



# Annual Report 2005



The GLOBAL  
CROP DIVERSITY  
TRUST  
A FOUNDATION  
FOR FOOD SECURITY



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## Introduction

**FOR ME, ONE OF THE MOST MEMORABLE POLITICAL IMAGES OF 2005** is of the rock concerts around the world urging G8 leaders to make poverty history. The sense of optimism was striking, but it was something more concrete which made the strongest impression on me – it was a sense of possibility. The campaigners and their supporters were urging world leaders not only to dramatically raise their sights, but to actually finish the job.

This is a possibility that the Trust offers. Preventing the loss of crop diversity is an absolutely fundamental part of the campaign to make poverty history. Agriculture is totally dependent upon crop diversity, and no development is possible without agriculture. In fact, economic growth is strongest where agricultural growth is strongest, and perhaps more tellingly, the reverse is also true. Growing enough food relies on the multitude of crop varieties stored in the world's genebanks. The loss of this aspect of biodiversity may not claim world media attention, but its implications should.

However, like Live8, the Trust's overall message is optimism. Crop diversity can be saved. It can be effectively and efficiently conserved and made readily available to all who need it. The Trust clearly offers the kind of solution that donors should be looking for in the wake of commitments made in 2005. And fortunately, it seems that many are.

The Trust, during 2005, passed the USD60m stage in its fundraising campaign, thanks to a second donation by Norway. We have made strides in every major area of our operation. Donors have made good on many of their prior commitments to the Trust, and from an opening balance of USD9m the endowment at the end of the year stood at USD31.8m. Our strategies, essential to understanding the work which we need to undertake to conserve each crop, are well underway.

Within the secretariat, Geoff Hawtin retired from the position of Executive Secretary, although he remains very actively involved with much of our work in his new role as Special Adviser. We are very grateful to Geoff for the extraordinary work he undertook in taking the Trust from an idea to a thriving organization, and we are extremely pleased that Cary Fowler has taken on the role in order to keep the Trust moving forward.

But if 2005 contained one succinct message, it is the real possibility to actually do something concrete about the world's problems. The Global Crop Diversity Trust is the sole global organization with the global mandate to conserve the biological foundation of agriculture, in perpetuity. 2005, as the first year in which the Trust was a legally independent organization, laid the foundations for this future success. This report describes that, and I hope you enjoy it.



**Ambassador Fernando Gerbasi**  
Chair, Interim Panel of Eminent Experts



## Sizing up the Challenge

**THERE IS A SAYING THAT A JOURNEY OF A THOUSAND MILES** begins with a single step. In the case of the Trust, the challenge is to make sure that the first step is in the right direction. For an organization that aspires to ensuring the conservation of distinct and important crop diversity in perpetuity, it is vitally important that initial activities be based on a solid scientific foundation.

With this in mind, the Trust resisted the temptation to rush into grant-making for long-term conservation in 2005, our first full year as a recognized organization under international law. Instead, the Trust initiated a very careful and deliberate process to support the development of regional conservation strategies as well as global conservation strategies for individual crops. These strategies will help inform the Trust's future work, and ensure that the Trust's future actions support the development of conservation systems that are science-based, efficient, effective and sustainable.

Crop strategies identify which collections are essential to conserve if one is to capture the range of genetic diversity that exists in a particular crop at the global level. Regional conservation strategies identify regional priorities and ways in which existing institutions can cooperate to conserve and make available crop diversity to plant breeders, researchers and farmers. The information from both sets of strategies is very important as the international community, with the assistance of the Trust, proceeds to develop a better and more secure global system for managing crop diversity. While 1-2 million distinct crop samples are thought to exist – more than 100,000 different types of rice, for example – more than 6 million samples are currently conserved. This means that multiple copies of some samples exist. The task of organizing the conservation of more than 6 million samples, as opposed to 1-2 million, is considerably more complicated and expensive. Thus, realistically, the Trust must concentrate on the distinct

