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Newsletter ABS-Loket Netherlands #18



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Welcome to the eighteenth ABS Focal Point newsletter. In this newsletter, which focuses on the policies surrounding Digital Sequence Information (DSI) under the Convention on Biological Diversity (CBD), we discuss the outcomes of the CBD meeting in Colombia at the end of October 2024, the launch of the Cali Fund for the reception and disbursement of financial contributions by companies, and the contours of new policy for the use of DSI and its submission to genetic databases by

scientists and public research institutes.

This newsletter contains:

- Digital Sequence Information (DSI): outcomes of the CBD meeting in October/November 2024.
- Cali Fund launched, company contributions welcome!
- What does the CBD decision on DSI mean for public research?



Digital Sequence Information (DSI): outcomes of the CBD meeting in October/November 2024

The Sixteenth meeting of the Conference of the Parties (COP-16) to the Convention on Biological Diversity (CBD), which was held in Cali, Colombia, in October/November 2024, decided on important modalities of the multilateral mechanism (MLM) for benefit-sharing from the use of Digital Sequence Information (DSI) on genetic resources and its global benefit-sharing fund (the Cali Fund). Users of DSI on genetic resources in sectors that directly or indirectly benefit from its use in their commercial activities are expected to contribute to the Cali Fund. Governments are invited to take measures to incentivize these contributions. All users of DSI on genetic resources should share non-monetary benefits. The Cali Fund is to support the conservation and sustainable use of biodiversity. The Secretariat of the CBD started a follow-up process, with invitations to submit views on various elements of the MLM and the Cali Fund, and to make nominations for various bodies.

Background

During the past few years, an international discussion has been taking place on whether and, if so, how the utilisation of Digital Sequence Information (DSI) on

genetic resources should be subject to Access and Benefit-Sharing (ABS) obligations, like the utilisation of genetic resources already is. The main discussion forum is the Convention on Biological Diversity (CBD). [The Fifteenth meeting of the Conference of the Parties to the CBD \(COP-15\)](#), which was held in Montreal, Canada, in December 2022, decided in [Decision 15/9](#) that a multilateral approach would be followed for benefit-sharing from the utilisation of DSI on genetic resources, with a global benefit-sharing fund. A follow-up process was set up to discuss modalities and details of the multilateral DSI mechanism. The *Ad Hoc Open-ended Working Group on Benefit-sharing from the Use of Digital Sequence Information on Genetic Resources* (OEWG-DSI), a working group within the CBD, played a key role in this process. The final document (draft recommendation) of the last meeting of this OEWG-DSI still had very much text in brackets, which meant that there was no agreement on it, and it had to be further negotiated during COP-16.

DSI outcomes of the CBD meeting in October/November 2024 (COP-16)

COP-16 agreed on a DSI decision ([Decision 16/2](#)), consisting of a main body, an Annex with the modalities for operationalization, and six Enclosures to the Annex. The main body of the decision adopts the modalities of the multilateral mechanism (MLM) for the fair and equitable sharing of benefits from the use of DSI on genetic resources, including a global fund. It also establishes that the fund of the MLM will be known as the *Cali Fund for the Fair and Equitable Sharing of Benefits from the Use of Digital Sequence Information on Genetic Resources*.

As for the modalities of the MLM, Article 1 of the Annex explains that the MLM covers DSI that 1) is made publicly available in compliance with national legislation, 2) is not subject to mutually agreed terms (MAT) established at the time of access to the genetic resources from which the DSI is derived, and 3) does not fall under other international ABS instruments. Article 3 of the Annex states that users of DSI on genetic resources in sectors that directly or indirectly benefit from its use in their commercial activities should contribute a proportion of their profits or revenue to the global fund, according to their size. Users that exceed at least two out of three of thresholds (total assets: 20 million United States dollars; sales: 50 million dollars; and profit: 5 million dollars) should contribute to the Cali fund 0.1 per cent of their revenue or 1 per cent of their profits, as an indicative rate. A list of sectors to which such users may belong is contained in Enclosure I of the Annex. Article 5 of the Annex says that Article 3 does not apply to entities active in the sectors listed in Enclosure I that do not directly or indirectly use DSI on genetic resources, while Article 9 makes clear that entities operating public databases and public research and academic institutions are not expected to make monetary contributions to the global fund. However, all users of DSI on genetic resources should share non-monetary benefits (Article 6 of the Annex). Although the decision is not legally binding, Parties to the CBD and non-Parties are invited to take administrative, policy or legislative measures to incentivize users to contribute to the Cali fund (Article 13 of the Annex). For each year that users make contributions to the fund in line with the modalities, they will be considered as having fairly and equitably shared monetary benefits arising from the use of DSI on genetic resources under the MLM and they will receive a certificate. This certificate excludes the user from any

expectation to share further monetary benefits from the use of DSI within the scope of the MLM for that year (Article 15 of the Annex). Article 18 of the Annex states that the Cali Fund should support the realization of the objectives of the CBD in developing countries, especially the conservation and sustainable use of biodiversity. According to Article 21 of the Annex, in principle, at least half of the funds should be used to support Indigenous Peoples and Local Communities (IPLCs), in developing as well as in developed countries. The United Nations through the UN Multi Partner Trust Fund Office will administer the fund, under the authority of the Conference of the Parties of the CBD (Article 23 of the Annex).

