



Agenda 5.8
ePhyto update for the
35th TC-RPPO

- The **ePhyto Solution** - which includes NPPOs with their own national systems connecting to the Hub and those that do not have a national system using the GeNS to connect to the Hub delivers *real benefits to all user countries*
 - *Faster, more economical, less fraud, plant industries like it*
- **CRITICAL ISSUE** – the ePhyto Solution needs a long-term funding “solution”. Without secure funding for 2025 the ePhyto Solution may not be able to continue operating.
- **CHALLENGE** - A new funding model *must be agreed to at CPM-18 in 2024*

- CPM-17 tasked the ePhyto Focus Group to develop a funding model that would be generally acceptable to all contracting parties
- They developed a principles-based model that reflects feedback received during CPM-17.
- About **USD \$1.3 million** needed per year.
- Compromise is likely to be required.
- RPPOs requested to engage their member countries to advise them that this decision is coming in 2024.

Model Core Design

- Only countries using the ePhyto Solution **in production mode** contribute
- FAO and other CP contributions MAY reduce amount contributed by CPs.
- A proportion of the CP contribution coming from a **base fee** Base fee = **World bank economic development status levels, plus UN LDC**
- Base Fee varies according to CP development status
- Usage fee varies according to level of usage
- Usage = **number of messages** sent or received through the hub in production mode

Why Base Fees and Usage Fees

- During CPM 17 (2023) many CPs supported concept of **base fee** that would vary according to development status.
- **Usage**
 - Some countries have quickly adopted ephyto and others are yet to start. A model strongly biased towards usage may significantly penalise early adopters and discourage others from adopting.
 - However, usage charges are consistent with the user pays principle.
 - Usage charges are proportional to the benefits that accrue to users.
 - Most well-established transaction models have a significant portion of funding from usage fees.
- On balance **the FG considers base fees should be used to meet 2/3rd of the required funding and usage fees should be used to meet the remaining 1/3rd.**

Varying the base fee

- The FG considers countries in the Low/LDC group should be exempt from contributing a base fee.
- The focus group considers the base fee for countries in the remaining development levels should increase by a factor of two as development status increases.

Varying the usage fee

- On balance the FG considers four usage categories to be the most practical:

Usage Group	Exchange numbers
Low	< 1000
Medium	1,000 - 49,999
High	50,000 - 149,999
Very High	150,000+

- The FG considers that countries in the Low usage group should not pay a usage fee.

Some feedback received

1. FAO should pay for it all.
2. I didn't think my country would have to pay.
3. Combination of base fee and usage fee is good.
4. Counting both import and export transactions is good.
5. Counting import transactions is not fair because there is no benefit.
6. My countries have no way to recover the costs.
7. If it is too expensive, my country should go back to paper.
8. Some countries need invoices and FAO/IPPC won't issue invoices.
9. Countries can't be forced to pay so, what if too many countries don't pay.
10. Some countries that are low users but are not low development status are paying too much.
11. User countries should include countries testing and they should pay base fee.
12. The model is complex and will be costly to administer.