

Consultative Group on International Agricultural Research

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From: The CGIAR Secretariat

May 23, 1994
MT/94/23

Mid-Term Meeting, May 23-27, 1994
New Delhi, India

Report of the Second Meeting of the CGIAR Finance Committee

Attached for information is the report of the second meeting of the CGIAR Finance Committee held in Rome, March 28 and 29, 1994.

Attachment

Distribution

CGIAR Members
Center Board Chairmen
Center Directors
TAC Chairman
TAC Members
TAC Secretariat

12 April 94

REPORT OF THE SECOND MEETING OF THE CGIAR FINANCE COMMITTEE

Rome, 28-29 March, 1994

1. INTRODUCTION

1.1 OPENING REMARKS

The CGIAR Finance Committee met at FAO, Rome on 28-29 March, 1994. The list of members participating and apologies received is attached (Annex A). The agenda for the meeting is also attached (Annex B).

The Finance Committee was welcomed to FAO by Mr. Philippe J. Mahler. The Committee was joined at its first session by Dr. Alex McCalla, TAC Chair, and Mr. Paul Egger, Chair of the CGIAR Oversight Committee. Their purpose was to brief the Finance committee on the activities of TAC and the Oversight Committee respectively

1.2 FINANCIAL PICTURE FOR 1994

The Finance Committee Chair invited Mr. Ravi Tadvalkar from the CGIAR Secretariat to inform the Committee on the present status of funding for 1994.

At International Centers Week in October, 1993 (ICW'93), the CGIAR Secretariat estimated that the likely funding for 1994 was between US\$220 and \$225 m core and \$70 m in complementary funding. The estimate of likely funding in mid-March 1994 is \$217 m core and \$70 m complementary funding. This is approximately a 6% fall on 1993 core support. The main reason for the change is the substantial drop in core funding from USAID

(from \$38 m to \$28 m for 1994). Complementary funding remains at about \$70 m.

The major change from 1993 has been the unexpected drop in US funding. The level of US funding for 1995 is still uncertain. USAID is establishing a Research Council, and this high-level committee will consider future US support for the CGIAR.

The World Bank funding for the CGIAR in 1994 is likely to be \$40 m. Sweden and Finland also confirmed their continuing core support to the System, following internal reviews of their level of continuing support for the CGIAR.

1.3 PUBLIC AWARENESS AND RESOURCE COMMITTEE (PARC)

Mr. MacGillivray reported on his attendance at the PARC Committee in the previous week, as a representative of the Finance Committee.

The main item of discussion at PARC was the Downes/Ryan study commissioned by the CGIAR Secretariat on fund-raising possibilities for the CGIAR. The consultant firm commissioned for the feasibility study (Downes/Ryan) is exploring possible new sources of funding, for example from agri-business and other private sector companies. There was some hesitation amongst PARC members as to the appropriateness of this direction for the CGIAR. Representatives of the Downes/Ryan group will be at the Mid-term Meeting (MTM) in Delhi in May. It will be desirable for them to meet directly with the Finance Committee and time will be set aside for this.

Another issue raised was the weakening of the partnership between the IARCs and the donor governments. PARC considered that efforts should be made to encourage additional high-level participation in donor delegations to the CGIAR.

There was also a report on an impact study being planned for the US, in the context of a need to assess the impact of CGIAR research on US agriculture in industrialized as well as on developing countries.

Mr. Petit informed the Committee as to the role of the Blake Panel in mobilizing support for the CGIAR in the US. A report is expected from the Blake Panel in the near future.

The CGIAR Secretariat also reported on initiatives being taken by the Centre Directors in raising awareness on the work of the CGIAR with policy makers in the US Congress, USAID, and the IDB.

Mr. MacGillivray noted that he had advised PARC on the agenda items which were being considered by the Finance Committee.

Mr. MacGillivray reported that PARC welcomed the financial incentives being provided by the changing role of the balancing donor, in providing more incentives for centres to seek additional donor funding for core activities. PARC is interested in the evolution of the new role of the World Bank as the 'donor of first resort' with its three elements of core, contingency and synergy funding, and this will be a matter for continued work by the Finance Committee.

There was some discussion as to the relative roles of various CG actors in resource mobilization. It was emphasized that the Finance Committee should work in concert with other parts of the CGIAR System in resource mobilization activities; there was discussion on the relative roles of the Finance Committee, Oversight Committee, PARC and TAC, as there is some potential for overlap amongst the Committees.

The PARC sees its role in maintaining an overview in strategic planning on resource mobilization. PARC intends to invite the Chairs of the Oversight Committee and the Finance Committee to participate in the PARC, (either themselves, or through their representatives).