**TABLE 1 Crop Strategies and their Coordinators**

Crops	Coordinator
<b>Coconut</b>	Pons Batugal, COGENT coordinator, Malaysia
<b>Banana</b>	Charlotte Lusty, Elizabeth Arnaud and Nicolas Roux, INIBAP/IPGRI, France. Edmond de Langhe, Katholieke Universiteit, Belgium.
<b>Potato</b>	Loek van Soest, research fellow, CNG, The Netherlands with CIP (Willy Roca).
<b>Rice</b>	Kazutoshi Okuno, National Institute of Agrobiological Sciences, Japan with IRRI (Ruairaidh Sackville-Hamilton)
<b>Wheat, rye &amp; triticale</b>	Don Marshall, Australian Agricultural Innovations Pty Ltd, Australia with CIMMYT (Tom Payne)
<b>Chick pea, lentil, faba bean and grasspea</b>	Geoff Hawtin, ex Interim Executive Secretary of the Trust, with ICARDA (Jan Valkoun) and ICRISAT (C.L.L. Gowda)
<b>Barley</b>	Bryan Harvey, University of Saskatchewan, Canada with ICARDA (Jan Valkoun)
<b>Maize</b>	Major Goodman, Raleigh, NC, USA with CIMMYT (Taba Suketoshi)

**TABLE 2 Regional Strategies and Coordinators**

Region	Coordinator
<b>Asia (South, Southeast and East Asia – SSEEA)</b>	Percy Sajise, Director IPGRI-APO, Malaysia
<b>Pacific</b>	Mary Taylor and Luigi Guarino, South Pacific Community (SPC), Fiji
<b>Central Asia &amp; Caucasus/VIR</b>	CGIAR Programme Facilitation Unit, Tashkent with IPGRI and ICARDA
<b>West Asia &amp; North Africa</b>	IPGRI and ICARDA, Syria. Consultant: Mohamed Zehni
<b>Southern Africa</b>	Charles H. Nkhoma, SPGRC Coordinator, Zambia
<b>Eastern Africa</b>	Abebe Demissie, EAPGREN Coordinator, Uganda
<b>West &amp; Central Africa</b>	Raymond Vodouhe, GRENEWECA Coordinator under the guidance of CORAF. Consultant: Moise Houssou.
<b>Americas</b>	Campbell Davidson, Agri-Food Canada

material, and it must encourage cooperation in the management of this diversity by the c.1,400 collection holders. Providing support for the maintenance of all existing samples and all existing conservation facilities is neither realistic nor necessary if the mission of the Trust – to conserve and make available all diversity of the world's major crops – is to be achieved. Crop and regional strategies help the Trust focus and prioritize, both necessary if the Trust is to succeed and produce the maximum impact and benefit.

Both crop and regional strategies, however, are frameworks that can and should be used by countries and other stakeholders to inform and guide their work. They are not, strictly speaking, strategies for the Trust, but are strategies for a broader community of which the Trust is one participant and one source of funding.

Six crop strategies were launched in 2005, in addition to the ongoing regional and crop strategies started at the end of 2004. In each case, the world's leading experts are drafting the strategies for the individual crops. And, for CGIAR mandate crops, scientists from the CGIAR are participating

in or helping facilitate the strategy development process.

Global crop strategy coordinators were chosen for their expertise, but also screened to reduce any possible conflict of interest, such as employment by an organization that is likely to seek or receive significant funding from the Trust.

The list of crops, together with the coordinators of each strategy, is provided in Table 1. Eventually, the Trust will catalyze strategies for many other crops, beginning with the remaining crops listed in Annex I of the International Treaty on Plant Genetic Resources for Food and Agriculture.

These are crops that the countries of the world, collectively, have identified as being most important to food security and for which there is a high level of interdependence.

The Trust expects most if not all of the crop and regional strategies listed in Tables 1 and 2 to be completed in 2006. This will set the stage for the issuance of the first long-term conservation grants as well as additional upgrading and capacity building grants in 2006.



**THE TRUST CONCLUDED** a formal Memorandum of Understanding (MOU) with the International Society for Horticultural Science (ISHS) in a signing ceremony in Rome.

The ISHS is the premier global professional society in the field of horticulture with more than 6000 members in 140 countries. The Society is the publisher of *Acta Horticulturae*, *Chronica Horticulturae*, and *Scripta Horticulturae*.

The MOU specifies that the ISHS may help with the development and update of crop strategies for crops with which the society works. Fruit and vegetable species included in Annex 1 to the International Treaty include: apple, aroids, asparagus, banana/plantain, beans, beet, Brassica species, breadfruit, carrot, cassava, citrus, cowpea, eggplant, fababean, pea, pigeon pea, potato, strawberry, sweet potato and yams. The ISHS will also potentially help with review of proposals for funding, and in the monitoring of grants.

