

## **Minutes of the 23<sup>rd</sup> Meeting of the Donors' Council of the Global Crop Diversity Trust**

29 October 2020

The Donors' Council of the Global Crop Diversity Trust ('Crop Trust') met on the 29th of October 2020 via online video conference 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 documents 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 Chair expressed disappointment that the meeting could not convene in person but understood the logic for holding the meeting via videoconference due to the current COVID-19 pandemic situation.

The Minutes of the 22<sup>nd</sup> Meeting of the Crop Trust Donors' Council held on 23 June 2020 were approved.

### **2. Oral Update by the Executive Director: Crop Trust 2.0**

The Executive Director welcomed Donors' Council members to the meeting 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, including that the Secretariat has moved back to full-time remote work. For the oral update, the Executive Director provided a few background remarks describing the Crop Trust's mandate, including the role the Crop Trust plays in safeguarding crop biodiversity through the Crop Trust Endowment Fund.

The Executive Director described how the Endowment Fund has proven to be a success, even in times of crisis. The Endowment Fund has a sound investment policy and portfolio, which is mostly centered on green investment opportunities and has had steady returns even amidst the global financial crisis of 2008-2009 and the ongoing COVID-19 pandemic. The Executive Director emphasized the fact that without the Endowment Fund the global system of *ex situ* conservation would be at risk.

While the Endowment Fund currently has a market value of approximately USD 340 million, there is still a USD 500 million gap remaining that threatens the safety of crop diversity throughout the global system. The Executive Director explained that the vision of "Crop Trust 2.0" is to provide a roadmap and a way forward for the Crop Trust to fill the endowment fund, thereby fulfilling its mandate to ensure that crop diversity is conserved in-perpetuity. The Executive Director reiterated the importance of traditional donor support to fulfil the mandate of the Crop Trust but acknowledged the need to explore other, innovative mechanisms of funding as well.

Crop Trust 2.0 is a new chapter which will explore innovative finance in greater depth, build a more strategic approach to communications and partnership engagement, as well as renew and develop stronger relationships with partners and stakeholders. The Executive Director expressed excitement for deeper cooperation with members of the Donors' Council, and gratitude for those who have continued to support the Crop Trust in the last few years.

The Executive Director concluded his oral update by reiterating the Crop Trust's position as a key advocate for UN Sustainable Development Goal (SDG) 2, and more specifically, the UN SDG Target 2.5, which aims to maintain the diversity of plant genetic resources through genebanks. He also emphasized the Crop Trust's role in the upcoming World Food Systems Summit, mentioning the Crop Trust's goal to promote the importance of the conservation of plant genetic resources on the agenda at the World Food Systems Summit. Members of the Donors' Council inquired about whether the Crop Trust has plans to partner with organizations such as FAO or the Plant Treaty, to further push agrobiodiversity on the agenda. The Crop Trust Secretariat has been in discussions with like-minded organizations, including the Plant Treaty, in support of the Food Systems Summit and will provide a more detailed update to the Donors' Council next year on the Crop Trust's specific role in the implementation of the Summit.

### **3. Crop Diversity for Challenging Times: Report from Chatham House Discussions**

Ms. Charlotte Lusty, Head of Programs presented the report from the Chatham House Discussions and the Genebank Costs & Operations panel.

The Head of Programs opened the presentation by outlining the objectives of the Genebank Costs and Operations (GCO) report. The report was conducted as part of the Genebank Platform to evaluate the essential costs and operations needed to keep CGIAR genebank collections healthy and available for long-term use. Additionally, the GCO panel evaluated additional funding needs and recommended opportunities for increased efficiency and determined ways in which CGIAR funding can be allocated fairly between genebanks. The GCO panel had a variety of participants including members of the Crop Trust Secretariat, members of the Treaty Secretariat, members of the CGIAR, as well as a number of independent consultants.

The review took place over a seven-month period, starting in April and ending in September. During this time seven preparatory calls were made with panel members, and five background

papers were drafted. To broaden the context of the discussions, the panel decided to invite a larger group to discuss the future of genebank operations, which resulted in the Chatham House Discussions. During the Chatham House Discussions, two stimulus papers were produced through the dialogue of approximately 35 participants. The Head of Programs encouraged members of the Donors' Council to view the resulting papers from the Chatham House Discussions on the Genebank Platform website.