PARC sees its role in resource mobilization as being concerned with:

- 1) public awareness/public relations (lead role for PARC)
- 2) fund-raising strategy, in the light of the Downes/Ryan study
- 3) initiatives with individual donor agencies.
- 4) overhead charges by the centers

1.4 OVERSIGHT COMMITTEE

Mr. Paul Egger reported on the work of the Oversight Committee. The report of the March 1994 Meeting of the Oversight Committee was tabled.

Mr. Egger reported on the work of the external panel, which has been commissioned by the Oversight Committee to prepare a statement on the vision of the CGIAR. The panel is chaired by Professor Gordon Conway. Mr. Henri Carsalade and Professor Conway met with TAC in the previous week to discuss the vision which is emerging from their thinking.

The Conway Panel is looking at the:

- 1) major global issues in agriculture and the environment,
- 2) research agenda required to solve them,
- 3) role of the CGIAR in the overall research agenda.

The Oversight Committee is supporting the concept of another Bellagio-type meeting with high level participants to reaffirm

their commitment to the CGIAR. The proposed timing is early 1995.

The CGIAR Chair is supportive of calling a high-level meeting but considers that for that meeting the CGIAR must be able to present:

- 1) a clear and agreed vision
- 2) a well focused agenda
- 3) consensus on the future role for the CGIAR in the global scene.

Mr. Egger also outlined the Oversight Committee's current work on the central structure of the CGIAR System. The Committee is considering options based on:

- 1) a more centralized System
- 2) marginal adjustments to the present System
- 3) a more market-driven System.

The Oversight Committee is preparing a paper on the advantages and disadvantages of the three options, for discussion at the Delhi meeting.

The Oversight Committee is looking at the roles of the TAC and CGIAR Secretariats. It is considering the role of the NARS in the System, including the selection and role of Regional Representatives. The Oversight Committee is also considering the future role of the CGIAR in Eastern Europe, where eight countries could be classified as LDCs.

The Oversight Committee requested the Finance Committee to consider some specific issues:

1. Financing mechanisms in the long term (including options for programme funding).
2. Multi-year funding possibilities (similar to other multilateral programmes)
3. More efficient and cost-effective supply of services across the System, including information, training and external advice to NARS.
4. Role of centres in establishing Foundations, e.g. IRRI is examining the creation of a Rice Foundation to provide additional funds for rice research.

2. INTERACTION WITH TAC ON ITS PROPOSAL FOR 'RESTRUCTURING THE CGIAR'

2.1 Dr. Alex McCalla briefed the Finance Committee on the process which TAC is undertaking in responding to the CGIAR's request to TAC at ICW'93 to provide some options as to how the CGIAR could be restructured so as to be able to function effectively and efficiently at a lower core budget level than envisaged when TAC presented its views on the centres' MTPs and budgets for 1994-98. At that time (mid-1993), TAC provided recommendations to the CGIAR on relative allocations on programmes and priorities based on an estimate of US\$ 270 million in core funds. The CGIAR Centres are presently working within an overall budget of approximately US\$ 215 million for core funding in 1994.

Dr. McCalla stressed that TAC was moving forward on the basis of its previous deliberations on CGIAR priorities and strategies, and how to address these with significantly lower core resources. Dr. McCalla described the process to be undertaken in preparing TAC's recommendations.

TAC did not consider that the CGIAR needed to reinvent itself. It may need to represent itself more effectively to the

outside world. The key task for TAC was to advise the CGIAR on how to deliver its highest priority programmes more efficiently and effectively.

Dr. McCalla then shared with the Finance Committee in confidence an outline of TAC's thinking as to the System-wide efficiencies and centre-efficiencies which may be possible. He also shared TAC's overall thinking as to the options for centre and program adjustment. This would form the basis of the TAC paper to be distributed in April for discussion in May 1994 in New Delhi.

There was considerable discussion as to:

- 1) the process for the CGIAR reaching decisions on which scenario(s) to adopt in Delhi;
- 2) the process for implementing any changes; and
- 3) the relative costs and savings of the proposed scenarios.

2.1 PROCESS FOR CHANGE

It was noted that the CGIAR has in the past had some difficulty in achieving ordered change. It has little experience in undertaking change of the scale and rate likely to be proposed by TAC for MTM'94.

There was some discussion as to the need for establishing efficient mechanisms to implement any proposed changes, at the System-level and the centre level. Some changes are likely to be necessary to be implemented at the System-level, while other changes will need to be implemented by individual centres.