The Board of the ISHS and the staff of the Trust held a one-day meeting in Rome to explore issues of common interest and to flesh out areas of cooperation.

For more information about the ISHS, visit its website: [www.ishs.org](http://www.ishs.org). To see the text of the ISHS-Trust MOU, visit our website: [www.croptrust.org](http://www.croptrust.org).



WHO/P. Viroc

## New Grants

**THE TRUST INTENDS TO MAKE** its grantmaking dependent upon the outcome of the strategy process described above. During the work on the strategies, however, some particularly urgent upgrading needs were identified which merited an immediate response. Consequently the following grants were approved during the year.

### **Urgent support to the long-term storage of the genebank in Ecuador**

USD24,864

The genebank at the National Department of Plant Genetic Resources and Biotechnology (DENAREF) of the National Autonomous Institute for Agricultural Research (INIAP) in Ecuador conserves orthodox and recalcitrant species with a high percentage of the collections being unique material. Recently financial support has decreased while operational costs have increased. The Ecuadorian genebank reached a critical moment when the compressors (freezing system) needed urgent replacement. The project aims to strengthen the cold storage facilities to conserve and make available accessions of maize, bean, wild potato relatives, faba bean, barley and wheat - a total of 5,195 accessions representing 20% of the total genebank accessions. Materials from the genebank have contributed to breeders who have developed new varieties to provide food security at national and regional level.

### **Improvement of facilities for the genebanks in the Central Asia and Caucasus (CAC) region**

USD71,400

Until the break-up of the Soviet Union, the genetic resources activities in CAC were managed by the Vavilov Institute of Plant Industry (VIR) based in St. Petersburg, with out-stations in the region. However, given their now independent status, the countries are each endeavouring to develop their own national genetic resources programmes. A regional conservation strategy

for the CAC region is currently under development and is expected to be completed by the end of 2006. While the strategy will ultimately call for a high degree of cooperation and sharing of responsibilities among the countries of the region, the greatest need felt by the countries is to develop the basic minimum facilities required to meet their



own conservation requirements, and to conserve unique and threatened material. Only when these immediate needs have been met can serious attention be given to optimizing collaboration at a regional level and contributing to facilitating the development of an effective and rational global system for the conservation and utilization of Plant Genetic Resources for Food and Agriculture. The grant provides limited support to address the most critical needs of the national genebanks in the countries of the region.



## Development

**THE TRUST CONTINUES TO EXPECT** the majority of funds to come ultimately from government sources, and fundraising activities in 2005 targeted donor country governments, in particular, for support. The total support for the Trust, however, has come from a diverse set of organizations including developing and developed country governments, foundations, and the private sector.

In order to raise money more effectively in the USA, the Trust has formed a new organization, Friends of Global Crop Diversity Ltd, which has been granted 501(c)(3) status. The Friends group can therefore extend the tax advantages associated with charitable given in the USA to those who wish to support the Trust, and its existence is a prerequisite for more fundraising to take place there.

2005 was highly successful in terms of the money paid to the Trust, with a number of donors fulfilling pledges made in previous years. As a result, the endowment more than tripled in size during the year to stand at USD31,790,187 at year's end.

Funds raised during the year include the following:

The **Australian Agency for International Development (AusAID)** provided AUD2,000,000 as part of their AUD16,500,000 pledge to the endowment fund.

The **Canadian International Development Agency (CIDA)** provided CAD1,000,000 as the third installment of a ten year CAD10,000,000 pledge.

**DuPont** provided USD250,000 as the third installment of a USD1,000,000 pledge to the endowment fund.

The **Gatsby Charitable Foundation** contributed GBP215,000 as the second installment of a GBP605,000 donation.

The **Grains Research and Development Corporation** of Australia provided USD900,350 as part of their USD5,000,000 pledge to the Trust.

**Italy** provided an initial contribution of USD300,000 as part of a larger future commitment to the Trust.

**New Zealand** provided an amount of USD50,000 for the endowment fund.

**Norway** donated NOK19,000,000 to the endowment fund, matching the donation they made at the end of 2004.

The **Swedish International Development Cooperation Agency (Sida)** fulfilled their pledge of SEK50,000,000 to the endowment fund.

The **Swiss Agency for Development and Cooperation (SDC)** provided CHF3,000,000 as part of their USD10,000,000 pledge to the endowment fund. They also provided CHF40,000 as the final payment for a project on regional conservation strategies.

