



## COMMISSION ON PHYTOSANITARY MEASURES

### EIGHTEENTH SESSION

#### FUNDING OF THE IPPC EPHYTO SOLUTION

##### AGENDA ITEM 12.1

*(Prepared by the CPM Focus Group on Sustainable Funding for the IPPC ePhyto Solution)*

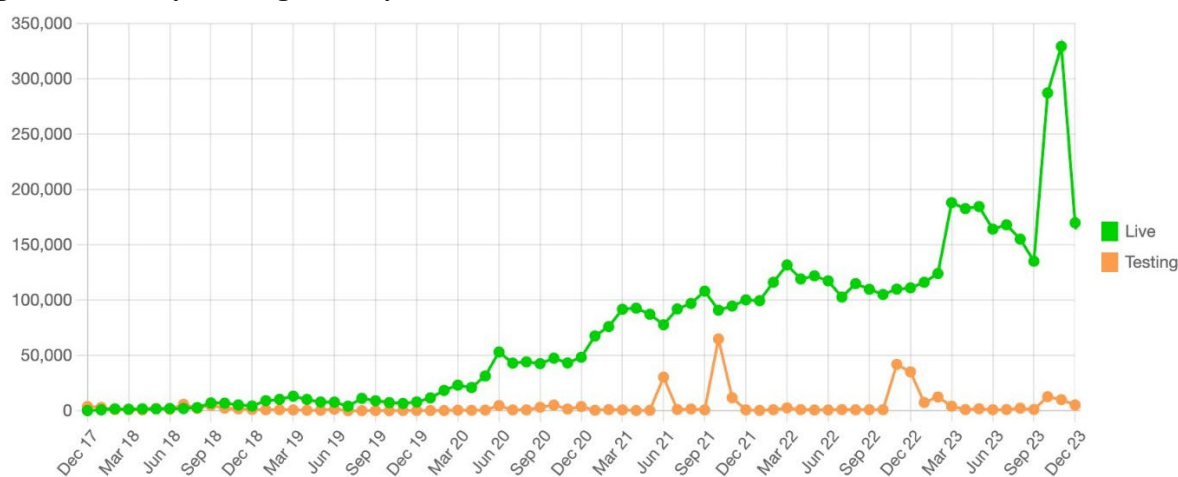
##### **Introduction**

- [1] This paper seeks CPM-18 (2024) adoption of a long-term funding mechanism for the IPPC ePhyto Solution. It recommends a funding mechanism selected from a set of options tested with the Bureau and Strategic Planning Group (SPG) in October 2023.
- [2] The IPPC ePhyto solution enables contracting parties to produce, send, and receive harmonized electronic phytosanitary certificates with other participating NPPOs through the IPPC ePhyto Hub in a secure, low cost, timely, and efficient manner. The IPPC ePhyto Solution has become part of the core international infrastructure facilitating safe global trade in plants and plant products.
- [3] The IPPC ePhyto Solution has three main elements<sup>1</sup>:
- A harmonized digital phytosanitary certificate.
  - The Hub: which facilitates the global exchange of electronic certificates between participating NPPOs.
  - GeNS: a centralized web-based Generic ePhyto National System (GeNS): this allows NPPOs without a bespoke national system to create, send and receive electronic certificates.
- [4] The benefits of the IPPC ePhyto Solution include:
- Reduced costs associated with printing and shipping paper certificates, as well as costs associated with sorting, distributing, retrieving, and archiving paper documents.
  - Expedited clearance of goods through borders and associated savings for importers and exporters.
  - Improved timely communication between importing and exporting contracting parties on the status of goods being traded.
  - Decreased opportunity for fraudulent certificates to be presented and simultaneously increases transparency of certificates that have been issued and received between contracting parties.
- [5] In a recent study by the Global Alliance for Trade Facilitation, following implementation of ePhyto in Morocco benefits included an 82% reduction in container processing time, a saving of US\$283 per container and saving of approximately US\$43 million annually.<sup>2</sup>
- [6] Uptake of the ePhyto Solution continues to rise in terms of contracting parties connected to the Hub and the number of ePhyto certificates exchanged through the Hub. As at December 2023, 88 contracting parties were exchanging ePhyto certificates through the Hub and 39 contracting parties were testing exchanges in preparation to go live. By the end of December 2023 there had been more than 5,303,880 live exchanges through the system. See Figure 1 (below) for usage data over time.

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<sup>1</sup> <https://www.ephytoexchange.org/>

<sup>2</sup> [Digitalising phytosanitary certificate exchange | Global Alliance for Trade Facilitation](#)

**Figure 1: Monthly exchange of ePhytos December 2017 to Dec 2023**

Source: IPPC ePhyto Hub Service – [www.ePhytoexchange.org](http://www.ePhytoexchange.org) 10 January 2024