It was suggested that the experience gleaned in changing the CGIAR support for banana/plantain research and livestock research needs to be taken into account in devising effective implementing

mechanisms. The point was made that in the case of livestock, the common CGIAR mechanism of using an implementing agency has now been drawn upon to manage the change process. This is proving effective in drawing up a system-wide livestock strategy and in establishing a new institute.

2.4 COST OF RESTRUCTURING

There was considerable discussion as to the costs of restructuring; there will be additional costs associated with some of the restructuring options; it is possible that these costs could be substantial under some scenarios and the likely availability of funds for restructuring will need to be assessed. It would be unwise for the CGIAR to embark on a restructuring option, without the funding to pay for it.

The Committee agreed on the desirability of maintaining support to System-wide initiatives, in any future scenario. This led onto a discussion on the desirability of a greater shift to program funding and other new ways of doing business.

The TAC exercise focuses on the future use of CGIAR core funds on "global issues of strategic importance". The TAC Chair considers that the proportion of complementary funding is likely to increase, from regional, national and other sources, since programme funding is an attractive option for many donors.

There is a balance to be effective between institutional and programme funding, since programme funding is dependent on having effective research institutes with whom to contract for research services. The key issue is how to fund consistently the core activities of the institutes which are themselves necessary to undertake a variety of programmes. There are various options, including:

- 1) a minimum level of core support to the CGIAR institutes, to maintain a 'critical mass',
- 2) support core activities by an overhead charge on programme support.

TAC has tended towards the first option to date. If the CGIAR is to move more towards programme funding, then mechanisms need to be available for allocating overhead to programme funding. In terms of organizing program funding, there have been some difficulties in instances where a convening centre has been responsible for allocating funds amongst its own programmes, and partners in NARS and other IARCs. A more objective allocation mechanism needs to be found. This will need to be addressed, for example, when developing a System-wide genetic resources programme, across the centres.

The Finance Committee also has a responsibility in building consensus amongst the donors, and drawing the financial implications of the proposed scenarios to the attention of the other CGIAR members. The cost of various scenarios is not inconsequential, considering that the cost of the implementing mechanism for a new livestock institute is in the order of US\$ 0.5 million.

There will need to be consideration of the financial implications of TAC's recommendations, including the need for funds to be set aside for restructuring/transaction costs, and for bridging funds, to protect some programs of System-wide significance which may be at risk due to the severity of current budget cuts at some centres. Certain programmes need to be protected under all scenarios.

There was some discussion as to the likely response of the IARCs and their donors to the various scenarios. The scenarios are based on the assumption that all the institutes will choose

to stay within the CGIAR. Also, it assumes that all funds are fungible across programmes. In fact, both assumptions may not be correct, especially in the case of restricted core funds and strong donor preferences for particular centres or programs.

Mr. Petit thanked the TAC Chair for sharing with the Finance Committee the information on the process and the outcome on TAC's restructuring exercise, and the Finance Committee looked forward with interest to receiving the TAC document in April, and to the discussions in Delhi.

ITEM 2: 1994 FUNDING

Following the report by the CGIAR Secretariat on the likely funding scenario for 1994 (Section 1.2), the Committee received additional information from the CGIAR Secretariat on the following items:

- (1) Allocations of the first tranche of World Bank funds (disbursed in January 1994 as 9% of the approved budget of each centre).
- (2) Estimates of likely contributions from other donors to each centre. The secretariat emphasized the fact that only 56% of the core contributions from other donors had been confirmed to date.

The Committee discussed the manner in which the second tranche should be disbursed to fill gaps in centre funding, on an equitable basis. The maximum proportion which any centre can receive from the World Bank is 25% of its budget and this will continue.

The Committee also received information from the Secretariat as to the gap between the total of TAC-approved budgets for the

centres and estimated available core funds (Attachments I and II). In 1994, the available funds would allow a maximum of 69% of current gaps to be filled if the second tranche is allocated equally across the centres.

The net effect is that centres would receive a percentage of their approved 1994 funding ranging from 71-110%. Five centres will receive full funding of their budgets; six centres will receive 95-99% of their budgets; and seven centres will receive funding in the range of 71-93% (Attachment II).

The Committee discussed the impact of the CFA devaluation on WARDA and ICRISAT, and that this will need to be taken into account in the allocation of funds to these centres. The second tranche would be withheld from these centres until the implication of the devaluation are worked out. The secretariat was also asked to review the impact of the devaluation for other centers such as IITA with activities in West Africa.

Should there be a 'windfall' from the CFA devaluation, leaving additional balancing funds for allocation at the end of the year, these would be allocated in the light of the Finance Committee's recommendations at its meeting in October 1994.