The DSI decision was adopted at the very end of COP-16, and it was the last decision before the meeting was suspended because the number of Parties present had become too low. Although the decision deals with various important elements of the MLM and its fund, it will require substantial intersessional work for the MLM and the Cali fund to become fully operational. The aim is to have contributions received by the Fund before COP-17 in 2026. Also a review process for the effectiveness of the MLM, including the Cali fund, has been built into Decision 16/2. This review will take place at COP-18 in 2028, and will consider the elements listed in Enclosure VI of the Annex to Decision 16/2, including factors relevant to the feasibility of the voluntary extension of the MLM with genetic resources at a later date.

Follow-up process

Although COP-16 agreed on important modalities of the MLM, various other points remain unclear and need to be clarified in a follow-up process. To start this process, the Secretariat of the CBD issued four notifications in December 2024. [Notification 2024-113](#) gives general information on the MLM and the Cali Fund, and invites the submission of nominations for the Steering Committee of the MLM (deadline 7 February 2025) and the Ad Hoc Technical Expert Group on Allocation Methodology (deadline 7 March 2025). [Notification 2024-114](#) invites Parties, other Governments, IPLCs, and relevant organizations to submit their views on possible additional modalities of the MLM (deadline 21 March 2025). [Notification 2024-115](#) invites Parties, other Governments, IPLCs, and relevant organizations to submit views on possible new tools and models for making DSI on genetic resources publicly available and accessible (deadline 4 April 2025). Finally, [Notification 2024-116](#) invites Parties, other Governments, IPLCs, and relevant organizations to submit information on national, regional or international standards on thresholds for distinguishing small, medium and large entities (deadline 18 April 2025).

The details and progress of the Cali Fund will become clearer over the coming months. If you have questions or would like to share your thoughts and opinions, you are welcome to get in contact with Ms Kim van Seeters Authority; k.vanseeters@minlnv.nl) or Mr Martin Brink (National Focal Point on ABS; martin.brink@wur.nl).



Cali Fund launched, company contributions welcome!

In the framework of the new multilateral mechanism (MLM) for benefit-sharing from the use of Digital Sequence Information (DSI) on genetic resources, the Cali Fund was launched recently. Companies that utilize DSI on genetic resources are requested to contribute 0,1 per cent of their revenue or 1 per cent of their profit to the Cali Fund, as an indicative rate. The Fund aims to support the conservation and sustainable use of biodiversity in developing countries, particularly with the help of Indigenous peoples and local communities, and to develop the capacity to generate and use DSI globally. The Cali Fund will be operationalized further during the upcoming months, but contributions from the private sector are welcome already.

Background

On the 25th of February, 2025, the Cali Fund was launched for the reception and allocation of contributions from commercial users of Digital Sequence Information (DSI) on genetic resources. The Cali Fund is part of the outcomes of the yearlong negotiations over DSI that, also on insistence of DSI users, have resulted in a multilateral mechanism (MLM) for benefit-sharing from the use of DSI on genetic resources (see also the previous news item [‘Digital Sequence Information \(DSI\): outcomes of the CBD meeting in October/November 2024’](#)). Because DSI from dozens of countries is used simultaneously in research and development processes, the regulation of DSI under bilateral agreements, like the Nagoya Protocol, would have been very complex. Therefore, the Conference of the Parties to the Convention on Biological Diversity (CBD) decided to choose a multilateral solution. The member states have designed the multilateral system on the basis of shared principles, including the maintenance of open access to DSI, accordance with Open Science and FAIR data standards, efficiency (administrative costs in relation to benefits), and exemptions for public databases, academic users and public research institutions. However, these latter groups are still requested to share non-monetary benefits from DSI, such as sharing research results, providing capacity-building and co-authorship for researchers from the country of origin of the DSI or genetic resource. For now, national regulation on the basis of the Nagoya Protocol will continue to apply for access to genetic resources.

