

## **Minutes of the 22<sup>nd</sup> Meeting of the Donors' Council of the Global Crop Diversity Trust**

23 June 2020

The Donors' Council of the Global Crop Diversity Trust ('Crop Trust') met on the 23<sup>rd</sup> of June 2020 via online videoconference hosted by the Crop Trust Secretariat in Bonn, Germany. The meeting was chaired by the Netherlands, and attended by representatives of donor parties, multilateral partners, and members of the Crop Trust Secretariat. A list of those in attendance can be found in Annex 1. Annex 2 shows the meeting agenda. Several background papers were issued to invitees prior to the meeting.

### **1. Introduction and Adoption of Agenda and Minutes**

The Chair of the Donors' Council, Ambassador Hans Hoogeveen, opened the meeting and extended a welcome to all participants. The 22<sup>nd</sup> Meeting of the Donors' Council was the first Donors' Council meeting of Mr. Stefan Schmitz's tenure as Executive Director of the Crop Trust. The Chair praised the Executive Director's previous leadership as chair of the Innovative Finance Working Group and Vice-Chair of the Crop Trust Donors' Council.

The Minutes of the 21<sup>st</sup> Meeting of the Crop Trust Donors' Council held on 28 October 2019 were approved.

### **2. A 2030 Vision for the Crop Trust: Priorities in the Time Ahead**

The Executive Director welcomed the Donors' Council and thanked the Chair for the introduction before beginning remarks. The Executive Director spoke briefly about how the coronavirus pandemic has changed Crop Trust operations, as well as highlighted the general lack of resilience and sustainability in the current global food system. The most significant issues of the 21<sup>st</sup> century, including climate change, biodiversity loss, and the challenge of sustainably feeding the global populations will remain on the global agenda and become even more pressing over time. In the context of the coronavirus pandemic, the world must rethink the current food system.

The Executive Director reiterated how he believes that improving the food system must start with rethinking globalization and global trade and the agricultural market. Additionally, rural linkages must be strengthened, complimentary to the re-regionalization of the global food system. Third, rural governance must be enhanced so that there can be a renewed focus on rural issues in the Global South. Finally, agriculture must be better adapted to handle the threats of climate change, beginning with better, more diverse, and locally adapted seeds. The Executive Director emphasized how the Crop Trust can contribute to these improvements to the food system over time by (1) raising awareness on the importance of healthy, diverse seeds to improve nutrition; (2) conserving that diversity; and (3) ensuring that this diversity is used and people, particularly smallholder farmers, have access to it. This is the foundation for a more resilient and more nutritious food system.

The Executive Director reiterated the importance of the Endowment Fund for the security of the global system of *ex situ* conservation. Even in times of crisis, such as the coronavirus pandemic, the endowment fund allows the Crop Trust to continue to meet its commitments. However, the endowment fund is only at roughly one-third of the long-term funding goal of the Crop Trust. To achieve the remaining goals for the endowment fund, the Crop Trust Secretariat is exploring means for financing outside of traditional resource mobilization methods. Therefore, innovative financing and cooperation with the private sector will remain a priority over the coming years.

Alongside the Crop Trust's role in supporting *ex situ* conservation worldwide, the Executive Director is also pleased that the Crop Trust is now considered a center of excellence for the science of *ex situ* conservation. He informed the Donors' Council that the Secretariat is working to strengthen the organization's role as both a financial mechanism and a hub for scientific research and excellence. The Executive Director's long-term aim is to help shape the Crop Trust into the premier global institution driving agricultural development through both global *ex situ* financing as well as agrobiodiversity conservation and research.

The Executive Director also addressed the future of the Crop Trust's relationship with the CGIAR. The 10-year Genebank Platform project ends in 2021 and is now regarded as a model for cooperation within the CGIAR system. The Crop Trust hopes to remain a strong partner of the CGIAR beyond the Platform. The Executive Director asked members of the Donors' Council to explore the possibility of mobilizing additional resources to help the Crop Trust meet its commitments to the CGIAR Platform in 2020 and 2021.