- [7] The IPPC ePhyto Solution was initiated by the IPPC. The initial development was supported by the Standards and Trade Development Facility (STDF)<sup>3</sup> and a few donor countries. The ePhyto Solution still relies on donors to operate, maintain, and improve the core components of the system. In addition, donors including the World Bank and the Global Alliance for Trade Facilitation provide substantial capacity development resources to support contracting party uptake of ePhyto.
- [8] Despite its success, the IPPC ePhyto Solution is exposed to a funding vulnerability because it is solely funded by small number of donors with no long-term funding agreements. This creates uncertainty, makes long-term planning difficult, and results in effort being focused on securing donor funding at the cost of implementing and improving the IPPC ePhyto Solution. Current donor funding is secured for 2024 but not beyond. A funding solution with a broader base of contributions based on a CPM agreed model would be more secure and would enhance confidence in the long-term viability the system.
- [9] CPM-15 (2021) agreed to establish a focus group to prepare a proposal for a sustainable long-term funding mechanism for CPM consideration at CPM-17 (2023). At CPM 17 (2023) the focus group presented recommendations for a sustainable funding mechanism<sup>4</sup>. Many recommendations were agreed however, a mechanism to determine expected contributions among contracting parties was not agreed. The CPM requested that the focus group, IPPC secretariat, and CPM bureau work together to develop a detailed final proposal on the system for the funding mechanism, including detail of the expected financial contributions from individual contracting parties exchanging ePhytos through the Hub, to be adopted by CPM-18 (2024).<sup>5</sup>
- [10] Following the feedback received from CPM-17 and subsequent feedback from SPG and the Bureau, the focus group presents the following proposal for consideration by CPM-18.

### The Proposed Funding Model

- [11] The focus group has held seven virtual meetings since CPM-17 to develop a funding model that reflects the feedback provided by CPM, which included:
- Some contracting parties wanted FAO to provide some or all the funding.

<sup>3</sup> The STDF contributed USD 1.12 million to build the IPPC ePhyto solution (2016-2020). The project was recently subject to an external impact evaluation. This evaluation and all other project documents are available on the STDF website, see <https://standardsfacility.org/PG-504>.

<sup>4</sup>

[https://assets.ippc.int/static/media/files/publication/en/2023/01/14\\_CPM\\_2023\\_ePhyto\\_Sustainable\\_Funding\\_2023-01-26.pdf](https://assets.ippc.int/static/media/files/publication/en/2023/01/14_CPM_2023_ePhyto_Sustainable_Funding_2023-01-26.pdf)

<sup>5</sup> [https://assets.ippc.int/static/media/files/publication/en/2023/04/CPM-17\\_FINAL\\_REPORT.pdf](https://assets.ippc.int/static/media/files/publication/en/2023/04/CPM-17_FINAL_REPORT.pdf)

- Some contracting parties liked a fixed fee that varied according to development status.
- Some contracting parties liked a user fee that would have low users paying less and high users paying more.
- Some contracting parties were concerned that while they wanted to use the IPPC ePhyto Solution, they would not be able to afford to pay.

[12] The focus group has developed, tested, and discarded many possible funding models in their efforts to present a proposal that will be acceptable to CPM. The focus group has considered not just the current users but also those who will become users in the future. The focus group has also tried to ensure the model is consistent with the principles presented at CPM-17: accessible, transparent, efficient, and user-pays.

[13] The IPPC ePhyto Solution requires relatively modest funding compared with the benefits it delivers to contracting parties, and their importers and exporters. By 2026, the estimated annual cost will reach USD 1,263,000 to support, maintain, and enhance the core elements (IPPC ePhyto Hub, the Generic National System, programme management and support from the IPPC Secretariat). Note that CPM-17 agreed that funds received through the funding mechanism would not be used to subsidize any IPPC costs outside the scope of the ePhyto Solution.

[14] The funding model proposed for CPM-18 adoption has three core components:

- (1) Funding from FAO or other donors.
  - (a) Funding from FAO or other donors reduces the amount to be funded through the second and third components.
- (2) A base fee for participation in the ePhyto Solution.
  - (a) The base fee increases for more developed countries based on the World Bank's assessment of Gross National Income (GNI) per capita.
  - (b) World Bank Low-income countries and UN Least Developed Countries (LDC's) are exempt from the base fee.
  - (c) World Bank Lower-middle income countries are exempt from the base fee if they are also in the low usage category.
- (3) A usage fee.
  - (a) There are four usage categories to reflect low, medium, high, and very-high levels of ePhyto solution usage. Usage is the number of certificates sent via the Hub. The data counts both sending and receiving as both parties benefit from the exchange.
  - (b) The usage fee increases with increasing usage categories.
  - (c) Contracting parties in the low usage category do not pay a usage fee.

[15] More detail is provided below, and the model is described in full in section VII of Appendix 1: Procedures for the IPPC ePhyto Solution Funding Model.

### **FAO funding for the IPPC ePhyto Solution**

[16] During CPM-17 (2023) contracting parties requested further work be done to explore the possibility of additional FAO regular-programme funding to cover all or part of the ePhyto Solution costs. The IPPC Secretary has continued to explore this within FAO, including discussions with some permanent representatives during the October 2023 Bureau meeting and subsequent discussions with FAO leadership. FAO leadership understand the IPPC ePhyto Solution provides tangible benefits to global agricultural trade, including cost reduction, improved efficiency, enhanced transparency, and ultimately contributes to the fight against food loss and hunger. For these reasons, FAO is continuing to explore potential ways to sustainably fund the IPPC ePhyto Solution. The current global economic downturn and the need to financially support multiple critical activities are making allocating FAO funds to the IPPC ePhyto Solution challenging. However, we have been assured FAO continues to explore potential options for a sustainable funding plan. We expect that before CPM, FAO will confirm whether they

will provide funding. If funding is provided, we will issue an amended paper or provide an update at the CPM meeting. Partial funding may not change the funding model but would reduce the cost borne by contracting parties. Contracting parties wanting long-term FAO funding for the IPPC ePhyto Solution should contact their permanent representative about making interventions in appropriate FAO budget committees.