The committee recommended that the second tranche should be disbursed as soon as possible to all centres, on the basis of estimated donor contributions to centres. The CGIAR Secretariat advised working with a planning figure of US\$ 215 million of core funds for 1994. There would be a final balancing of the World Bank contribution to each centre at the end of the year, when the actual donor contributions to individual centres are known. In some instances, centres may need to reimburse funds to the CGIAR Secretariat, as has been in the case with the balancing donor contribution.

The Committee discussed at some length the mode in which the second tranche was allocated (see Table in Attachment II). The Committee recommended that it was preferable to allocate the second tranche on a gap-filling basis, equally to all centers. This would send a signal to some centres which have depended on a substantial proportion of their core budget from the World Bank over several years on their need to seek a broader base of core support.

ITEM 3: FUTURE OPERATION OF THE BALANCING DONOR MECHANISM

The Finance Committee recommended to the CGIAR meeting in October 1993 a change in the role of the World Bank as balancing donor, from being primarily "donor of last resort" to "donor of first resort", with the World Bank funds being provided for a mix of core program funding, contingency and synergy funds. This recommendation was accepted by the CGIAR, and came into operation in 1994, initially in a transition phase. In 1994, 50% of the World Bank funds were allocated on a proportional basis across all centres (9% of the approved budgets of all centres). The second tranche is to be allocated in mid-1994 as a gap-filling mechanism to minimize funding shocks to individual centres.

The Committee discussed the initial reaction to the change to "donor of first resort". The Committee considered that the change in the role of the World Bank funding was proving effective by removing some of the financial disincentives and providing some modest incentives for centers to seek additional core funding. It had also succeeded in generating some new financing modalities for core programs. The Finance Committee considered that the 50:50 allocation to 'first resort' and contingency funds for the purposes of 'gap-filling' in 1994 was about right. It was agreed that the direction of the change to "donor of first resort" should be maintained, as the Committee

wished to maintain the financial incentives which had been catalyzed by the change in role of Bank funding.

Some members considered that with the degree of uncertainty in system funding, it would be most helpful if the Bank made the majority of its funding available in January each year, and encouraged the centres to mobilize other sources of funding through the year. This would give the centres maximum secure funding early in the year.

There was some discussion as to what proportion of the World Bank funds should be used in 1995 for a gap filling role, to minimize disruptions to centre funding, and what proportion should be used to create synergies with other sources of funds, including loans and credits from the World Bank for agricultural research.

The Committee agreed on the need to retain flexibility at this stage in the relative proportions of the World Bank funds to be allocated in 1995 to the roles of core program support, contingency and synergy functions.

The Committee considered that in the light of decisions taken in Delhi, it may be desirable for a proportion of the World Bank funds to be used to cover the costs of restructuring and to initiate programme funding across the system.

The Bank funding can serve the dual purposes of giving stability to the system and providing incentives to the centres to move in new directions programmatically, and in devising new financing mechanisms.

The Committee agreed to keep under review the desirable proportions of World Bank funding to be allocated for core

programmes, contingency and synergy purposes in future years and would return to this subject at its Delhi meeting.

ITEM 4: 1995 CGIAR PROGRAMMES AND FUNDING NEEDS

The Committee discussed the need to provide guidance to the centres for the preparation of their 1995 programs and budgets. The centres will not be able to prepare these budgets until after the MTM in May, 1994, taking account of any decisions taken in Delhi. If the CGIAR decide to undertake some restructuring, it is likely that 1995 will be a transition year for some centres, and a restructured CGIAR would come into full operation in 1996.

The Committee noted that the costs of restructuring had to be taken into account under all scenarios, and that there were opportunity costs both in centre staff time as well as donor funds that would be spent on restructuring rather than on programme support. It is the responsibility of the Finance Committee to draw the financial implication of various scenarios to the attention of the Group prior to their taking decisions.

The Finance Committee will need to meet during the MTM in Delhi to finalize the guidelines for the centres in 1995. The timing of the program and budget review process for 1995 also needs to be re-examined.

ITEM 5: EFFICIENCY/VALUE FOR MONEY STUDY

The Committee received the results of a questionnaire sent to the centres on steps taken by the centers to reduce costs and improve efficiency across the system. There was some difficulty in comparing the actual figures from different centres, due to

the different cost definition. In particular, it was difficult to commit a simple unit cost index which could be comparable across centers and overtime. In the longer-term it would be useful to develop a cost measure which illustrate the "input-output" relationships between costs and outputs.