He also expressed an interest in engaging with donors beyond the traditional role as direct financial supporters for the organization. As the Secretariat moves towards implementing innovative financing mechanisms, the Crop Trust will seek support from donors in non-traditional ways, such as through financial guarantees, financial advising, and as strong advocates for the Crop Trust's work.

### **3. Report on Crop Trust Finances & the Endowment Fund**

Ms. Janet Muir, Director of Finance presented the Finance and Investment report. This provided the Donors' Council members with an overview of the activities of the Finance & Investment Committee (FIC) since its last report to the Donors' Council in October 2019. This report outlined the following:

1. Draft Financial Statements for the year ended – 31 December 2019
2. Appointment of PWC for a further audit engagement
3. Summary of financial highlights and key performance indicators for the period 2016-2019
4. Financing the CGIAR Genebank Platform in 2020 and 2021
5. CGIAR statements of assurance in 2019
6. UN Principles of Investment Report (UNPRI). The Director of Finance announced that her presentation would finish with an investment management update.

## 7. Investment Management Update – COVID-19

The Director of Finance presented the draft financial statements and a Statement from the Executive Board Chair, approved by the FIC and the Executive Board. Highlights included a clean audit opinion for 2019 with no letter to management, and additional wording related to the corona virus risk assessment, which will be shared with the Executive Board once finalized. She informed the Donors' Council that the Executive Board was also asked to review and approve the "Statement from the Executive Board Chair" that would be added to the front of the accounts on an annual basis to provide some context and perspective to the numbers in the financial statements.

The Director of Finance informed the Donors' Council that a placeholder has been left in the circulated accounts for a new "COVID-19" risk under Section 17 Risk Management. Although this is a non-adjusting event that does not affect the financial statements for 2019 it was agreed with PWC that the following wording be now added to highlight that the COVID-19 crisis has an impact on the financial statements:

*"Due to the structure of the Crop Trust, the endowment fund is subject to fluctuations in the global financial markets. Since January 2020 the Corona virus has had a significant impact on the financial markets which are currently subject to strong volatility. However, the endowment fund is highly diversified and structured for the long-term so that it can withstand short-term market dislocations in order to achieve its objectives and these dislocations should not trigger structural changes to the strategic asset allocation of the portfolio. The Crop Trust is fortunate to have strong liquidity and a very long-term perspective".*

The Director of Finance reminded the Donors' Council that this audit is one of many external audits conducted on the Crop Trust by PWC. Other audits conducted concurrently include audits on the Endowment Fund, phase 3 of the Crop Wild Relatives project, the US-registered Friends of Global Crop Diversity charitable foundation, and on the Seeds4Resilience project.

The Director of Finance highlighted key statistics and indicators of the Crop Trust's accounts for the period of 2016-2019. The Director of Finance emphasized that it is a great success that the Crop Trust crossed the USD 300 million threshold in 2019. The total value of the funds invested in the endowment fund, including the KfW loan proceeds, amounted to USD 313 million as at 31 December 2019 against a value of USD 273 million at 31 December 2018. In 2019, net investment income on the endowment fund totalled USD 43.5 million, representing an 18.4% return compared to a negative 8.3% return for the year 2018. Contributions to the endowment were received amounting to USD 6.3 million, from the United States, Germany, the Netherlands, and DuPont Pioneer.

The Director of Finance informed the Donors' Council that the Crop Trust will contribute USD 13 million and USD 15 million to the Genebank Platform in 2020 and 2021 respectively. With maximum funding from the endowment fund at 4% (approximately USD 9 million in 2020), and a contribution of USD 1 million from the European Commission for ICARDA specifically, the funding gap will amount to USD 3 million in 2020. The Executive Board took note of the

fact that the funding gap is the Crop Trust's absolute top fundraising priority and that constructive discussions with donors are already ongoing. The Crop Trust's legal commitments beyond 2021 require less than USD 5 million from the start of 2022 and are made up of the Long-term Partnership Agreement (LPA) with the International Rice Research Institute (IRRI) and the current long-term grant agreements with the CGIAR centers.

The Director of Finance was pleased to announce that after several months of negative returns from February 2020 to mid-May, the endowment had returned to a value of over USD 300 million. The Director of Finance conveyed the reassurances of the FIC that no extreme actions will be taken with the endowment funds and that the endowment remains in a strong position, despite market volatility.