**Syngenta A.G.** fulfilled their pledge of USD1,000,000 to the endowment fund.

The **Syngenta Foundation for Sustainable Agriculture** pledged a further USD50,000 to the Trust.

The **US Agency for International Development (USAID)** fulfilled their pledge of USD5,000,000.



## Finance and Investments

**IN APRIL 2005**, the Trust opened its first endowment investment fund with HSBC Bank plc. The Interim Finance and Investment Committee (IFIC) approved the appointment of HSBC as investment managers for the initial USD50 million received. It is envisioned that a new investment manager will be sought through tender for each subsequent USD50 million.

During the year contributions in the amount of USD26,305,800 were invested in accordance with investment objectives and principles established by the IFIC. The investment fund reported a gain in market value at year end of USD2,688,209, which represents an annualized rate of return of 15%.

The auditor's report and financial statements for 2005 are in Annex 1 to this report.



## Governance

**THE TRUST DONORS' COUNCIL** held its first meeting on 25-26 October, in Rome. The Council currently includes all donors that have given USD25,000 or more to the Trust, and it was proposed that this formula remain for the coming year, with the level of contribution required for membership in the Donors' Council to be reviewed at the end of 2006.

The Council approved its Rules and Procedures, and elected its officers: Australia was elected Chair of the Council and Egypt was elected Vice-Chair. The Council agreed on a process for nominating members of the Executive Board.

### A new Executive Secretary

On 1st August Cary Fowler replaced Geoff Hawtin as the Executive Secretary of the Trust. Geoff was the first Executive Secretary of the Trust, and had fostered the birth of the new organization while still Director General of IPGRI. Not only did he see the Trust through from the beginnings of an idea to a fully-fledged international organization, but the Trust raised over USD50million during his tenure and he left with the organization well poised to capitalize on his hard work. The Trust is tremendously grateful to him for his tireless efforts, and pleased that he has agreed to continue to work closely with the Trust, as Senior Adviser.

**'IT IS A GREAT RESPONSIBILITY** to be charged with leading the Global Crop Diversity Trust, but no challenge could be more exciting. The Trust represents an opportunity to do something extraordinary: to ensure that the biological foundation of all agriculture is safe. For every country, forever. It is impossible to exaggerate the importance of this work – no effort to meet the Millennium Development Goals or to sustain even the wealthiest economies will be successful without long-term guarantees that crop diversity is conserved and easily available.'

Cary Fowler, Executive Secretary

Prior to joining the Trust as its Executive Secretary, Cary Fowler was Professor and Director of Research in the Department for International Environment & Development Studies at the Norwegian University of Life Sciences. He was also a Senior Advisor to the Director General of the International Plant Genetic Resources Institute. In this latter

role, he represented the Future Harvest Centres of the Consultative Group on International Agricultural Research in negotiations on the International Treaty on Plant Genetic Resources.



Cary's career in the conservation and use of crop diversity spans 30 years. He was Programme Director for the National Sharecroppers Fund / Rural Advancement Fund, a US-based NGO engaged in plant genetic resources education and advocacy. In the 1990s, he headed the International Conference and Programme on Plant Genetic Resources at the Food and Agriculture Organization of the United Nations (FAO), which produced the UN's first ever global assessment of the state of the world's plant genetic resources. He drafted and supervised negotiations of FAO's Global Plan of Action for Plant Genetic Resources, adopted

by 150 countries in 1996. That same year he served as Special Assistant to the Secretary General of the World Food Summit. He is a past-member of the National Plant Genetic Resources Board of the U.S. and the Board of Trustees of the International Maize and Wheat Improvement Center in Mexico.

Cary is the author of several books on the subject of plant genetic resources and more than 75 articles on the topic in agriculture, law, and development journals.

#### **ESTABLISHMENT AGREEMENT**

During the year a further five countries formally expressed their support for the Trust's work by signing the Trust's Establishment Agreement, bringing the total to 21 countries:

Cambodia

Cameroon

Pakistan

Romania

Uganda



G. Bizzarri/FAO

## Communications

**A** **AS PART OF MAINTAINING A HIGH PROFILE** with its key audiences the Trust has continued to achieve good press coverage across all regions, attending conferences and other meetings to promote the Trust's work, and also to maintain its website and range of outreach materials in a number of languages. In 2005, the Trust also undertook some innovative awareness-raising initiatives, such as the event at the Smithsonian's National Museum of Natural History.