It was agreed that it was possible to draw some tentative conclusions from the data as to the "best practices" being followed by some centres on various items. The CGIAR Secretariat undertook to prepare a synthesis paper on ""best practices". This would be shared initially with the centres, for validation, and subsequently with the centre Boards and external management reviews.

There was some additional discussion on the need for the centres to strengthen or develop their performance assessment systems as a means to assess and improve value for money and to monitor individual and programme performance.

The committee also reviewed a draft paper analyzing center cost structures over 1983-92 prepared by the CGIAR Secretariat. The paper will be sent to the centers for their comments after including 1993 cost data.

ITEM 6: RESOURCE MOBILIZATION AND FINANCIAL STRATEGY

6.1 RESOURCE MOBILIZATION

The Committee discussed the role of the Finance Committee in mobilizing additional resources for the CGIAR. It was suggested that the Finance Committee should set out a strategy for future long-term financing of the CGIAR System. Resource mobilization is one of the terms of reference of the Finance Committee and the

committee needs to define its role in relation to other components of the system.

The Committee noted that resource mobilization/public awareness activities need to be tailored to the situation in individual countries. Several country-specific initiatives on resource mobilization and public awareness are underway in Australia, Canada, Denmark, Germany, Japan and UK.

Some members considered that individual members of the Finance Committee could not be involved in fund-raising, *per se*, due to potential conflicts of interest. Others considered that the Finance Committee could make a systematic survey of the present donors and identify key problems they may have with the CGIAR System, and what was constraining them from increasing their contributions to the CGIAR. This would assist in identifying more specific targets for public-awareness and fund-raising efforts by the CGIAR Chair, PARC and individual centres.

It was suggested that there needs to be a special effort to build up a constituency for international agricultural research in developing countries. This should aim at stimulating a greater role of developing countries in the CGIAR and more financial support for international agricultural research from client countries, possibly on a "fee-for-service" basis. .

The Finance Committee decided to assess differing funding mechanisms, including the feasibility of multi-year funding, to introduce greater stability of funding. Another funding mechanism is programme funding. This is the area where additional resources could be mobilized (e.g., the slash/burn initiative being funding the GEF). Some other opportunities are being pursued through the GEF and the European Commission and more need to be developed.

In regard to awareness-raising amongst policy makers, the Finance Committee sees itself as having a limited role, as PARC is taking the lead on public awareness. The Finance Committee will keep itself informed on the public awareness activities, through common membership. The Finance Committee recognized the need for a multifaceted approach to resource mobilization, with sharing of information amongst the various initiatives.

It was suggested that the resource mobilization topic could be looked at three levels. These levels may help to better articulate the lead roles of the different sectors shown below:

	<u>Lead</u>
1) Financial strategy	Finance Committee
2) Resource mobilization	PARC/Centers/Individual donors
3) Public awareness	PARC/Centers

6.2 Financial Strategy

The committee reviewed a CGIAR Secretariat paper on long-term financing of the CGIAR, in the context of developing a financial strategy for the System. This would cover developing a long-term corporate financial strategy for the System to ensure a stable and sustainable financial base, including the following elements:

- levels of funding;
- core-complementary funding;
- sources of funding (conventional/new sources);
- membership contributions;
- regional contributions;
- programme funding modalities;
- role of the private sector and the nature of private sector financing which would be appropriate for the CGIAR.

The Committee decided that the Finance Committee would prepare a financial issues paper for consideration by the Group. This would include a discussion of the issues in resource mobilization (including public awareness and financial mechanisms) and the identification of who is to do what. The CGIAR Secretariat undertook to prepare a draft for consideration at the next meeting of the Finance Committee in Delhi.

Mr. Bennett (U.K.) agreed to report verbally to the Oversight Committee at its next meeting in the UK in late April on the proposed financial issues paper.

ITEM 8: MEMBERSHIP ROTATION

The Committee discussed various options for ensuring continuity in membership, representation from the major donors, and rotation amongst the membership. The Committee noted that the Oversight Committee had decided to establish an initial two-year membership, to consolidate the role of the committee and its *modus operandi*.

The Committee discussed options, based on whether the membership would be decided at random or on the basis of members representing constituencies within the CGIAR.

The Committee recalled that on its recommendation, the Group had decided at ICW 93 that the World Bank would be a permanent member of the Committee, due to the volume and nature of its financial contributions. In addition the committee proposed the following to establish a process for membership rotation:

- the initial membership be retained for two years in order to establish the working of the Committee;
- new members be selected amongst various constituencies

- the constituencies to be represented are:
 - developing country donors (two members);
 - other donors providing above US\$ 1 million of unrestricted core support (six members);

- the constituencies would select their own representatives;
- membership within constituencies would be chosen on a rotation of three years;
- individual donors would not participate simultaneously in both the Oversight and Finance Committees;
- rotation of the present membership would be initiated by ballot;
- rotation would commence at the mid-term meeting in 1995.