### Funding model with base fees and usage fees for 2025-2026

[17] Table 1 summarises the model and shows the expected contributions for 2025-2026 for the IPPC ePhyto Solution composed of a base fee and usage fee (based on the number of certificates exchanged through the IPPC ePhyto Solution in 2023).

**Table 1: Funding model summary, with base fees and usage fees for 2025-26**

Funding Model Summary						
<ul style="list-style-type: none"> <li>- Total revenue from the base fee is set at 66% of the total annual funding required.</li> <li>- Contracting parties classified as Low/LDC pay no base fee. Contracting parties that are low users and are LM development status pay no base fee</li> <li>- Base fee starts at \$4,000 and then doubles for each higher development status level.</li> <li>- Remaining 33% of revenue is from the usage fee.</li> <li>- Four usage categories with the usage fee starting at nil for low usage (&lt;5,000 exchanges), then \$6,900 for medium, and then doubles for each higher usage level.</li> </ul>						
			DEVELOPMENT STATUS			
			LOW	LOWER-MID	UPPER-MID	HIGH
USAGE	LOW < 5000	Base Fee	\$ -	\$ -	\$ 8,000	\$ 16,000
		Usage Fee	\$ -	\$ -	\$ -	\$ -
		<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,000</b>	<b>\$ 16,000</b>
	MEDIUM 5,000 - 49,999	Base Fee	\$ -	\$ 4,000	\$ 8,000	\$ 16,000
		Usage Fee	\$ 6,900	\$ 6,900	\$ 6,900	\$ 6,900
		<b>Total</b>	<b>\$ 6,900</b>	<b>\$ 10,900</b>	<b>\$ 14,900</b>	<b>\$ 22,900</b>
	HIGH 50,000 - 149,999	Base Fee	\$ -	\$ 4,000	\$ 8,000	\$ 16,000
		Usage Fee	\$ 13,800	\$ 13,800	\$ 13,800	\$ 13,800
		<b>Total</b>	<b>\$ 13,800</b>	<b>\$ 17,800</b>	<b>\$ 21,800</b>	<b>\$ 29,800</b>
	VERY HIGH 150,000+	Base Fee	\$ -	\$ 4,000	\$ 8,000	\$ 16,000
		Usage Fee	\$ 27,600	\$ 27,600	\$ 27,600	\$ 27,600
		<b>Total</b>	<b>\$ 27,600</b>	<b>\$ 31,600</b>	<b>\$ 35,600</b>	<b>\$ 43,600</b>

### Base Fees

[18] A base fee is typically applied to all users of a system without consideration of the amount of use they make. For example, a base fee for streaming television services is typically a fee charged every month regardless of how much or how little the service is used in that month. A base fee recognizes there are fixed costs associated with hosting, maintaining, and continuing to develop the IPPC ePhyto Solution.

[19] After any FAO contribution and other donations are deducted, 2/3<sup>rd</sup> of the remaining funding needed will come from the base fee.

[20] There is recognition that some contracting parties have variable ability to contribute to the cost of the IPPC ePhyto Solution and that developed countries will need to contribute more. Several options have been examined to determine how to vary fees according to development status including the UN Assessment Scale, the FAO Scale, and the World Bank income group classification. Some of the options are quite complex, for example by providing a proportional payment specific to every contracting party, and were discarded. The IPPC uses the World Bank classification to determine travel and DSA eligibility. There was support at CPM-17 (2023) for use of the World Bank country classification. This classifies countries into four categories: Low-income, Lower-middle income, Upper-middle income, and High income. In addition, the focus group considers the UN LDC's should be grouped with the World Bank Low-income group (as there is considerable consistency in these lists).

[21] In order to reduce the costs, and remove a barrier to participation, for Low income countries, the base fee is established on the following basis:

- Low income countries (including LDCs): exempt from paying a base fee.
- Lower-middle income countries that are also within the low usage threshold (<5,000 certificate exchanges): exempt from paying a base fee.
- High income countries pay double the base fee set for the Upper-middle income countries.
- Upper-middle income countries pay double the base fee set for the Lower-middle income countries.
- Lower-middle income country base fee (for those contracting parties that have more than 5,000 exchanges) is set at a level that results in the total base fees providing 2/3rd of the needed funding.

[22] Using this approach, Table 2 shows the base fees for 2025-2026.

**Table 2: Base fees for 2025-26**

World Bank country classification	Base fee (2025-2026)
Low-income	exempt
Lower-middle income	\$ 4,000 (but exempt if also low usage)
Upper-middle income	\$ 8,000
High income	\$ 16,000

## Usage Fees

[23] A usage fee attributes costs to system users in proportion to their level of use. For example, an electricity provider will typically charge per kilowatt hour of electricity used.

[24] Usage categories (measured by the number of certificates exchanged through the Hub) make the model simple to operate and provide predictable costs for contracting parties. A contracting party's usage fee will change if their number of exchanges moves into a new category. There are four usage categories. Table 3 shows the usage categories for the funding model, and the fee for each usage category for 2025-2026.