Key role companies

It is now up to the private sector, from Parties and non-Parties to the CBD, to commit to the MLM and to start contributing to the Cali Fund. Of particular relevance are the pharmaceutical, nutraceutical, cosmetic, industrial biotechnology, and plant and animal breeding sectors, and producers of lab equipment and service providers related to the utilization of DSI ([see 'Enclosure A' of the COP16 decision on DSI](#)). Commercial users of DSI that exceed two out of three thresholds (total assets: 20 million United States dollars; sales: 50 million dollars; and profit: 5 million dollars) should contribute to the Cali Fund 0.1 per cent of their revenue or 1 per cent of their profits, as an indicative rate. Companies that contribute to the Cali Fund receive a certificate that indemnifies the recipient from further payments for DSI that falls under the MLM. The money of the Cali Fund is dedicated to realizing the goals of the CBD in developing countries, especially the conservation and sustainable use of biodiversity. It is agreed that at least half of the resources has to support Indigenous peoples and local communities in all regions, who have an important role in biodiversity conservation. The remaining resources will focus, among other activities, on capacity-building to generate and use DSI on genetic resources, so that countries are better equipped to achieve the goals of the 'Kunming-Montreal Global Biodiversity Framework' that was adopted in 2022.

[During the launch of the Cali Fund](#), secretary of the CBD Astrid Schomaker spoke of “a historic consensus” and she called upon companies “to do the right thing”. The CBD-Secretariat is already engaging with interested companies. The chair of COP16, former Colombian minister Susana Muhamad, emphasized that the Cali Fund is not a form of philanthropy, but rather a solution to ensure the fair and equitable sharing of benefits from DSI use in order to protect nature as the source of DSI and as public good in a manner that is aligned with the reality of DSI users.

So far, there are no legally binding instruments to obligate financial contributions, although that is not ruled out in the mid-term. An idea explored by some developing countries, for instance, is to exempt contributing companies from payment obligations that follow from national access and benefit-sharing regulation for DSI. By contributing to the Cali Fund, companies can furthermore gain reputational benefits, with Fund contributions possibly becoming sectors' golden standard.

Follow-up process

To govern the Cali Fund, the CBD-Secretariat has started a collaboration with [the Multi-Partner Trust Fund Office](#), which governs various shared funds of United Nations bodies. Also, [a steering committee with various stakeholders](#) has been appointed by Parties to the CBD and the CBD-Secretariat to oversee and further develop the Cali Fund.

The launch of the Cali Fund has been received positively by all involved, although some questions remain about the feasibility of implementing the MLM. [Law and advisory firm Covington & Burling](#), for example, remarks that companies are in need of a legal definition of DSI, certainty over the payment thresholds, clarity over what is understood as “direct” and “indirect” use of DSI, and clarity over the global recognition of the certificate that contributing companies receive.

For more information and for sharing your views related to elements of the follow-up process, you may contact Ms Kim van Seeters (ABS Competent National Authority; k.vanseeters@minlnv.nl) or Mr Martin Brink (National Focal Point on ABS; martin.brink@wur.nl).



What does the CBD decision on DSI mean for public research?

In November 2024, the Parties to the Convention on Biological Diversity (CBD) decided over a new multilateral mechanism (MLM) for the fair and equitable sharing of benefits from the use of DSI on genetic resources. In this MLM, open access to DSI is retained and researchers at public and academic institutes are not expected to contribute financially to the Cali Fund. There are, however, requirements for researchers to share non-monetary benefits of DSI use and also requirements for genetic databases to request researchers who submit DSI to declare that they are entitled to do so and to share provenance data. The CBD, under which the MLM falls, also recognizes the value of DSI for scientific research and sustainable development.

Scope of the multilateral mechanism and financial contributions to Cali fund

The new multilateral mechanism for the fair and equitable sharing of benefits from the use of DSI on genetic resources (abbreviation MLM) was adopted in November 2024 by the Parties to the Convention on Biological Diversity (CBD) (see also the news item '[Digital Sequence Information \(DSI\): outcomes of the CBD meeting in October/November 2024](#)'). The multilateral mechanism is applicable to all publicly made available DSI in genetic databases, including DSI that is obtained through international ABS instruments that chose the MLM as mechanism for sharing the benefits from the use of DSI, and the DSI of which the mutually agreed terms (MAT) of the underlying genetic resource permit the DSI's publication in such databases (article 1 of Annex [Decision 16/2](#)).

Companies that use publicly made available DSI and that exceed the payment thresholds are expected to contribute to the Cali Fund, for which they will receive a certificate (see also the news item '[Cali Fund launched, company contributions welcome!](#)'). Public databases and public and academic research institutions are not expected to contribute (article 9 of Annex [Decision 16/2](#)), although they, like philanthropical institutions, may decide to make a voluntary contribution to the Fund.

