway:	Inge Nordang
Spain:	Santiago Menéndez de Luarca, Cristina Prieto Solano
Sweden:	Fredrik Alfer
Switzerland:	Francois Pythoud
USA:	Rob Bertram, Maria Adelaide D'Arcangelo
DuPont Pioneer:	Paolo Marchesini

(b) Donors' Council Observers

Argentina:	Manrique Altavista
Costa Rica:	Luis Ferando Ceciliano, Miguel Obregon
Czech Republic:	Jozef Spanik
European Commission:	Ana Fraile Vasallo, Willem Olthof, Alice Giallombardo
France:	Maryline Darmaun
Israel:	Einav Mayzlish Gati
FAO:	Ren Wang
ITPGRFA:	Shakeel Bhatti
Oman:	Rasmi Mahmoud

(c) Members of the Executive Board

Amb. Walter Fust, Chair
Amb. Tim Fischer, Vice Chair
Peter Crane
Gebisa Ejeta
P.L. Gautam
Marie Haga
Alexander Mueller
Mary-Ann Sayoc
Knut Storberget

(d) Crop Trust staff

Marie Haga, Executive Director
Michael Koch, Director of Finance (Secretary of the Donors' Council)
Janet Muir, Finance Manager
Nella Bause, Personal Assistant to the Executive Director
Julia Greene, Partnerships Assistant
Gerald Moore, Legal Advisor
Stefan Coroianu, Consultant



Annex 2: Meeting Agenda

13th Meeting of the Donors' Council of the Global Crop Diversity Trust

Agenda

Monday, 26 October 2015 – FAO Headquarters, GERMANY ROOM (Room No: C229)

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| 09:30 | 1. | Registration and Coffee |
| 10:00 | 2. | Introductions: Welcome; adoption of the Agenda; approval of Minutes from last Donors' Council meeting held on 18 May 2015 |
| 10:15 | 3. | Updates by Crop Trust Management
(a) Main Topics at the Crop Trust Executive Board meeting, 27-28 October 2015
(b) Towards the Crop Trust Pledging Conference on 14 April 2016 |
| 11:00 | 4. | Innovative Financing Options
(a) Concessional Donor Loans
(b) Investment Sharing Facility |

13:00 LUNCH (served in the room)

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| 14:00 | 5. | Governance and Legal Matters
(a) Governance Role of the Donors' Council of the Crop Trust:
Finalizing the Options Note
(b) Proposed Agreement on Privileges and Immunities
(c) Nomination to the Executive Board of the Crop Trust |
| 15:30 | 6. | Any Other Business |
| 15:45 | 7. | Wrap-up and Conclusions |

16:00 CLOSE OF MEETING