ITEM 9: WORK PROGRAMME AND FUTURE MEETINGS

9.1 FUTURE MEETINGS

The Committee agreed it would meet twice during 1994:

21 May	Delhi (and possibly during the MTM if required).
20-21 Oct.	Washington

The Finance Committee noted that the Oversight Committee would be meeting in Brighton, U.K., to finalize its vision paper for the Delhi meeting. Mr. Egger would value the participation of the Finance Committee Chair and/or his representative. It was agreed that Mr. Petit and/or Mr. Bennett would participate in the meeting in Brighton.

The Finance and Oversight Committees agreed to keep one another informed of their activities but would only participate as essential in their respective meetings.

9.2 Work Programme of Finance Committee for Delhi Meeting

The following items will be on the agenda.

1. Issues on CGIAR financial strategy (CGIAR Secretariat to prepare draft paper).
2. Synthesis paper on 'Best Practices' Survey (CGIAR Secretariat).
3. Guidelines for 1995 Program and budget review (no paper required).
4. Future role of the balancing donor (no paper required at this stage).
5. Review of 1993 operations (CGIAR Secretariat to provide their usual report on the financial outcome of 1993).
6. Interaction with Downes-Ryan Study Team. (CGIAR Secretariat to arrange a presentation by the Downes-Ryan Group.)

ACKNOWLEDGEMENTS

Mr. Petit thanked FAO, through Mr. P. Mahler for hosting the meeting, the TAC Secretariat, for providing secretarial support, and the CGIAR Secretariat for the useful background papers and financial analysis provided for the committee.

Attachment

Agenda-Finance Committee March 28-29, 1994, Rome

1. Interaction with TAC on its proposals for "Restructuring of the CGIAR"
2. (a) 1994 funding situation
(b) Allocation of 1994 World Bank funds
3. Future operation of the balancing donor mechanism
4. 1995 CGIAR programs and funding needs
(a) Guidelines to Centers
(b) Evaluation of Center proposals
5. Examination of CGIAR efficiency/"value for money" practices
(a) CG Secretariat note on Center budgetary information 1983-92
(b) Center responses to Finance Committee questionnaire
6. Resource Mobilization Strategy
(a) Short term and longer term strategies
(b) Progress reports on CGIAR mobilization/awareness activities
7. Proposals for membership rotation
8. Other matters
9. Work program and future meetings of the Finance Committee

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1993 and 1994 GRANTS
(in US\$ millions)