The Head of Programs explained further discussion points from the Chatham House Discussions, specifically mentioning the role technology may play in the modernization of genebanks. In particular, members of the Donors' Council were particularly interested in the digitalization and automatization of genebanks.

During the GCO panel, the CGIAR platform and its evolution post- 2021 was discussed in detail. To better understand the structure of the Genebank Platform, the panel developed three categories describing the platform's structural framework. The categories are as follows: Guaranteeing diversity in perpetuity; Future-proofing collections and exchange; and Increasing value collections. In which, the Crop Trust's mandate is most aligned with the function described as "Guaranteeing diversity in perpetuity". However, the Head of Programs emphasized that if genebanks are to be used in a long-term capacity it is essential that additional funding is contributed to the other categories of the Genebank Platform framework.

The Head of Programs briefly described the 15 recommendations made by the GCO Panel towards the Genebank Platform. The recommendations were divided into the following categories: Structure and Content, Consolidation of Collections, Playing a Catalytic Role, Costs and Funding, and Recommendations on the Global System.

As a next step, the GCO Panel will make the report available to the members of the Donors' Council. The GCO Panel will also be creating an online mechanism to gain feedback on individual recommendations, in which Donors' Council Members are highly encouraged to participate. The Head of Programs also mentioned that the CGIAR will be providing the report to the Treaty governing body for their consideration.

In response to a recommendation within the category on Playing a Catalytic Role, members of the Donors' Council inquired about the role "regional hubs" would play in assisting genebanks. The Head of Programs clarified that "regional hubs" are envisioned to serve as "nodes of specialization," such as a central clonal crop node, which would allow for those collections to be held in long-term conservation facilities with minimal maintenance. The Head of Programs emphasized that the regionality of conservation must be done hand-in-hand with national programs.

In response to the Chatham House Discussions, the representative from FAO inquired further about information on the possibility of attracting additional resources to genebanks. The Head of

Programs emphasized that the Chatham House Discussions made it clear that diverse genetic resources, and more specifically, genebanks, have the potential to intersect with a variety of projects. This intersectionality will be key to acquiring additional resources.

In response to the function of the Genebank Platform post 2021, members of the Donors' Council inquired whether there were discussions underway on which organization would run the new Genebank Platform. Additionally, they inquired whether there would be a stronger relationship between farmers and genebanks under the new platform. The Head of Programs stated that there have been no discussions on who will run the Platform; she agreed that more can be done with regards to the relationship between genebanks and farmers.

The Secretariat of the Treaty took the floor and thanked the CGIAR and the Crop Trust for the work done for the Chatham House Discussions and the GCO Report. He highlighted an element of the report, the “enhancing value of genebanks”, which was not heavily discussed. This element is where the Secretariat of the Treaty sees potential for the most meaningful contribution.

The Head of Programs thanked the Donors' Council for their responses, and the Chair closed the agenda item.

#### **4. Report on Crop Trust Finances: Investment Management, Revised Budget 2020 and Annual Budget 2021**

Ms. Dezreen Cameron-Stein, Finance and Investment Manager, 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 June 2020. This report outlined the following:

1. Investment Management Update
2. UN Principles of Investment Report (UNPRI) Assessment Report 2019/20
3. Revised Budget 2020
4. Annual Budget 2021

The Finance and Investment Manager opened the presentation by highlighting the members of the FIC, outlining that the FIC held five meetings to date in 2020 and plan to meet virtually on the 3<sup>rd</sup> and 4<sup>th</sup> of November 2020. Additionally, the Finance and Investment Manager noted that the Crop Trust continues to work with the investment managers DWS and Mercer.

The Finance and Investment Manager highlighted key statistics and indicators of the Crop Trust's endowment fund for the period of 2016-2020. The total value of the endowment fund, including the KfW loan proceeds, amounted to USD 337 million as of 30 September 2020 against a value of USD 312 million on 31 December 2019. Contributions to the endowment were received amounting to USD 17.9 million, from Germany, USAID, and India. The Endowment Fund has had a 6.6% return

on investment since its inception, compared to the policy benchmark of 6.0%. For the year 2020, the Endowment Fund has had a positive return of 2.6%, compared to the policy benchmark of 4.3%. Additionally, the Managers Performance since inception was presented, in which Mercer had an annual real return of 7.4% and DWS had an annual real return of 6%.