All users of DSI are expected to share non-monetary benefits of DSI use

(article 6 of Annex [Decision 16/2](#)). Non-monetary benefits from DSI use are not defined in [Decision 16/2](#), but generally the concept of “non-monetary benefit” in ABS policy encapsulates many types of activities and tools. [Article 2 of the Nagoya Protocol's Annex](#), for instance, contains a non-exhaustive list of seventeen examples of non-monetary benefits from the use of genetic resources. A study on possible indicators for the monitoring of the Kunming-Montreal Global Biodiversity Framework distinguishes between five categories of shared non-monetary benefits based on the Nagoya Protocol's Annex (paragraph 3.2.1., p. 37-41) and five categories for shared non-monetary benefits from DSI use (paragraph 6.2.3., p. 73-75). These latter categories are:

1. *The sharing of information and DSI research results*, in order to see how DSI can be used in research and development; indicators could be developed on the bases of scientific publications and relevance for the conservation and sustainable use of biodiversity;
2. *Scientific collaboration and joint authorship*, to assess whether authors from the country of origin of the genetic resource that the associated DSI describes are involved;
3. *Access to and transfer of relevant technologies*, with a specific focus on DSI-related research infrastructure;
4. *Building of capacity to produce and use DSI*, with as indicator the number of DSI users per country, for example;
5. *Sustainable development benefits*, with possible indicator the number of projects that contribute to sustainable development.

When the indicators for the Kunming-Montreal Global Biodiversity Framework are further operationalized, it will become clearer how DSI users can report about the sharing of non-monetary benefits from their research on genetic resources and/or DSI.

The COP16 decision, however, does specify to which goals the sharing of non-monetary benefits from DSI use should contribute (article 7 of Annex [Decision 16/2](#)). Activities have to support needs and priorities (identified by the benefits' recipients themselves) in the domain of technical development and capacities, including capacity-building for access to and the production, storage and use of DSI on genetic resources.

DSI users are recommended to consider the creation and sharing of non-monetary benefits from DSI use early on in the research cycle, also to make sure that budget

can be reserved for such activities. Because non-monetary benefits from DSI use are context dependent, umbrella organizations could play an important role in the development of guidelines and best practices for their members.

Policies surrounding access to and publication of DSI

[An explanatory study of Decision 16/2 explains what researchers can do](#), have to do, and should do. In the following paragraphs, the rules surrounding the access to and the uploading of publicly available DSI are being discussed.

Under the multilateral mechanism, open access to DSI is retained for every type of research without there being a need for making bilateral ABS agreements when downloading and using publicly made available DSI. The CBD decision refrains from imposing so-called 'tracking and tracing' obligations for DSI that falls under the scope of the multilateral mechanism, which would entail having to record which DSI is being used in which research. However, it is important that researchers who generate DSI keep an overview of applicable ABS obligations, from the moment that the genetic resource is collected until the DSI on this genetic resource is uploaded in a database. On the basis of national ABS regulations, the mutually agreed terms (MAT) for the obtained genetic resources may contain certain restrictions for the use and publication of the associated DSI, and there can be obligations on tracking and tracing.

The CBD decision places the responsibility to conduct due diligence with the researcher who uploads the DSI, and genetic databases have to inform their users about obligations that follow from the multilateral mechanism. Obligated by research funding organizations and scientific journals, researchers often have to make their research results and data, including DSI, publicly available. It is therefore recommendable to already discuss plans to publish DSI during bilateral ABS negotiations over access to and use of a genetic resource.

Finally, when uploading DSI, and when requested by the database, researchers have to share provenance data where possible, including the country of origin of the genetic resource that is described by the DSI, and if applicable, whether traditional knowledge associated with the genetic resource was accessed when obtaining the DSI (article 10 sub c [Decision 16/2](#)). Provenance data not only help Parties to the CBD to analyse trends in the production and use of DSI, but are potentially also relevant for development of a methodology to distribute the money from the Cali Fund in a fair and equitable manner, that will be developed by a CBD technical expert group on funding allocation (Enclosure II [Decision 16/2](#)).

Recognition of science and open access to DSI

[A study by the DSI Scientific Network](#), a global organization representing scientific users of DSI, shows that DSI plays an important role in achieving nearly each of the twenty-three targets of the Kunming-Montreal Global Biodiversity Framework. For example, through DSI use insights can be obtained about invasive alien species, illegal wildlife trade, the status of ecosystems, and [policy insights on the causes of biodiversity loss](#).

DSI is also being used in the animal and plant sciences and in biotechnological research, fields that lead to more sustainable use of biodiversity. For that reason, [Decision 16/2](#) acknowledges “the vital role of digital sequence information on genetic resources and of open access to such information in scientific research and sustainable development” (introductory paragraph [Decision 16/2](#)).

Follow-up process

The details and progress of the MLM and its implications for researchers will become clearer over the coming months. If you have questions or would like to share your thoughts and opinions, you are welcome to get in contact with Ms. Kim van Seeters (ABS National Competent Authority; k.vanseeters@minlnv.nl) and/or Mr Martin Brink and Mr Bob Kreiken (National ABS Focal Point; martin.brink@wur.nl, bob.kreiken@wur.nl).

Questions? Get in contact.

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