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Reflections on the resource allocation strategy of the Benefit Sharing Fund

Policy Brief



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
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Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
Federal Office for Agriculture FOAG



How shall the sharing of benefits stemming from the Benefit-sharing Fund (BSF) of the International Treaty on Plant Genetic Resources for Food and Agriculture (the Treaty) be handled? How shall the resource allocation mechanisms be designed in order to achieve the distributional equity foreseen by the Treaty?

Although these questions are fundamental to the overall functioning of the Treaty, it is the resource mobilization side of the BSF that has attracted much more attention so far. This policy paper aims to provide some preliminary reflections to initiate a discussion on the resource allocation strategy of the BSF of the Treaty.

Shortcomings of the current approach

In a context of limited funding, the current project level approach appears difficult to sustain. Wrongly or not, several limits are perceived by stakeholders involved in activities concerning Plant Genetic Resources for Food and Agriculture (PGRFA):

- Risks of dilution of impacts by funding a scatter of disparate local projects;
- High excludability (small probability of success) due to discrepancy between demand and available funds;
- Risks of rent capture by well-established groups;
- Project-level actions are not addressing the shortcomings of the broader policy framework within which these projects are taking place and which could jeopardize the expected benefits.

At a more fundamental level, the rationale of re-nationalizing or re-individualizing benefits that are supposed to be of collective nature and that were generated at the global level can be questioned. The project-level approach gives an adversarial logic to a framework all built around cooperation rather than competition. In these conditions, although priority is given to projects involving developing countries, this logic puts into competition actors and countries that are too heterogeneous and unequally endowed. How could these shortcomings be addressed?

The BSF in its broader environment

Three features of the BSF must be taken into consideration when dealing with the resource allocation strategy: 1) As part of the Benefit-sharing (BS) system of the Treaty, the BSF is functionally interrelated with other BS components; 2) As part of the Multilateral System (MLS) of the Treaty, the BSF is characterized by the global and collective nature of benefits; 3) As part of the Treaty, the BSF plays an important role in maintaining the cooperative logic of the Treaty. These features raise three major challenges.

The **equity challenge**: how to target interventions in such a way that they address the unequal capacities of countries and actors to benefit from the Treaty? From an equity perspective, priority should be given to investing in non-monetary BS mechanisms. They potentially have important catalytic effects that allow addressing the unequal capacities of countries and actors to benefit from the Treaty.

The **public value challenge**: how to ensure impacts beyond the actors or the sectors in which the funded activities are carried out? How can funds be used in order to serve a common (collective) interest and/or support the creation of a common (collective) good?



The BSF, as one of the main financial mechanism of the Treaty, should play a role in generating enough incentives for actors and countries to cooperate for the provision of collective benefits that can or are best realized at the global level (i.e. the non-monetary benefits) and ensure that these global benefits flow to national and local levels. Activities that could best address these challenges are classified according to the degree of cooperation among actors (horizontal axis) and the degree of collective benefits they generate (vertical axis) (see *graph 1*).

The **cooperation challenge**: how to best take into account the various interdependencies in such a way that the maximum positive externalities are realized? How can funds be directed towards strengthening the coordination and cooperation between stakeholders, activities and countries? The different types of interdependencies generate multiple and multi-directional positive externalities that have major consequences for global cooperation on PGRFA. Maximum global impacts could be reached by taking advantage of initiatives that spread across various locations and activities or crops.

If cooperation is to be promoted, questions then remain on how far the BSF should go in funding specific sectorial activities or specific crops? And to what extent should the BSF engage in regional, national or even local affairs? To help answering these questions, activities could be classified according to the degree of positive externalities they generate: from local and specialized activities relevant to a narrow set of users and/or locations up to global and integrated activities that have a large market, broad applicability, and spillovers across several regions and actors (see *graph 2*).

Perspective: how to improve resource allocation?

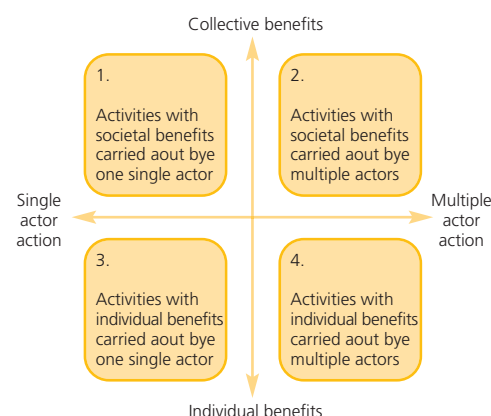
The BSF could be used as a facilitating mechanism for increased cooperation on PGRFA across countries, stakeholders and sectors in order to be in line with the collective nature of the BSF and better manage the various interdependencies.