The Crop Trust submits a UN PRI Report every year at the end of March. In prior years, the Crop Trust received "A" ratings, and is continuing to make progress on responsible investment. The UNPRI Report was approved by the Finance and Investment Committee (FIC) and the Executive Board and submitted in March 2020. The Crop Trust will report back to the Donors' Council in the fall on the outcome of this assessment, presumptively available in the summer 2020.

Brazil complimented the Director of Finance on the finance report and congratulated the Secretariat on weathering the volatility of the market in the context of the coronavirus pandemic. Brazil requested additional information on the allocation of Genebank Platform spending and the status of planning for the Crop Trust's relationship with CGIAR after the end of the Platform program. Brazil also asked how the transition to "One CGIAR" will impact the relationship between the Crop Trust and the CGIAR system.

The Director of Finance highlighted that currently, the only LTA is with IRRI, and smaller long-term grants with other organizations and genebanks. The total expenditure currently associated with these legal commitments amounts to USD 4.5 million. Beyond the end of the Platform in 2022, the Director of Finance stated that the Crop Trust is currently in consistent dialogue with the CGIAR through a large review panel mandated to look at the path forward after the Platform program.

The Executive Director added that the Secretariat is in constant close contact with the CGIAR office throughout the reform project. The Secretariat and the CGIAR are exploring ways that the reform process can mutually benefit both institutions and the global system.

#### **4. Resource Mobilization & Fundraising: Progress from the Innovative Finance Working Group**

Mr. Manuel Rosini, Head of Partnerships, provided an update on the progress of the Innovative Finance Working Group (IFWG) and efforts to unlock new sources of funding for the endowment fund.

The Head of Partnerships thanked Ms. Kim van Seeters of the Netherlands for working as Interim Chair of the Innovative Finance Working Group after the appointment of Mr. Stefan Schmitz as Executive Director of the Crop Trust.

The Head of Partnerships began with a discussion of the Food Security Bond (FSB) mechanism. The FSB is a public-private partnership to unlock capital at a reasonable scale for supporting crop diversity. The IFWG is exploring the issuance of a long-term bond (i.e. 30-50 years) to private sector investment managers and banks. As the Crop Trust is not a rated agency, the FSB will need a guarantee by governments or a pool of governments to provide backing on any losses upon the redemption of the bond. All the proceeds of the bond would be reinvested into the endowment fund and backing for any losses would considerably reduce the cost of the bond for the Crop Trust.

The Secretariat has consulted with representatives of member governments and the Head of Partnerships reported substantial and encouraging feedback on the FSB mechanism to date. The Secretariat is also in conversations with private investment management firms that report considerable interest in a bond of this type.

The Secretariat is currently looking for partners with strong credit ratings to provide a guarantee for the FSB. The Head of Partnerships requested that Donors' Council members consider participating in a Food Security Bond summit to gain a greater understanding of the mechanism's structure and value. Interested members are asked to report their interest via email to the Secretariat at the nearest convenience.

The Head of Partnerships provided an update on the Member Country Loans (MCL) mechanism. The MCL has been developed in cooperation with the World Bank, who would issue the loans to member countries of the Bank as part of their regular borrowing program. The MCL is suitable for governments whose internal policies restrict their capacity to contribute directly to an endowment fund. The Secretariat is currently seeking discussions on the mechanism with high-level representatives of interested parties.

The Head of Partnerships provided an update on the crop-based fundraising mechanism. The goal of crop-based fundraising is to complement the work of the 26 Crop Conservation Strategies currently being updated and developed by the Secretariat Project Team, with funding from the German Ministry of Agriculture and Food. Crop-based fundraising would offer an avenue for interested partners to fund the long-term conservation of a specific crop as outlined in the Crop Conservation Strategies.

The Head of Partnerships reiterated that the Secretariat understands current budgetary restrictions in the context of the coronavirus pandemic. The purpose of the innovative finance mechanisms is to provide flexibility for donors to continue contributing to the Crop Trust's endowment fund. The Head of Partnerships requested further donor input to follow the recommendation of partners on which mechanisms to prioritize.