Donor	Preliminary 1993					1994 Projections					Change, 1993-94			Total %
	Core		Subtotal	Compl.		Core		Subtotal	Compl.		Core %	Due to FX	Comment	
	Unrestr.	Restr.		Restr.	Total	Unrestr.	Restr.		Restr.	Total				
Contributing G7/AR Members														
Countries														
Austria	1.42	0.09	1.50	0.67	2.17	1.43	0.08	1.50	0.67	2.17	0%			0%
Belgium *	1.60	0.74	2.34	1.81	4.14	1.73	0.80	2.53	1.78	4.31	8%	1%		4%
Denmark *	4.72	0.16	4.88	0.79	5.67	4.85	0.51	5.37	0.37	5.74	10%	0%		1%
Iceland *	0.24	0.00	0.24	0.08	0.32	0.54	0.00	0.54	0.00	0.54	124%	-5%		70%
France	2.87	0.21	3.08	0.42	3.50	2.95	0.00	2.95	0.40	3.35	-4%	-2%		-4%
Germany *	8.04	5.53	13.57	9.96	23.53	7.81	5.13	12.94	10.25	23.19	-5%	-3%		-1%
Italy	0.48	0.18	0.66	0.00	0.66	0.60	0.03	0.63	0.00	0.63	-5%	-5%		-5%
Netherlands	1.30	2.54	3.84	1.04	4.88	1.29	0.83	2.12	1.15	3.27	-45%	-1%		-33%
Luxembourg	0.13	0.00	0.13	0.00	0.13	0.13	0.00	0.13	0.00	0.13	0%			0%
Netherlands *	5.26	3.26	8.52	2.40	10.92	5.74	1.64	7.37	2.87	10.24	-13%	-3%		-6%
Norway *	4.29	0.36	4.65	0.07	4.72	3.90	0.27	4.17	0.03	4.20	-10%	-6%		-11%
Spain	0.62	0.00	0.62	0.00	0.62	0.62	0.00	0.62	0.00	0.62	0%			0%
Sweden *	5.16	1.12	6.28	0.17	6.45	4.62	1.54	6.15	0.06	6.21	-2%	-7%		-4%
Switzerland *	6.36	2.79	9.15	6.38	15.53	6.30	1.98	8.28	6.05	14.33	-9%	-1%		-8%
UK *	9.23	0.10	9.33	0.74	10.07	8.55	0.15	8.70	0.34	9.04	-7%	-1%		-10%
Subtotal	51.69	17.08	68.77	24.53	93.30	51.04	12.95	63.99	23.97	87.96	-7%	-2%		-6%
North America														
Canada	12.60	2.61	15.20	4.41	19.61	11.89	2.09	13.98	5.01	18.98	-8%	-6%		-3%
USA	37.98	3.08	41.06	15.02	56.07	27.98	3.34	31.32	14.15	45.47	-24%			-19%
Subtotal	50.57	5.69	56.26	19.43	75.69	39.86	5.43	45.29	19.16	64.45	-19%	-1%		-15%
Pacific Rim														
Australia *	3.89	0.34	4.24	2.41	6.64	3.96	0.29	4.25	2.47	6.72	0%	1%		1%
Japan	31.43	1.66	33.09	1.98	35.07	32.30	1.05	33.35	1.58	34.93	1%	1%		-0%
Subtotal	35.32	2.01	37.33	4.38	41.71	36.26	1.35	37.60	4.05	41.65	1%	1%		-0%
Developing Countries														
China *	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.10	0.00	0.10	-			-
India *	0.50	0.00	0.50	0.00	0.50	0.50	0.00	0.50	0.00	0.50	0%			0%
Indonesia *	0.50	0.00	0.50	0.01	0.51	0.50	0.00	0.50	0.00	0.50	0%			-2%
Indonesia	0.50	0.00	0.50	0.00	0.50	0.50	0.00	0.50	0.00	0.50	0%			0%
Korea *	0.47	0.03	0.50	0.03	0.53	0.47	0.03	0.50	0.00	0.50	-0%			-6%
Mexico	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-			-
Nigeria	0.02	0.00	0.02	0.00	0.02	0.00	0.00	0.00	0.00	0.00	-100%			-100%
Philippines	0.22	0.00	0.22	0.32	0.53	0.22	0.00	0.22	0.67	0.89	2%			67%
Subtotal	2.21	0.03	2.24	0.36	2.60	2.19	0.13	2.32	0.67	2.99	4%			15%
Total Country Foundations	139.79	24.81	164.59	48.70	213.29	129.35	19.86	149.21	47.84	197.05	-9%			-8%
World Bank Foundations														
World Bank	1.90	0.48	2.38	1.21	3.59	1.90	0.24	2.14	1.19	3.33	-10%			-7%
World Bank *	0.00	0.66	0.66	2.15	2.81	0.00	0.42	0.42	2.05	2.48	-36%	-2%		-12%
World Bank	0.00	0.00	0.00	0.18	0.18	0.00	0.00	0.00	0.08	0.08	-			-55%
World Bank *	0.00	0.92	0.92	2.22	3.14	0.00	0.90	0.90	1.30	2.20	-2%			-30%
Subtotal	1.90	2.06	3.96	5.76	9.72	1.90	1.56	3.46	4.62	8.08	-13%			-17%
World and Regional Organizations														
World Bank *	0.00	0.33	0.33	2.67	3.01	0.00	0.08	0.08	2.73	2.80	-77%			-7%
World Bank	0.60	0.30	0.89	1.58	2.47	0.73	0.00	0.73	1.62	2.35	-18%			-5%
World Bank Fund	0.00	0.72	0.72	0.00	0.72	0.00	0.73	0.73	0.00	0.73	2%			2%
World Bank *	11.12	0.81	11.93	1.55	13.48	11.28	1.48	12.76	1.94	14.70	7%	1%		9%
World Bank *	3.20	1.84	5.04	0.79	5.83	3.40	0.00	3.40	0.80	4.20	-33%			-28%
World Bank *	0.00	0.48	0.48	0.54	1.02	0.00	0.38	0.38	1.05	1.43	-21%			40%
World Bank Fund *	0.00	0.12	0.12	0.06	0.18	0.00	0.20	0.20	0.05	0.25	63%			40%
World Bank *	0.00	7.08	7.08	3.59	10.67	0.00	5.97	5.97	4.69	10.66	-16%			-0%
World Bank *	0.00	0.40	0.40	0.10	0.51	0.00	0.23	0.23	0.07	0.29	-44%			-43%
World Bank *	40.00	0.00	40.00	0.00	40.00	40.00	0.00	40.00	0.00	40.00	0%			0%
Subtotal	54.92	12.09	67.00	10.88	77.88	55.41	9.05	64.46	12.93	77.39	-4%	0%		-1%
Other Donors														
Other Donors	196.61	38.95	235.55	65.34	300.89	186.66	30.47	217.13	65.39	282.52	-8%	-1%		-6%
Other Donors				5.86	5.86			0.00	5.36	5.36	-			-9%
Total	196.61	38.95	235.55	71.20	306.75	186.66	30.47	217.13	70.75	287.88	-8%	0%		-6%