### **Congressional Briefing**

On 28 February, an important report describing the benefits of crop diversity to US agriculture was launched at a well-attended Congressional briefing in Washington, DC. The report, *Safeguarding the Future of US Agriculture: the Need to Conserve Threatened Collections of Crop Diversity Worldwide*, was authored by Cal Qualset, Professor Emeritus at the University of California, Davis and Henry Shands, Director of the National Center for Genetic Resources Preservation in Colorado. It draws attention to the work of the Trust, and its central message is that 'no country, be it a rich industrialized nation or an impoverished developing state, can guarantee its food security unless it can draw on and use the rich sources of crop diversity held in genebanks all around the world'. This message was taken to the decision-makers on Capitol Hill by Peter Raven, Director of the Missouri Botanical Garden, Stephen Smith, Germplasm Security Coordinator at Pioneer/Dupont and Geoff Hawtin, Interim Executive Secretary of the Trust, as well as the report's authors.

### **Crop Diversity at the Smithsonian**

In March, the Trust co-sponsored an extraordinary event at the Smithsonian's National Museum of Natural History. The programme began with a presentation by a panel of experts on the role played by diversity in global food security, nutrition and culture. Speakers included Cristián

Samper, Director of the Museum, John Kress, Chair of its Department of Botany, Peter Raven, the Director of the Missouri Botanical Garden (who gave the keynote presentation on 'The Loss of Crop Diversity—Its Meaning For Us'), Geoff Hawtin, Interim Executive Secretary of the Trust, Nora Pouillon, proprietor of Restaurant Nora, America's first certified organic restaurant, and Rayna Green, Curator of the Division of Cultural History at the National Museum of American History. The panel discussion, which was attended by about 350 people, was followed by a reception in the Rotunda of the Museum. There, 17 of Washington's leading chefs served a diversity of specially created dishes, each of which featured a crop on Annex 1 of the International Treaty (and thus eligible for funding by the Trust)! About 250 people paid to attend the dinner, whose goal was to raise awareness about the importance of crop diversity. The event was organized by the Trust with the National Museum of Natural History and the American Institute of Wine and Food.

**AN EDITORIAL APPEARED IN NATURE**, the world's most authoritative science journal, urging the US Government to fund the Trust:

"The world's genebanks are in a parlous state, as a new report ("Safeguarding the future of US agriculture") published jointly by the US Department of Agriculture and the University of California makes clear. Of the 1,460 genebanks around the world, only 35 meet international standards for long-term storage. These include the genebanks of ICARDA and of the other Future Harvest Centres. The FAO, moreover, says that nearly one-fifth of the 5.4 million seeds stored in genebanks are degenerating.

The US report also urges the Bush administration to support the Global Crop Diversity Trust, and not without good reason. Pests and plant diseases are causing losses to US agriculture of up to USD33 billion each year, and there is a strong fear that new threats could cause even more damage. US agricultural researchers are currently scouring the world's genebanks for seed varieties that can resist these diseases. Chief among such diseases are a fungus that is currently invading US soybean fields, and potato blight of the kind that caused the Irish potato famine, which is destroying potatoes worth some USD400 million each year.

The US government is currently spending more than USD1 billion per week on military operations in Iraq. By comparison, a USD260 million endowment is a small price to pay to conserve the world's agricultural heritage and to secure the future food supply of the United States and the rest of the world."

# Annex 1 Financial Statements



D. Cavagnaro

**Deloitte.**

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## AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of the Global Crop Diversity Trust as at December 31, 2005 and 2004, and the related statements of activities, changes in fund balances and cash flows for the years then ended. These financial statements are the responsibility of Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We concluded our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Global Crop Diversity Trust as of December 31, 2005 and 2004 and the results of its activities and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as described in Note 2 to the financial statements.