**Table 3: Usage categories for the funding model and the usage fees for 2025-2026**

Usage Category	Number of Exchanges	Usage fee (2025-2026)
Low	< 5,000	\$ 0
Medium	5,000 - 49,999	\$ 6,900
High	50,000 - 149,999	\$ 13,800
Very High	150,000+	\$ 27,600

[25] Contracting parties that have fewer than 5,000 exchanges through the Hub are exempt from a usage fee. Very high users pay double the usage fee of high users; high users pay double the usage fee paid by

medium users. The usage fee for a medium user is set at a level that results in total usage fees providing 1/3rd of the needed funding.

- [26] An exchange is counted for a contracting party when it sends or receives an ePhyto. Only unique ePhytos are counted (e.g. if the same ePhyto is sent or received more than once it is only counted once). ePhytos are only counted if they have a tracking status of Delivered or Delivered With Warnings. Messages sent or received while a contracting party is in the testing phase are not counted. Acknowledgement messages associated with an ePhyto are not counted. Appendix 4 describes the five possible ePhyto tracking statuses including Delivered and Delivered With Warnings.
- [27] Of the 88 contracting parties using the IPPC ePhyto Solution in 2023, 47 had less than 5,000 exchanges and only 4 contracting parties had more than 150,000 exchanges. Current usage levels will change significantly during the implementation phase as new contracting parties continue to join the ePhyto Solution and existing users migrate their systems from paper-based to electronic. The focus group suggests piloting the model for two years, and then reviewing whether the model is functioning as expected. Thereafter, a regular review schedule will provide an opportunity to make proposals to alter usage categories if necessary.
- [28] As more contracting parties start using the IPPC ePhyto Solution the cost for all contracting parties will reduce. If all 185 contracting parties were users, the base fees would drop to \$2,500, \$5,000 and \$10,000 for Lower-middle, Upper-middle, and High income contracting parties respectively. Usage Fees will also reduce significantly when contracting parties exchange more ePhytos using the IPPC ePhyto Solution.
- [29] Estimated costs for current users for 2025-2026 are attached in Appendix 2.
- [30] The development level for contracting parties not currently using the IPPC ePhyto Solution is shown in Appendix 3.

## **Additional Information**

### **Governance**

- [31] During recent CPM meetings some contracting parties called for the creation of a governance structure to oversee the funding model and to provide strategic direction for the future of the ePhyto Solution. The Bureau will need to consider how such governance requests could be addressed.

### **Administration**

- [32] Administration of the funding model, requesting and receiving contributions, accounting for the use of funds, and reporting, will be done by the IPPC Secretariat. Resources to perform this function are built into the funding model. The Secretariat may explore using the UN Office for Project Services for some administrative tasks to see if that is a cost-effective option.

### **When contracting parties are expected to start contributing**

- [33] The first contributions from contracting parties using the IPPC ePhyto Solution would be expected for the 2025 calendar year. The following timeline would be followed:
- The funding model would be approved at CPM-18 (2024).
  - The Secretariat would use 2023 usage data to calculate the expected contribution for each contracting party.
  - The Secretariat would inform contracting party contact points before 1 July 2024 of their expected contribution for the 2025 and 2026 calendar years. This gives contracting parties time to include the contribution in their budgeting process for 2025. Contracting parties needing an invoice can confirm this with the Secretariat and an invoice will be provided.
  - The first contributions using the new funding model would be expected in 2025.

- The Secretariat will track and report to the CPM on which contracting parties have made their expected contributions.
- The amount for contracting party contributions would only be adjusted every two years to provide certainty and predictability for budgeting.
- In 2026 the Secretariat would calculate the expected contribution for 2027 and 2028 using updated usage data from 2025.
- The Secretariat would inform contracting party contact points of the new expected contribution by 1 July 2026.

### Contracting parties newly using the IPPC ePhyto Solution

- [34] When contracting parties start using the IPPC ePhyto Solution in production mode they will be expected to start contributing. In their second calendar year of exchanging ePhytos via the IPPC ePhyto Solution, contracting parties will be expected to contribute the base fee (unless exempted by the model, e.g., LDC/Low income contracting parties). New contracting parties would start paying a usage fee in the year following their first full calendar year of using the ePhyto Solution (unless exempt because their usage is under 5,000 exchanges).

### Contracting parties that do not contribute

- [35] Once contracting parties start using the IPPC ePhyto Solution for a large proportion of their phytosanitary certification the cost is relatively small and the benefits are significantly higher than a paper-based certificate exchange. For many contracting parties, their expected contribution to the ePhyto Solution will be much less than their current paper phytosanitary certificate system. In addition, there are many operational efficiencies and a greater level of trust in the assurances the NPPO is receiving through the ePhyto Solution Hub. Although the funding model is not legally binding, it is expected that the contracting party will recognize the value of the IPPC ePhyto Solution and will contribute their share.
- [36] If contracting parties do not contribute, it will create a shortfall in funds and will mean less money is available to support development of the solution and less implementation support will be available to contracting parties as they start to use the system. The shortfall would have to be filled by voluntary contributions from other contracting parties.
- [37] Each year at the CPM meeting a report will be tabled showing each contracting party's expected and actual contributions for the past, current, and next year, including if no contribution has been received.