Brazil complimented the Head of Partnerships on the presentation and requested clarification on the USD 500,000 fee associated with the withdrawal of an MCL and whether this is a fixed fee, or it can be reduced to attract partners with smaller budgets.

Ms. Kim van Seeters of the Netherlands, interim Chair of the IFWG, shared that there have been discussions on gauging interest to open the position of Chair of the IFWG to other members of the Donors' Council.

The Head of Partnerships informed Brazil that the fee in question is associated with the International Bank for Reconstruction and Development (IBRD). It is unclear at this time whether the fee can be negotiated, but the Secretariat can discuss this with the World Bank. The Director of Finance added that it would likely be a fee that the Crop Trust would pay, either by way of an institutional grant or by working with another funding partner to cover the fee.

The CGIAR asked for clarity on how the innovative finance mechanisms will impact the availability of endowment funding and objectives. The Director of Finance observed that since the endowment fund is one-third of the way towards its funding objective, the IFWG is confident these mechanisms are the tools which will get the endowment fund to its final target. Should potential partners need additional information, the Secretariat is willing to address any concerns and provide more detailed information on each mechanism as needed. The Head of Partnerships also added that in the current market, a long-term bond that protects capital and where risk is minimal is appealing to many investors. The representative from FAO reiterated that it is important to be patient with governments in the context of the economic uncertainty due to the coronavirus pandemic. Currently, governments may not respond or be as engaged as would normally be expected.

The Chair agreed with these remarks and stated that the FSB has strong potential, but a number of other organizations are also developing bond mechanisms. It is important to understand that finance ministries and departments are hesitant to commit funding at this time. The Chair recommended specifying interest in the bond in governments and the private sector. The Chair also expressed concern regarding the name "food security bond," as this name could be confused with the mission of similar food security-focused organizations. The Chair requested another update at the next Donors' Council meeting in fall 2020.

## **5. Crop Trust Programs and Technical Work: Actions for Supporting the Global System**

Ms. Nelissa Jamora, Crop Trust Agricultural Economist, presented the Crop Trust's technical work, including an update on the Genebank Platform program. The Platform is nearing its final year of operation in 2021, and is currently undergoing a system-level review of genebank costs and operations. The Platform reviews will feed into discussions on the "One CGIAR" vision and the implementation of long-term partnership agreements.

The CGIAR genebanks now have more than 760 thousand accessions in their collections, the largest and most widely used network of crop diversity in the world. In 2019, around 80

thousand samples were distributed to 97 countries worldwide. A majority of users come from developing countries. From 2016-2019, there was significant progress in making seed samples available for use, with several CGIAR genebanks reaching the 90% target of availability.

In 2019, the Crop Trust Project Team began technical reviews of each CGIAR genebank to assess level of operations and validate each collection for long-term conservation. The Secretariat is currently implementing a costing review across the system, with a goal to establish system-level principles for funding and essential operations.

Within the Genebank Platform, the Project Team also initiated a gap analysis of 22 crops in the genebanks, using diversity trees. The gap analysis identified crops that are well-covered in CGIAR genebanks, such as rice, but also several crops where there are significant gaps in collection coverage. After identifying gaps, the Secretariat plans to initiate collecting projects in 10 countries to fill the gaps in the international genebanks. However, due to the coronavirus pandemic, these projects have been put on hold until travel restrictions are lifted.

The Agricultural Economist gave an update on the Genesys PGR data platform. There are now over 4 million accessions accessible in Genesys, 127 subsets, and 426 characterization and evaluation datasets. The availability of “passport data” also significantly improved between 2016-2019. She also provided an update on the GRIN-Global platform for internal genebank data management. In 2019, a committee of practice on data management for CGIAR genebanks was established. One decision adopted by the committee was to implement the adoption of a unified system for data management. The Project Team recommends that CGIAR genebanks adopt the GRIN-Global system to efficiently manage the data of their accessions.

The Agricultural Economist provided an update on the Crop Wild Relatives Project (CWR), in its final year. CWR partners collected 4,644 samples in 75 countries and 3,555 accessions have already been sent to the Millennium Seed Bank for long-term storage and distribution to pre-breeding programs. The CWR pre-breeding program focused on 19 crops, and partners are currently working on completing their reports to the Project Team.