*Deloitte & Touche*

Rome, Italy  
April 10, 2006

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## Statement of Financial Position for the Year Ended 31 December 2005

	Notes	2005 USD	2004 USD
<b>ASSETS</b>			
<b>Current Assets</b>			
Accounts Receivable	4		
Donor		50,000	293,998
Other		1,007,611	94,695
<b>Total Current Assets</b>		<b>1,057,611</b>	<b>388,693</b>
<b>Non Current Assets</b>			
Cash and Cash Equivalents	3	3,613,994	9,444,818
Endowment Fund	7, 8	28,176,193	-
<b>Total Non Current Assets</b>		<b>31,790,187</b>	<b>9,444,818</b>
<b>TOTAL ASSETS</b>		<b>32,847,798</b>	<b>9,833,511</b>
<b>LIABILITIES &amp; FUND BALANCES</b>			
<b>Current Liabilities</b>			
Accounts Payable	5		
Donor		355,225	-
Other		66,864	246,636
<b>Total Current Liabilities</b>		<b>422,089</b>	<b>246,636</b>
<b>Non Current Liabilities</b>			
		-	-
<b>Total Liabilities</b>		<b>422,089</b>	<b>246,636</b>
<b>Fund Balances</b>			
Unrestricted	6	81,065	(239,084)
Temporarily Restricted		554,457	381,140
Permanently Restricted		31,790,187	9,444,818
<b>Total Fund Balances</b>		<b>32,425,709</b>	<b>9,586,874</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>		<b>32,847,798</b>	<b>9,833,511</b>



## Statement of Activities for the Year Ended 31 December 2005

	Notes	2005 USD	2004 USD
<b>INCOME &amp; SUPPORT</b>			
<b>Investment Income</b>			
Endowment Fund Gain		2,688,209	-
Investment Expenses		(16,599)	-
Interest Income		157,087	42,641
<b>Net Investment Income</b>		<u>2,828,697</u>	<u>42,641</u>
<b>Contributions to Operational Fund</b>			
Contributions to operational and fund raising activities	9	844,663	964,069
In-Kind Contributions	10	-	205,046
<b>Total Contributions to Operational Fund</b>		<u>844,663</u>	<u>1,169,115</u>
<b>Net Assets released from Restrictions</b>			
From Capacity Building Fund		610,641	649,045
From Endowment Fund		874,218	-
<b>Total Net Assets released from Restrictions</b>		<u>1,484,859</u>	<u>649,045</u>
<b>TOTAL INCOME &amp; SUPPORT</b>		<b>5,158,219</b>	<b>1,860,800</b>
<b>GRANT EXPENSE</b>			
Conservation Strategies		391,933	261,258
External Review & Consultancies		16,607	-
Salaries & Benefits		204,295	441,091
Capacity Building Grants		347,806	387,787
Long-term Conservation Grants		-	-
<b>Total Grant Expense</b>	11	<u>960,641</u>	<u>1,090,136</u>
<b>SUPPORTING EXPENSES</b>			
Salaries & Benefits		484,875	645,148
Travel		87,415	81,913
Governance		64,324	95,188
Public Awareness & Communications		243,565	202,762
Professional Services		108,552	16,085
Facilities		60,000	-
<b>Total Supporting Expenses</b>	12	<u>1,048,731</u>	<u>1,041,096</u>
<b>TOTAL EXPENDITURE</b>		<b>2,009,372</b>	<b>2,131,231</b>
<b>Net Excess of Income &amp; Support over Expenditure</b>		<b>3,148,847</b>	<b>(270,430)</b>
<b>Increase/(Decrease) in Restricted Funds:</b>			
<b>Capacity Building Fund</b>			
Contributions	13	783,958	680,185
Released from Restrictions		(610,641)	(649,045)
<b>Increase/(Decrease) in Capacity Building Fund</b>		<u>173,317</u>	<u>31,140</u>
<b>Endowment Fund</b>			
Contributions	14	20,390,889	5,946,506
Released from Restrictions		(874,218)	-
<b>Increase/(Decrease) in Endowment Fund</b>		<u>19,516,67</u>	<u>5,946,506</u>
<b>Increase/(Decrease) in Restricted Funds</b>		<b>19,689,988</b>	<b>5,977,646</b>
<b>Increase/(Decrease) in Fund Balances</b>		<b>22,838,835</b>	<b>5,707,216</b>
Fund Balances at Beginning of Period		9,586,874	3,879,659
<b>Fund Balances at End of Period</b>		<u><b>32,425,709</b></u>	<u><b>9,586,874</b></u>