### Contracting party in-country arrangements.

- [38] Some contracting parties were concerned they had no way to raise the money to contribute to running the ePhyto Solution. Each contracting party has unique circumstances – some already have systems to charge for the cost of providing export assurances or clearing imported goods, some will need new regulations to be established, others may need to secure budget in other ways. Each situation is unique, and each contracting party will need to work out for itself the best approach to suit their situation.

### CPM Procedure

- [39] A procedure has been developed for the funding model to provide clarity and to ensure there is agreement on how the funding model will be used. The procedure includes the following matters:
- i. **Purpose** – purpose of the procedure.
  - ii. **Application** – the parties to which the procedure applies.
  - iii. **Governance** – establishing Bureau oversight.
  - iv. **Scope of Costs** – the costs that can be included in the funding mechanism and specifying others that may not be included.
  - v. **Initial Total Annual Funding Level** – the initial funding required to support the system.
  - vi. **Changing the Total Annual Funding Level** – the process for reviewing the funding level including CPM approval.

- vii. **Determining the Contracting Party Expected Contribution** – the model for how expected contributions are determined e.g., base fee and usage fee.
- viii. **New contracting party users** – how new users of the IPPC ePhyto Solution start contributing.
- ix. **Changing the Funding Model** – the procedure for altering the funding model including CPM approval.
- x. **Contribution Method** – how contracting parties are notified of their expected contribution by letter or by invoice if requested.
- xi. **Reporting and Transparency** – annual financial reporting from the IPPC Secretariat to the CPM.
- xii. **Voluntary Contributions to the Multi-Donor Trust Fund** – donor contributions may go into reserves or be used to reduce contracting party expected contributions.
- xiii. **Review** – describing the frequency of review of the procedures and the funding model.

[40] The proposed procedures are included in Appendix 1.

### Recommendations

[41] The CPM is invited to:

- (1) *Agree* the Procedures for the IPPC ePhyto Solution Funding Model as described in Appendix 1 of this paper.
- (2) *Agree* the initial Total Annual Funding Level is set at USD 1,263,000.
- (3) *Agree* the CPM Bureau will govern the funding model until an alternative governance mechanism is agreed by the CPM.
- (4) *Agree* the model should be reviewed after the first two years to check it is meeting CPM expectations.



## Appendix 1: Procedures for the IPPC ePhyto Solution Funding Model

### I. Purpose

1. These procedures establish the model to fund the ongoing operation and development of the IPPC ePhyto Solution. The IPPC ePhyto Solution comprises the ePhyto Hub, the Generic National System (GeNs), hosting and operation by the United Nations International Computing Centre (UNICC), and the approved IPPC Secretariat programme of work.

### II. Application

2. The procedures apply to:
  - a. Contracting parties that use or will use the ePhyto Solution
  - b. The CPM
  - c. The Bureau
  - d. The IPPC Secretariat
3. The IPPC ePhyto Solution is funded by the contracting parties that use it. The costs may be partially or fully subsidised from the FAO or donors.

### III. Governance

4. The supervision of the funding mechanism will be subject to normal CPM Bureau oversight, supported by the IPPC Secretariat, or any alternative governance mechanism agreed by the CPM.

### IV. Scope of Costs

5. The costs included in the funding mechanism are those costs directly associated with operation and development of the IPPC ePhyto Solution and include:
  - a. Application management and support,
  - b. Operations,
  - c. Hosting,
  - d. On-going development and enhancement,
  - e. IPPC Secretariat programme management and support including support for the ePhyto Steering Group,
  - f. Webinars, seminars, and other activities to promote use and train new users,
  - g. Limited on-boarding costs to set up the GeNS system in developing contracting parties.
6. The costs excluded from the funding mechanism include:
  - a. Capacity building projects at regional or contracting party level,
  - b. Establishing the in-country infrastructure needed to use the IPPC ePhyto Solution.

### V. Initial Total Annual Funding Level

7. The initial Total Annual Funding Level to be covered using the funding mechanism is initially set at US\$ 1,263,000.
8. Funds in the IPPC ePhyto Multi-Donor Trust Fund (eMDTF) account at the end of any financial year that are surplus to operating and developing the IPPC ePhyto Solution in that year may be held in reserve or used to reduce the Total Annual Funding Level in a future year. Funds held in the eMDTF account as reserves should not be more than the Total Annual Funding Level for the next biennium.

### VI. Changing the Total Annual Funding Level

9. The Total Annual Funding Level should be altered infrequently (no more than once in any biennium) to give contracting parties certainty of their expected funding contributions.

10. The Total Annual Funding Level may need to change from time-to-time to reflect changed costs, to fund application development work that cannot be covered by reserves, or other matters that require increased or reduced funds.
11. When it is necessary to alter the Total Annual Funding Level, it will be proposed by the CPM Bureau to CPM for approval at the next CPM meeting.