The EUR Fund, which is composed of the KfW loan, also performed positively in 2020, receiving a 2.1% return on investment compared to the policy benchmark of 1.2%. Since inception (2017), the EUR Fund received a 2.1% return compared to the policy benchmark of 2.2%. The Finance and Investment Manager noted that the repayment of the KfW loan will start in October 2022 and interest payments and reporting requirements has all been fulfilled.

The Finance and Investment Manager reiterated the success of the Endowment Fund, noting that the market value of the fund is still greater than cumulative contributions despite the withdrawal of USD 47.6 million, since 2005, to support the Genebank Platform and operations. Further, the result of a study conducted by the Crop Trust in 2019, outlined that compared to peer organizations the Endowment Fund continues to do relatively well.

As a signatory to the UN PRI, the Crop Trust must undergo annual reports to the PRI. Similar to previous years, the Crop Trust received “A” and “A+” ratings across all categories for the 2019/20 reporting period. Highlighted specifically by the Finance and Investment Manager, was the Crop Trust’s performance in the area of Environment, Social, and Governance (ESG), in which the Crop Trust has achieved better ratings than its peer organizations. The UN PRI is in the process of revising its reporting requirements for 2021 and it is not yet clear what this will entail. The Crop Trust will continue to strive for improvement and will focus on sustainability in both private and public markets, as well as climate and carbon related risks and scenarios throughout the portfolio.

The Finance and Investment Manager summarized the Revised Budget for 2020, as documented in the Finance and Investment Report. The revised budget will be reviewed by the Executive Board on 5 November 2020 for their approval. 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. However, advanced discussions are underway with an additional donor for a supplemental EUR 3.6 million, which would fill the funding gap. The Finance and Investment Manager also mentioned that due to the COVID-19 pandemic, further reductions in expenditure should be expected before the end of the year. Additionally noted, the USD:EUR foreign exchange rate was lower than budgeted. The revised budget also accounted for a reduction of USD 664 thousand for Program Expenditures, and a reduction of USD 1 million for Management and General Fundraising.

The Finance and Investment manager summarized the Budget for 2021, as documented in the Finance and Investment Report. The Budget for 2021 will be reviewed by the Executive Board on

5 November 2020 for their approval. It was noted that the Crop Trust will only be presenting the budget for the year 2021, instead of the multi-year budget usually produced. This is due to the uncertainty of some budget items such as the Genebank Platform, the BOLD-Crop Wild Relative Proposal, and Partnerships and Communications strategic investment. The multi-year budget will be presented at the spring meeting of the Executive Board in 2021. Specifically noted by the Finance Investment Manager, was that the maximum withdrawal from the Endowment Fund will again be 4%. Additionally, donor support for programs and operations is expected to be USD 6.2 million. Donor support will also be needed for project-based funding such as Crop Wild Relatives. The estimated income for 2021 is USD 41.4 million compared to USD 37.9 million in 2020. The Finance and Investment Manager ended the presentation by highlighting the operational assumptions for the 2021 budget.

Norway inquired how much funding for the Genebank Platform is fixed in contract, post 2021. In response, the Executive Director stated that approximately USD 3.8 million is contractual and will be paid post 2021.

FAO inquired about the United States contribution to the Endowment Fund. In response, Mr. Hannes Dempewolf, Head of External Affairs, clarified that United States appropriations are distributed through the Farm Bill. However, the Farm Bill is negotiated every four years, meaning upcoming negotiations will take place in 2022.

## **5. Investing in the Future of Food: Food Security Bond - Update**

The Executive Director opened this agenda item and reflected on how innovative finance has developed at the Crop Trust over the last few years. In 2020, the Crop Trust has pursued the implementation of one of the most promising of these mechanisms, the Food Security Bond. The Crop Trust recently engaged KOIS Invest to perform a feasibility study of this mechanism, to look at the market landscape and see if similar products like this have been developed previously, as well as test the concept with donors, potential investors, and other experts. KOIS Invest also explored the mechanics of how this mechanism would be structured and provide an indication of what the roadmap to implementation looks like. The Executive Director invited KOIS Invest to present the findings of the FSB feasibility study.