## Statement of Changes in Fund Balances for the Year Ended 31 December 2005

	2005 USD	2004 USD
<b>RESTRICTED FUND BALANCES</b>		
<b>Endowment Fund</b>		
Opening Balance	9,444,818	3,455,672
Donations/Contributions	20,390,889	5,946,506
Investment Income	157,087	42,641
Net Endowment Fund Gain	2,671,611	-
Amount Released	(874,217)	-
<b>Closing Balance</b>	<b><u>31,790,187</u></b>	<b><u>9,444,818</u></b>
<b>Capacity Building Fund</b>		
Opening Balance	381,140	350,000
Donations/Contributions	783,958	680,185
Amount Released	(610,641)	(649,045)
<b>Closing Balance</b>	<b><u>554,457</u></b>	<b><u>381,140</u></b>
<b>UNRESTRICTED FUND BALANCES</b>		
<b>Operational Fund</b>		
Opening Balance	(239,084)	73,987
Operating Surplus/(Deficit)	320,149	(313,071)
<b>Closing Balance</b>	<b><u>81,065</u></b>	<b><u>(239,084)</u></b>
<b>TOTAL FUND BALANCES</b>	<b><u>32,425,709</u></b>	<b><u>9,586,874</u></b>



## Statement of Cash Flows for the Year Ended 31 December 2005

	2005 USD	2004 USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase/(Decrease) in Unrestricted Fund Balance	320,149	(313,071)
(Increase)/Decrease in Accounts Receivable	(668,918)	645,912
Increase/(Decrease) in Accounts Payable	<u>175,452</u>	<u>(363,981)</u>
<b>Net Cash Provided By Operating Activities</b>	<b>(173,317)</b>	<b>(31,140)</b>
<b>CASH FLOWS FROM RESTRICTED ACTIVITIES</b>		
Increase/(Decrease) in Capacity Building Fund	173,317	31,140
Increase/(Decrease) in Endowment Fund	<u>(5,830,824)</u>	<u>5,989,147</u>
<b>Net Cash Provided By Restricted Activities</b>	<b>(5,657,507)</b>	<b>6,020,287</b>
Increase/(Decrease) in Cash	(5,830,824)	5,989,147
<b>CASH AT BEGINNING OF YEAR</b>	<b>9,444,818</b>	<b>3,455,672</b>
<b>CASH AT END OF YEAR</b>	<b><u><u>3,613,994</u></u></b>	<b><u><u>9,444,818</u></u></b>



## Notes to the Financial Statements for the year ended 31 December 2005

### 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 21 countries. The Trust was established on October 21, 2004 and operates as an essential element of the Funding Strategy of the International Treaty, with overall policy guidance from the Governing Body of the International Treaty, and within the framework of the International Treaty.

The Trust is currently located in Rome, hosted by the Food and Agricultural Organization of the United Nations (FAO) and the International Plant Genetic Resources Institute (IPGRI), pending the establishment of a permanent headquarters location.

The objective 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.

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 3,613,994 (2004: USD 9,444,818) are reported as non-current assets.

Current year movements are as follows:

<b>Balance as at January 1, 2005</b>	<b>9,445</b>
Contributions (Note 6)	20,391
Interest Earned	157
Transfer to Endowment Investment Fund	(26,306)
Transfer to Operations	(73)
<b>Balance as at Dec 31, 2005</b>	<b>3,614</b>

## **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 to amounts received by the host organizations, FAO and IPGRI, on behalf of the Trust which have not yet been expended by the Trust. It also includes income released from the endowment fund which had not been received at the year end.

*Further detail can be found in Exhibit 2.*

**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 year end in respect of supplies and services received during the year together with amounts expended by the host organizations, FAO and IPGRI, on behalf of the Trust in respect of which contributions have not yet been received.

	2005	2004
Investment Management Fee	66,684	-
Accounts Payable – IPGRI	-	-
Accounts Payable – FAO	-	246,636

*Further detail can be found in Exhibit 2.*

**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, 2004	Contributions	Other movements	Balance Dec 31, 2005
Australia	3,456	1,538		4,994
Dupont/ Pioneer Hi-bred	250	250		500
Norway	3,057	2,844		5,901
New Zealand	-	50		50
Sweden	-	7,265		7,265
Switzerland	2,640	2,443		5,083
Syngenta AG	-	1,000		1,000
United States	-	5,000		5,000
Private	-	1		1
Interest Earned	42		157	199
Realized & unrealized gain on investment fund (change in market value) less management fees of USD17/000	-		2,671	2,671
Realized Gains	-		(874)	(874)
<b>Total</b>	<b>9,445</b>	<b>20,391</b>	<b>1,954</b>	<b>31,790</b>

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 28,176,193 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:

	<u>2005</u>
Equities	15,353,696
Bonds	8,869,964
Hedge Funds	1,747,406
Real Estate	923,180
Cash	1,281,947
Total	<u><u>28,176,193</u></u>

## 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 IPGRI 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 960,641 was expended on regional and crop conservation strategies and capacity building grants. An amount of USD 610,641 was released from the capacity building fund in respect of this expenditure.