#### VII. Determining the Contracting Party Expected Contribution

12. When the FAO provides any direct contribution to fund the IPPC ePhyto Solution, this will, unless otherwise specified by the FAO, be applied to the Total Annual Funding Level and will reduce contracting parties' expected contributions.
13. Contracting parties' expected contributions will be allocated using the following model which has three core components:
  - a. Funding from FAO or other donors.
    - i. Funding from FAO or other donors reduces the amount to be funded through the second and third components.
  - b. Base fees for participation in the ePhyto Solution.
    - i. After any FAO contribution and other donations are deducted, 2/3rd of the remaining funding needed will come from the base fee
    - ii. The base fee increases for more developed countries based on the World Bank assessment of development status.
    - iii. The categories of development status are: low-income, Lower-middle income, Upper-middle income, and High income. The UN Least Developed Countries (LDC's) are included with the World Bank Low income category.
    - iv. Low income countries and LDC's are exempt from the base fee.
    - v. Lower-middle income countries that are also within the low usage threshold (<5,000 certificate exchanges): exempt from paying a base fee.
    - vi. High income countries pay double the base fee set for the Upper-middle income countries;
    - vii. Upper-middle income countries pay double the base fee set for the Lower-middle income countries;
    - viii. Lower-middle income country base fees (for those countries that have more than 5,000 exchanges) are set at a level that results in the total base fees providing 2/3rd of the needed funding.
  - c. Usage fees.
    - i. After any FAO contribution and other donations are deducted, 1/3rd of the remaining funding needed will come from the usage fee.
      - ii. The usage fee increases with increasing usage categories.
      - iii. The usage categories are: low (< 5,000), medium (5,000 – 49,999), high (50,000 – 149,999), and very high (150,000 or greater).
      - iv. Contracting parties in the low usage category are exempt from a usage fee.
      - v. Very high user contracting parties pay double the usage fee set for high users.
      - vi. High user contracting parties pay double the usage fee set for medium users.
      - vii. The usage fee for a medium user contracting party is set at a level that results in total usage fees providing 1/3rd of the needed funding.
14. An exchange is counted for a contracting party when it sends or receives an ePhyto. Only unique ePhytos are counted (e.g. if the same ePhyto is sent or received more than once it is only counted once). ePhytos are only counted if they achieve a tracking status of Delivered, or Delivered With Warnings. Messages sent or received while a contracting party is in the testing process are not counted. Acknowledgement messages associated with an ephyto are not counted.

15. Once per biennium, expected contributions from contracting parties will be updated using the approved funding model. The functioning of the model will not be changed but expected contributions will be recalculated using:
  - a. the amount of FAO funding provided for the purpose of supporting the IPPC ePhyto Solution,
  - b. the amount of donor funding,
  - c. the amount of funds held in reserve,
  - d. the development status of the contracting parties using the IPPC ePhyto Solution.
  - e. the number of in-scope exchanges (see para 14 above) in the prior year for each contracting party using the IPPC ePhyto Solution.
16. The Secretariat will check the outcome with the Bureau and following Bureau agreement, notify each contracting party official contact point by 30 June in the year prior to the new contribution being expected.

#### VIII. New Contracting Parties Users of the IPPC ePhyto Solution

17. When new contracting parties start using the IPPC ePhyto Solution in production mode they will be expected to start contributing. In their second calendar year of exchanging ePhytos via the IPPC ePhyto Solution, contracting parties will be expected to contribute the base fee (unless exempted by the model, e.g., LDC/Low income countries). New user contracting parties would start paying a usage fee in the year following their first full calendar year of using the ePhyto Solution (unless exempt because their usage is under 5,000 exchanges).

#### IX. Changes to the Funding Model

18. If it is necessary to change the Funding Model, the CPM Bureau will propose the change for approval at a CPM meeting.

#### X. Contribution Method

19. Contracting parties using the IPPC ePhyto Solution will be notified by June each year, the level of contribution expected for the next two years.
20. A letter specifying the expected contribution will be sent to the official contact point for the NPPO. If a contracting party needs an invoice to make a payment, they may request an invoice from the IPPC Secretariat.
21. Payments are made into the eMDTF. Payment and eMDTF account details will be included in the letter and/or invoice.

#### XI. Reporting and Transparency

22. Annually at CPM, the IPPC Secretariat will present a financial report on the eMDTF.
23. An Annex to the report will provide a detailed list of contracting party's expected and actual contributions for the past, current, and next year.

#### XII. Voluntary Contributions to the Multi-Donor Trust Fund

24. Contracting parties and other organisations may make voluntary contributions outside this funding mechanisms. Such contributions are for the purpose specified by the donor and may go into reserves or may be used to reduce contracting party contributions in future years.

#### XIII. Review

25. These procedures and the Funding Model, are to be reviewed in 2027 prior to setting the expected contributions for 2029 and 2030, and should then be reviewed at least every six years thereafter.
26. The Bureau, supported by the Secretariat will determine if the review should be conducted by the FAO internal review unit, by an external consultant, or by a small group appointed by the Bureau.

**Appendix 2: Expected contribution for 2025/26, by contracting party**

Note: the figures in the table assume an initial Total Funding Level of USD 1,263,000, zero funding from FAO and zero funding from large donors. In future years, as the number of user contracting parties and the number of exchanges occurring increases, the costs will go down.