The data from the CWR pre-breeding programs will be available in the Germinate portal. This will include comprehensive data on characterization and evaluation from the pre-bred lines developed in the CWR project. The portal will include information on 13 crops from the evaluation component of the CWR project.

The Agricultural Economist provided an update on the pre-breeding project funded by funded by the Templeton World Charity Foundation. Initiated in 2019, the project will advance pre-breeding work on grasspea and finger millet. The project also provides some funding for the exploration and development of innovative finance mechanisms.

The Agricultural Economist gave an update on the Seeds4Resilience project. The first stage of the project, an assessment and review process, has been initiated and technical reviews

of the 5 partner genebanks have been completed. The review teams have submitted a final report, and the report's recommendations are currently under review.

The Agricultural Economist gave provided an update on the Global Crop Conservation Strategies redevelopment project. A kickoff meeting in October 2019 and a second meeting in December 2019 identified 9 new crop strategies to be developed, and 5 to be updated.

The Agricultural Economist provided an update on the Svalbard Global Seed Vault. In February 2020, the Secretariat organized a major seed deposit event, with 36 genebanks, including several first-time depositors. The Seed Vault now holds over 1 million seed samples from 87 institutions. The Secretariat is currently developing a new project with the Government of Norway to increase the amount of safety duplicated crops in Svalbard, with the aim of increasing the number of seed samples stored in the Seed Vault to 2 million.

The Agricultural Economist also gave an update on the status of genebank operations in the context of the coronavirus pandemic. Crop samples that have not yet been safety duplicated are at risk of being lost, but at the moment 73% of CGIAR seed collections are safety duplicated in Svalbard, 60% are safety duplicated in two additional locations, and 70% are in cryopreservation. Because of the coronavirus pandemic, the Project Team is working to improve safety duplication numbers for cryopreservation and reaching the target for safety duplication within the coming years.

The Agricultural Economist shared the operational status of the CGIAR genebanks as reported by each genebank manager. Most are only partially open with reduced staff; others are managing only critical activities. Only IITA was fully operational at the time of the presentation. The Agricultural Economist also shared the operational status of the partner genebanks for the Seeds4Resilience project, where most were fully operational. The Agricultural Economist also shared the operational status of the CWR project. As most partners are currently in a report-writing phase, there has been little impact from COVID-19, but remaining harvesting activities have been suspended for some partners and planned conferences and workshops have been cancelled or postponed.

Australia asked for more information on the potential issues with cryopreservation in genebanks. The Agricultural Economist clarified that there are some crops that are currently in the regeneration and multiplication phase of preservation, and there is no issue with the status of cryopreservation, only that the Project Team is working to increase the prevalence of safety duplicated samples.

Germany spoke about the Crop Conservation Strategies project, stating that the idea is for the strategies to become a considerably more active part of the Crop Trust's institutional strategies, as opposed to only a resource shared on the website.

Brazil complimented the development of the Genebank Platform costing reviews and their potential contribution to the revision process for the One CGIAR. Brazil also noted that a shipment under the CWR project is still expected from Brazil and the shipment process is still in progress.

## **6. Donors' Council Business: Elections to the Executive Board of the Crop Trust**

The Chair opened this agenda item and provided an update and reminder of the election of two new members of the Crop Trust Executive Board on behalf of the Donors' Council.

Members of the Donors' Council are now aware and fully support of the nomination of Mr. Jean-Christophe Gouache of France and Mr. Bernard Lehmann of Switzerland to the Crop Trust Executive Board. Their appointments were approved on 20 March 2020.

## **7. Conclusions and Next Steps**

The Executive Director thanked participants and gave a retrospective summary of each agenda item for the meeting and mentioned that he is hopeful that the Donors' Council can return to physical meetings in the near future.

The Chair agreed that a physical meeting in the fall would be preferred and thanked participants for their virtual participation. The Chair closed the meeting.