KOIS began the report by reiterating the need for innovative financing mechanisms to allow the Crop Trust to achieve its mission to safeguard crop diversity, forever. Traditional funding is threatened by the slow-growth of official development assistance (ODA), as well as new funding priorities such as the COVID-19 Pandemic. Thus, the FSB is designed to raise approximately USD 500 million, for the fulfillment of the Endowment Fund, over a 30-year period.

General feedback from investors included that there is strong appetite for this mechanism from investors, especially those with long-term perspectives, given that solid risk mitigation is secured in the form of a guarantee. KOIS presented two models for the FSB as outlined in the feasibility



study. The first model is a bond issued by the Crop Trust in which a government provides a guarantee if there is any shortfall in year-30. Also, there would be an opportunity for donors to use grants to buy down the coupon, which would allow the endowment fund to grow faster. The second model for this mechanism recommended that a sovereign government or Development Finance Institution (DFI) issue the bond, which would imply that the bond would be guaranteed by the issuer. In this second model, the Crop Trust would be one step removed from the investor and the mechanism itself would be simpler.

KOIS Invest believes that the sovereign issued bond is the more feasible option at this time because it has an implied guarantee, is more straightforward, cheaper, and faster. It would also be more likely to secure one single donor for this structure rather than a consortium of donors. KOIS provided other options for ways that donors could come together to contribute to the implementation of this mechanism, including: 1) political support by speaking out in support of the mechanism and helping influence international finance institutions, like development banks to come on board; or 2) considering ways of direct support for the mechanism if government policies allow -such as a guarantee or buying down coupons.

Finally, KOIS reiterated that the overall takeaway from the feasibility study is that the implementation of this mechanism is attainable. Looking ahead, the key focus will be securing the political support required to bring this bond to fruition, including engagement with the CBD COP 15, UN Food Systems Summit, and UNFCCC COP. Additionally, the Crop Trust should begin engaging with donors to secure commitment for the implementation of the FSB.

The Executive Director thanked KOIS for their work on the feasibility study. The Executive Director emphasized how the FSB could serve as an important opportunity for governments to step up and fill the shortfall in the Endowment Fund while leveraging large amounts of funding via the capital markets. The FSB creates a unique opportunity for private capital to help achieve the goal of zero hunger (SDG2), while securing a low-risk investment with steady returns.

The Executive Director informed the Donors' Council that the option of hosting an event to promote the implementation of the Food Security Bond was under discussion. FAO inquired about the 1% per annum needed from donors to provide supplemental support to Crop Trust operations. KOIS responded that the coupon buy-downs to support these operational costs would be optional for donors. However, these coupon buy-downs would be more important from the initiation of the FSB in order to make sure there are no short-falls, in which the Endowment Fund would have to withdraw its own assets.

The Donors' Council commended the large amount of progress that has been made in the last six months and provided a general endorsement for the Crop Trust to continue exploring this mechanism. Representatives from FAO and the Treaty agreed that the success of the FSB as it will be important for the future of biodiversity.

The Executive Director informed the Donors' Council members of the recent appointment of Kim Van Seeters, of the Netherlands, as the Chair of the Innovative Finance Working Group (IFWG).

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

The Chair opened this agenda item and informed the Donors' Council that no formal nominations have been made for the positions of Chair and Vice Chair to date. The Chair informed the Donors' Council that he and the Crop Trust Secretariat are currently working to find suitable candidates for both positions. The European Commission took the floor in order to inform the Donors' Council members of ongoing deliberations for a possible Chair nomination. The Crop Trust Secretariat will provide an update to the Donors' Council in due time.

The Chair asked the Donors' Council to move by consensus to re-appoint Ms. Emmy Simmons to the Executive Board of the Crop Trust for three-year terms (2021-2023). The re-appointment was confirmed.