<b>Contracting Party</b>	<b>Development Status</b>	<b>Base Fee</b>	<b>Exchanges</b>	<b>Usage Category</b>	<b>Usage Fee</b>	<b>Expected Contribution</b>
		(USD)			(USD)	(USD)
Argentina	Upper-Middle	8,000	63,949	High	13,800	21,800
Australia	High	16,000	15,369	Medium	6,900	22,900
Austria	High	16,000	957	Low	-	16,000
Bahamas (the)	High	16,000	4,499	Low	-	16,000
Belgium	High	16,000	23,268	Medium	6,900	22,900
Bolivia (Plurinational State of)	Lower-Middle	-	2,432	Low	-	-
Brazil	Upper-Middle	8,000	3	Low	-	8,000
Bulgaria	Upper-Middle	8,000	1,225	Low	-	8,000
Cameroon	Lower-Middle	4,000	6,495	Medium	6,900	10,900
Chile	High	16,000	105,058	High	13,800	29,800
Colombia	Upper-Middle	8,000	18,740	Medium	6,900	14,900
Cook Islands (the)	Lower-Middle	-	525	Low	-	-
Costa Rica	Upper-Middle	8,000	100,296	High	13,800	21,800
Côte d'Ivoire	Lower-Middle	4,000	13,070	Medium	6,900	10,900
Croatia	High	16,000	627	Low	-	16,000
Cyprus	High	16,000	2,518	Low	-	16,000
Czech Republic	High	16,000	947	Low	-	16,000
Denmark	High	16,000	4,297	Low	-	16,000
Dominica	Upper-Middle	8,000	212	Low	-	8,000
Dominican Republic (the)	Upper-Middle	8,000	25,599	Medium	6,900	14,900
Ecuador	Upper-Middle	8,000	16,087	Medium	6,900	14,900
Estonia	High	16,000	2,657	Low	-	16,000
Fiji	Upper-Middle	8,000	7,762	Medium	6,900	14,900
Finland	High	16,000	1,796	Low	-	16,000
France	High	16,000	73,637	High	13,800	29,800

Germany	High	16,000	50,056	High	13,800	29,800
Ghana	Lower-Middle	-	1,118	Low	-	-
Greece	High	16,000	4,624	Low	-	16,000
Guatemala	Upper-Middle	8,000	41,744	Medium	6,900	14,900
Guyana	High	16,000	2,084	Low	-	16,000
Hong Kong SAR, China	High	16,000	4,587	Low	-	16,000
Hungary	High	16,000	1,837	Low	-	16,000
India	Lower-Middle	4,000	117,719	High	13,800	17,800
Indonesia	Upper-Middle	8,000	43,908	Medium	6,900	14,900
Ireland	High	16,000	8,344	Medium	6,900	22,900
Israel	High	16,000	8,982	Medium	6,900	22,900
Italy	High	16,000	36,999	Medium	6,900	22,900
Jamaica	Upper-Middle	8,000	4,231	Low	-	8,000
Jordan	Lower-Middle	4,000	7,087	Medium	6,900	10,900
Kenya	Lower-Middle	4,000	165,754	Very High	27,600	31,600
Kiribati	Lower-Middle	-	184	Low	-	-
Korea (the Republic of)	High	16,000	57,521	High	13,800	29,800
Latvia	High	16,000	949	Low	-	16,000
Lithuania	High	16,000	1,449	Low	-	16,000
Luxembourg	High	16,000	143	Low	-	16,000
Madagascar	Low or LDC	-	2,968	Low	-	-
Malaysia	Upper-Middle	8,000	1,964	Low	-	8,000
Malta	High	16,000	398	Low	-	16,000
Marshall Islands (the)	Upper-Middle	8,000	121	Low	-	8,000
Mexico	Upper-Middle	8,000	168,444	Very High	27,600	35,600
Morocco	Lower-Middle	4,000	118,970	High	13,800	17,800
Nepal	Low or LDC	-	19,373	Medium	6,900	6,900
Netherlands (the)	High	16,000	246,054	Very High	27,600	43,600
New Zealand	High	16,000	30,836	Medium	6,900	22,900

Nigeria	Lower-Middle	-	210	Low	-	-
Niue	Lower-Middle	-	26	Low	-	-
Pakistan	Lower-Middle	-	4,087	Low	-	-
Panama	High	16,000	23,689	Medium	6,900	22,900
Papua New Guinea	Lower-Middle	-	8	Low	-	-
Paraguay	Upper-Middle	8,000	12,949	Medium	6,900	14,900
Peru	Upper-Middle	8,000	37,344	Medium	6,900	14,900
Philippines (the)	Lower-Middle	4,000	5,571	Medium	6,900	10,900
Poland	High	16,000	5,668	Medium	6,900	22,900
Portugal	High	16,000	12,736	Medium	6,900	22,900
Romania	High	16,000	1,559	Low	-	16,000
Saint Lucia	Upper-Middle	8,000	827	Low	-	8,000
Samoa	Lower-Middle	4,000	12,085	Medium	6,900	10,900
Senegal	Low or LDC	-	6,356	Medium	6,900	6,900
Slovakia	High	16,000	221	Low	-	16,000
Slovenia	High	16,000	770	Low	-	16,000
Solomon Islands	Low or LDC	-	34	Low	-	-
South Africa	Upper-Middle	8,000	84,587	High	13,800	21,800
Spain	High	16,000	88,045	High	13,800	29,800
Sri Lanka	Lower-Middle	4,000	31,685	Medium	6,900	10,900
Sweden	High	16,000	8,685	Medium	6,900	22,900
Switzerland	High	16,000	4,360	Low	-	16,000
Tanzania, United Republic of	Low or LDC	-	115	Low	-	-
Thailand	Upper-Middle	8,000	2,580	Low	-	8,000
Togo	Low or LDC	-	188	Low	-	-
Tonga	Upper-Middle	8,000	295	Low	-	8,000
Trinidad and Tobago	High	16,000	2,324	Low	-	16,000
Tunisia	Lower-Middle	-	2,607	Low	-	-
Tuvalu	Low or LDC	-	34	Low	-	-