## 12. SUPPORTING EXPENDITURE

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

During the year the Trust decided to reclassify expenditure in respect of salaries and benefits. Consequently, all staff time spent on technical activities is charged to salaries and benefits under grant expenditure. For the purposes of comparability, the Trust has also reclassified expenditure in respect of salaries and benefits during 2004.



### **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 2005

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



**EXHIBIT 2**

**Accounts Receivable - Other  
as at 31 December 2005**

	<u>2005</u>		<u>2004</u>
	IPGRI		IPGRI
<b>Amounts Received</b>			
Previous Year c/f	94,695		(610,617)
HSBC Investment Income	506,109		-
Bank Interest	73,000		-
Canada (CIDA)	830,565		1,583,193
Grains Research & Development Corporation	900,325		250,000
Switzerland (SDC)	31,441		157,037
Syngenta Foundation	-		150,000
United States (USAID)	-		125,000
Private Donation	60	2,436,195	-
			1,654,613
<b>Amounts Paid</b>			
Expenditure Incurred		(1,755,378)	(1,559,919)
Transfer to FAO		(350,000)	
<b>Amount Receivable/(Payable) - IPGRI</b>		<u><u>330,817</u></u>	<u><u>94,695</u></u>
		<u>2005</u>	<u>2004</u>
		FAO	FAO
<b>Amounts Received</b>			
Previous Year c/f		(246,636)	119,630
United Nations Foundation		160,850	-
Italy		300,000	-
Transfer from IPGRI		500,000	-
Other		4,603	-
<b>Amounts Paid</b>			
Expenditure Incurred		(320,533)	(366,266)
<b>Amount Receivable/(Payable) - FAO</b>		<u><u>398,284</u></u>	<u><u>(246,636)</u></u>
		<u>2005</u>	<u>2004</u>
		HSBC	HSBC
Endowment Fund Income Released		<u><u>278,510</u></u>	<u><u>-</u></u>
<b>ACCOUNTS RECEIVABLE - OTHER</b>		<b>1,007,611</b>	<b>94,695</b>



**EXHIBIT 3**

**Contributions to Operational, Fundraising & Capacity Building Activities  
as at 31 December 2005**

	IPGRI	2005 FAO	TOTAL CONTRIBUTIONS
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
<b>Total Contributions</b>	<b>1,324,018</b>	<b>304,603</b>	<b>1,628,621</b>
Contributions to Operational and Fundraising Activities			844,663
Contributions to Capacity Building Fund			783,958
<b>Total Contributions</b>			<b>1,628,621</b>

**EXHIBIT 4****Statement of In-kind Contributions  
as at 31 December 2005****IPGRI**

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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%
Honorary Fellow	5%

**FAO**

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

## Annex 2 Members of the Interim Panel of Eminent Experts



### **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

D. Cavagnaro

### Full-time staff

- Anne Clyne - Finance Officer
- Cary Fowler\* - Executive Secretary
- Geoff Hawtin\*\* - Interim Executive Secretary
- Julian Laird - Director of Development
- Brigitte Laliberté - Technical Officer
- Melly Preira - Programme Assistant

### Part-time staff

- Sophie Mannhardt - Programme Assistant
- Gerald Moore - Legal Advisor
- Ruth Raymond - Assistant Executive Secretary and Campaign Coordinator
- Jane Toll - Senior Technical Advisor and Chair of the Technical Advisory Group

### Technical Advisory Group

- Ehsan Dulloo (IPGRI)
- Jan Engels (IPGRI)
- Brad Fraleigh - (FAO)
- Robert Guei - (FAO)
- Elcio Guimaraes - (FAO)
- Jane Toll (IPGRI)

\* Arrived in 2005

\*\* Left during 2005



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

**Australian Agency for International Development**

**Canadian International Development Agency**

**DuPont**

**Empresa Brasileira de Pesquisa Agropecuária**

**Future Harvest Centres**

**The Gatsby Charitable Foundation**

**Grains Research and Development Corporation**

**Government of Egypt**

**Government of Ethiopia**

**Ministerio de Agricultura y Desarrollo Rural, Colombia**

**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**