## **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 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)
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.
Czech Republic	Vlastimil Zedek	Head of Unit of Renewable Energy Sources and Environmental Strategies, Dept of the Environment and Organic Farming, Ministry of Ag
Czech Republic	Jiri Jilek	Counsellor, Permanent Representative of the Czech Republic to the UN Organizations (FAO, IFAD and WFP)
Egypt	Mahamani Gunasekaran	Assistant Commissioner (Seeds), Ministry of Ag. and Farmers Welfare, Dept. Agriculture Cooperation, and Farmers Welfare
Egypt	Ramzy Steno	Agricultural Counsellor and Deputy Permanent Representative of the Arab Republic of Egypt to IFAD
European Union	Cara Stauss	Seconded National Expert Delegation of the European Union to the Holy See to the Order of Malta and to the UN Organisations in Rome and to the Republic of San Marino
European Union	Brian Creach	Intern
European Union	Francesco di Bona	Intern
FAO	Rene Castro	Assistant Director General of Climate, Biodiversity, Land and Water Dept.
FAO	Dan Leskien	Senior Liaison Officer of the Secretariat of the Commission on Genetic Resources
Germany, KfW	Freya Negenborn	Project Director
Germany, BMEL	Beate Madan	Officer
India	Ashwani Kumar	Joint Secretary (Seeds) Ministry of Agriculture & Farmers Welfare
India	B. Rejender	Minister of Agriculture for the Embassy of India in Rome
International Seed Federation	Michael Keller	Secretary General
International Treaty on Plant Genetic Resources for Food and Agriculture	Álvaro Toledo	Deputy Secretary
KOIS	Roman Kovac	Associate, Impact Investment and Innovative Financing

KOIS	Behnhan Limketkai	Principal, Impact Investment and Innovative Financing
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	Daniel van Gilst	Ministry of Foreign Affairs, Norad Department for Climate, Energy, and Environment, Senior Advisor
Oak Spring Garden Foundation	Peter Crane	President
Spain	Andrea Callejo Ferreras	Volunteer Collaborator in the Permanent Representation of Spain to FAO
Spain	Gonzalo Eiriz	Deputy Director General for Analysis, Coordination and Statistics at the Ministry for Agriculture, Fisheries and Food
Sweden	Pernilla Ivarsson	Minister Counsellor, Deputy Permanent Representative of Sweden to FAO, WFP and IFAD
Sweden	Alexander Bång Bergström	Programme and Policy Officer, Permanent Representation of Sweden to FAO, WFP and IFAD
Switzerland	Christina Blank	Programme Manager, Global Food Security, Global Cooperation Department, SDC
Crop Trust	Stefan Schmitz	Executive Director
Crop Trust	Dezreen Cameron-Stein	Finance and Investment Manager
Crop Trust	Hannes Dempewolf	Director of External Affairs
Crop Trust	Charlotte Lusty	Head of Programs
Crop Trust	Rodrigo Barrios	Strategic Partnerships Manager
Crop Trust	Isbandiyar Valiyev	Partnerships Assistant
Crop Trust	Erin Gleeson	Partnerships Assistant
Crop Trust	Bailey Cate	Partnerships Fellow

**Annex 2: Meeting Agenda**

## 23<sup>rd</sup> Meeting of the Crop Trust Donors' Council Agenda

**29 October 2020**

*Videoconference*

Time	Topic
14:00	<b>1. Welcome, Introduction and Adoption of Agenda and Minutes</b> Approval of the minutes from the 22nd Donors' Council meeting held on 23 June 2020 <b>Ambassador Hans Hoogeveen</b> , Chair of the Crop Trust Donors' Council
14:05	<b>2. Oral Update by the Executive Director: Crop Trust 2.0</b> <b>Stefan Schmitz</b> , Executive Director
14:15	<b>3. Crop Diversity for Challenging Times: Oral Report from Chatham House Discussions</b> <b>Charlotte Lusty</b> , Head of Programs, Genebank Platform Coordinator
14:30	<b>4. Report on Crop Trust Finances: Investment Management, Revised Budget 2020 and Annual Budget 2021</b> <b>Janet Muir</b> , Director of Finance
15:00	<b>5. Investing in the Future of Food: Food Security Bond - Update</b> <b>Representative</b> from KOIS Invest and <b>Stefan Schmitz</b> , Executive Director of the Crop Trust
15:45	<b>6. Donors' Council Business and Elections</b> <b>Ambassador Hans Hoogeveen</b> , Chair of the Crop Trust Donors' Council and <b>Stefan Schmitz</b> , Executive Director of the Crop Trust
15:55	<b>7. Conclusions and Next Steps</b>