Uganda	Low or LDC	-	44,130	Medium	6,900	6,900
United Kingdom of Great Britain and Northern Ireland (the)	High	16,000	2,417	Low	-	16,000
United States of America (the)	High	16,000	602,542	Very High	27,600	43,600
Uzbekistan	Lower-Middle	-	4,623	Low	-	-
Zambia	Low or LDC	-	1	Low	-	-

### Appendix 3: World Bank Development Status of Contracting Parties Not Currently Using the IPPC ePhyto Solution

Contracting Party	Development Status
Afghanistan	Low or LDC
Albania	Upper-Middle
Algeria	Lower-Middle
Antigua and Barbuda	High
Armenia	Upper-Middle
Azerbaijan	Upper-Middle
Bahrain	High
Bangladesh	Low or LDC
Barbados	High
Belarus	Upper-Middle
Belize	Upper-Middle
Benin	Low or LDC
Bhutan	Lower-Middle
Bolivia	Lower-Middle
Bosnia and Herzegovina	Upper-Middle
Botswana	Upper-Middle
Burkina Faso	Low or LDC
Burundi	Low or LDC
Cabo Verde	Lower-Middle
Cambodia	Low or LDC
Canada	High
Central African Republic (the)	Low or LDC
Chad	Low or LDC
China	Upper-Middle
Comoros (the)	Low or LDC
Congo (the Democratic Republic of the)	Low or LDC
Congo (the)	Lower-Middle
Cuba	Upper-Middle
Djibouti	Low or LDC
Egypt	Lower-Middle
El Salvador	Upper-Middle
Equatorial Guinea	Upper-Middle
Eritrea	Low or LDC
Eswatini	Lower-Middle
Ethiopia	Low or LDC
Gabon	Upper-Middle
Gambia (the)	Low or LDC
Georgia	Upper-Middle
Grenada	Upper-Middle



Guinea	Low or LDC
Guinea-Bissau	Low or LDC
Haiti	Low or LDC
Honduras	Lower-Middle
Iceland	High
Iran (Islamic Republic of)	Lower-Middle
Iraq	Upper-Middle
Japan	High
Kazakhstan	Upper-Middle
Korea (the Democratic People's Republic of)	Low or LDC
Kuwait	High
Kyrgyzstan	Lower-Middle
Lao People's Democratic Republic (the)	Low or LDC
Lebanon	Lower-Middle
Lesotho	Low or LDC
Liberia	Low or LDC
Libya	Upper-Middle
Malawi	Low or LDC
Maldives	Upper-Middle
Mali	Low or LDC
Mauritania	Low or LDC
Mauritius	Upper-Middle
Micronesia (Federated States of)	Lower-Middle
Moldova (the Republic of)	Upper-Middle
Mongolia	Lower-Middle
Montenegro	Upper-Middle
Mozambique	Low or LDC
Myanmar	Low or LDC
Namibia	Upper-Middle
Nicaragua	Lower-Middle
Niger (the)	Low or LDC
Norway	High
Oman	High
Palau	Upper-Middle
Qatar	High
Republic of North Macedonia	Upper-Middle
Russian Federation (the)	Upper-Middle
Rwanda	Low or LDC
Saint Kitts and Nevis	High
Saint Vincent and the Grenadines	Upper-Middle
São Tomé and Príncipe	Low or LDC
Saudi Arabia	High

Serbia	Upper-Middle
Seychelles	High
Sierra Leone	Low or LDC
Singapore	High
Somalia	Low or LDC
South Sudan	Low or LDC
Sudan (the)	Low or LDC
Suriname	Upper-Middle
Syrian Arab Republic	Low or LDC
Tajikistan	Lower-Middle
Türkiye	Upper-Middle
Ukraine	Lower-Middle
United Arab Emirates (the)	High
Uruguay	High
Vanuatu	Lower-Middle
Venezuela (Bolivarian Republic of)	Unclassified
Viet Nam	Lower-Middle
Yemen	Low or LDC
Zimbabwe	Lower-Middle

**Appendix 4: Tracking Status Definitions**

<b>Status Name</b>	<b>Counted as an Exchange?</b>	<b>Status Description</b>
Pending Delivery	Not counted	Assigned when the envelope is delivered to the HUB and pending the pull from the destination country.
Delivered	Counted	Assigned when the ePhyto has been pulled by the destination country system and acknowledged back to the hub as received without issues.
Failed Delivery	Not counted	Assigned when the ePhyto is not received from the destination because the destination country system did not acknowledge the receipt back to the hub. Typically, this is because the destination country is not yet ready to receive ePhytos.
Delivered With Warnings	Counted	Assigned when the destination country has received a valid ePhyto but during electronic checking by receiving country system some technical issues were found in the XML (e.g., too many characters in a field). This status communicates to the sending country that although the ePhyto is valid they should make changes so future ePhyto XML content does not have the same technical issues.
Delivered Not Readable	Not counted	Assigned when the destination country has received the ePhyto XML but for some reason (included in the acknowledge message that is shared back with the sender), the XML could not open correctly. The XML would be still readable but the destination country system uses this status to communicate that they have problems and are unable to open it in the country system.