## Annex 1: List of Participants

Affiliation	Name	Role
Australia	Fiona Lynn	Director, Agriculture and Food Security Section, Department of Foreign Affairs and Trade (DFAT)
Australia	Margie Eddington	Assistant Director, Agricultural Development and Food Security, Department of Foreign Affairs and Trade (DFAT)
Brazil	Renata Nogueira	Alternate Permanent Representative of Brazil to FAO, WFP, and IFAD
Canada	Jennifer Fellows	Alternative Permanent Representative of Canada to the Food and Agriculture Agencies of the U.N.
CGIAR – System Management Board	Andre Zandstra	Director, Funder & External Engagement
Czech Republic	Jirí Jílek	Permanent Representative of the Czech Republic to FAO, Embassy of the Czech Republic in Rome
Czech Republic	Vlastimil Zedek	Head of Unit of Renewable Energy Sources and Environmental Strategies, Dept of the Environment and Organic Farming, Ministry of Agriculture
European DEVCO Commission,	Juan Manuel Velasco-Leon	Policy Officer, International Cooperation and Development, DG DEVCO
European DEVCO Commission,	Victoria Zicos	Attaché, International Relations, Information & Communication
Egypt	Dr. Ramzy Steno	Embassy of the Arab Republic of Egypt
FAO	Rene Castro	Assistant Director General of Climate, Biodiversity, Land and Water Dept.
Germany, BMEL	Imke Thormann	Senior Officer for Plant Genetic Resources
Germany, KfW	Freya Negenborn	Project Director
India	B. Rajender	Minister of Agriculture for the Embassy of India in Rome
International Federation Seed	Michael Keller	Secretary General
International Treaty on Plant Genetic Resources for Food and Agriculture	Kent Nnadozie	Secretary
Netherlands, MoFA	Hans Hoogeveen	Ambassador, Perm. Rep. of the Netherlands to the FAO
Netherlands, MoA	Kim van Seeters	Senior Policy Officer, European Agricultural and Fisheries Policies and Food Security
Norway	Gunnvor Berge	Deputy Permanent Representative, Norwegian Mission to the U.N. Organizations in Rome
Oak Spring Garden Foundation	Peter Crane	President
Switzerland	Christina Blank	Programme Manager, Global Food Security, Global Cooperation Department, SDC

United States, USAID	Rob Bertram	Chief Scientist, Bureau for Food Security
United States, USAID	David Hedgewood	Senior Food Security Advisor
Crop Trust	Stefan Schmitz	Executive Director
Crop Trust	Janet Muir	Director of Finance
Crop Trust	Manuel Rosini	Head of Partnerships
Crop Trust	Nelissa Jamora	Agricultural Economist
Crop Trust	Erin Gleeson	Partnerships Assistant
Crop Trust	Jeffrey Walters	Partnerships Fellow

## Annex 2: Meeting Agenda

# 22<sup>nd</sup> Meeting of the Crop Trust Donors' Council Agenda

**23 June 2020**

Chair: Ambassador Hans Hoogeveen (The Netherlands)

	Time	Topic
15:00		<b>1. Introduction and Adoption of Agenda and Minutes</b> Approval of the minutes from the 21 <sup>st</sup> Donors' Council meeting held on 28 October 2019 <b>Ambassador Hans Hoogeveen</b> , <i>Chair of the Crop Trust Donors' Council</i>
15:10		<b>2. A 2030 Vision for the Crop Trust: Priorities in the Time Ahead</b> <b>Stefan Schmitz</b> , <i>Executive Director of the Crop Trust</i>
15:20		<b>3. Report on Crop Trust Finances &amp; the Endowment Fund</b> <b>Janet Muir</b> , <i>Director of Finance</i>
15:50		<b>4. Resource Mobilization &amp; Fundraising: Progress from Innovative Finance</b> <b>Manuel Rosini</b> , <i>Head of Partnerships</i>
16:10		<b>Break</b>
16:20		<b>5. Crop Trust Programs and Technical Work: Actions for Supporting the Global System</b> <b>Nelissa Jamora</b> , <i>Agricultural Economist</i>
16:50		<b>6. Donors' Council Business: Elections to the Executive Board of the Crop Trust</b> <b>Ambassador Hans Hoogeveen</b> , <i>Chair of the Crop Trust Donors' Council</i>
17:00		<b>8. Conclusions and Next Steps</b>