Based on graphs 1 and 2 above, those activities that fall into box 2 and B (Activities with societal benefits carried out by multiple actors and Global initiatives across various PGRFA activities) are the ones best placed to address global interdependencies on PGRFA and serve the collective nature of the benefits. These types of activities require joint actions of several actors across various countries. They would be global in scope rather than discriminating among countries and would aim to integrate several activities along the value chain rather than focusing on only one.

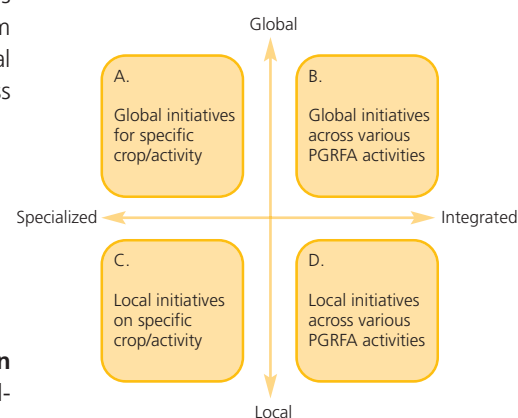
However, the emphasis on the 'global' and collective character must not lose sight of the fact that the actual provision of benefits and the way they are perceived are ultimately rooted in the domain of the local, i.e. in specific activities at the national and local levels. A lack of capacity to engage in global and collective actions undermines the possibility for governments, organizations and individuals to take advantage of the benefits generated at the global level. A difficult equilibrium has therefore to be found between global activities and specific actions, actors or countries.

The BSF could be specifically targeted on the enhancement of non-monetary BS mechanisms. These mechanisms currently suffer from a shortage of resources although they are essential to meet both public value and equity challenges: their benefits are of collective nature (i.e. social benefits) and could compensate for differences in capacities. Using the monetary benefit sharing mechanism to help realizing the non-monetary mechanisms should improve the overall functioning of the system by initiating a positive feedback loop, as the improvement of information exchange, technology transfer and capacity building will in turn enhance access, use and generation of benefits.

Graph 1 : Public value challenge



Graph 2 : Cooperation challenge



In summary, it is proposed to use the BSF as a facilitating mechanism for increased cooperation among institutions and bodies across countries for the implementation of non-monetary BS mechanisms targeted at activities or crops that are more needed by vulnerable and less endowed stakeholder groups.

How to concretely implement such a strategy? Four options can be envisaged:

1. **A competitive approach with specific conditions in relation to the scope** (in terms of number of countries, activities or target and beneficiary groups). This scenario is the closest to the current one with the main difference that equity, cooperation and public value challenges are integrated into the call for proposals and translate into mandatory requirements.
2. **A programmatic approach at regional and/or at crop network and/or at thematic levels.** This approach would first allocate funds for the establishment of long-term plans that would provide for an overall programmatic coherence. Once established, funds could then be allocated to specific priorities identified in these plans.
3. **An activity-driven approach whereby specific activities are targeted and funds are allocated on an egalitarian basis among regions or crop networks.** This scenario would only differ from the previous one by relying on an overall programmatic coherence established on a thematic/activity level at the global level (i.e. approved by the Governing Body).
4. **An outsourcing strategy to executing agencies** that are used to work with vulnerable groups (e.g. IFAD). If equity is considered as a primary concern, this solution would allow for efficient and well-targeted interventions while ensuring that they are undertaken within a broader policy framework (such as the one on food security in the case of IFAD).

The various options proposed are not necessarily mutually exclusive and can perfectly be combined, including within the project level approach, whether through different funding windows (different options available at the same time) or in a sequential way (one option after another).

Impressum

Author: Sélim Louafi, Cirad, UMR AGAP, F-34398 Montpellier, France
selim.louafi@cirad.fr

Editor: Swiss Federal Office for Agriculture FOAG: www.blw.admin.ch

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