Donors who have confirmed their 1994 core contributions. The total is \$122.3 million (about 56% of the projected core funding).

Allocation of the Second Tranche of the 1994 World Bank Contribution

The attached table illustrates the application of the approved formula for allocating the second tranche. It is as follows:

- Adding the first tranche (\$20 million) to the current estimate of funding from other donors (approximately \$177 million) brings total allocated funding to \$197 million.
- This leaves a funding gap of some \$33 million. However, because of the 25% maximum ruling of the World Bank contribution, the fundable gap is automatically reduced for those centers in which case the funding gap exceeds 25% of their approved budget.
- Adjusting the gap accordingly results in a system "fundable" gap by the World Bank second tranche (under the formula) of about \$26 million.
- However, with a maximum of \$18 million in balancing funding actually available, the fundable gap is still too high. (The \$18 million balancing funds results from lowering the planning target to \$215 million. The balance of the Bank's second tranche of \$2 million will be treated as a safety net to alleviate up to \$2 million adverse variation on core funding from other donors).
- **Consequently, the 14 centers which need balancing funds after the first tranche will have only 69% (i.e., 18/26) of their funding gap met.** This is the "availability to entitlement" ratio. The resulting total core funding estimate for each center is the recommended planning target.
- When all donors have confirmed their contributions and allocations, the funding gaps of centers, calculated exclusive of the World Bank second tranche, could change. This could change the amount of the second tranche under the balancing formula. Therefore, the second tranche amount can only be finalized in the latter part of 1994 when all donors' contributions are known. The required marginal adjustments (positive or negative) in the World Bank contribution will be made at year-end.

CENTER SUMMARY - 1994 CORE FUNDING ESTIMATE
(in US\$ m)

ATTACHMENT II

APPROVED 1994 BUDGET			ESTIMATED FUNDING							DISBURSMENTS			MEMO NOTES		
Center	Program	Other	TOTAL	Donors 1/ Excluding	World Bank 2nd tranche				TOTAL FUNDING	1ST Tranche	2ND Tranche	World Bank Total as % of Amount approved	1994 Funding as % of approved		
				World Bank	1ST Tranche	Total Gap 2/	Balancing Limit 3/	Proposed Limit 4/						% of Bal Limit 4/	
CIAT	25.00		25.00	17.37	2.18	5.45	4.07	2.82	69%	22.37	2.18	2.00 6/	5.00	20%	89%
CIFOR	5.30		5.30	4.82	0.44	0.04	0.04	0.03	0%	5.29	0.44	0.03	0.47	9%	100%
CIMMYT	23.30		23.30	17.54	2.04	3.72	3.72	2.57	69%	22.15	2.04	1.57 6/	4.61	20%	95%
CIP	14.30	0.95	15.25	12.07	1.33	1.85	1.85	1.28	69%	14.68	1.33	1.28	2.61	17%	96%
IBPGR	8.60		8.60	7.93	0.75	0.00	0.00	0.00	0%	8.68	0.75	0.00	0.75	9%	101%
ICARDA	13.80		13.80	8.96	1.21	3.63	2.24	1.55	69%	11.72	1.21	1.55	2.76	20%	85%
ICLARM	4.40		4.40	4.45	0.38	0.00	0.00	0.00	0%	4.83	0.38	0.00	0.38	9%	110%
ICRAF	11.90		11.90	11.18	1.04	0.00	0.00	0.00	0%	12.22	1.04	0.00	1.04	9%	103%
ICRISAT	25.40		25.40	19.59	2.22	3.59	3.59	2.48	69%	24.29	2.22	0.00 7/	4.70	19%	96%
IFPRI	8.10		8.10	6.97	0.71	0.42	0.42	0.29	69%	7.97	0.71	0.29	1.00	12%	98%
IIMI	6.30	0.30	6.60	3.36	0.58	2.66	1.07	0.74	69%	4.68	0.58	0.74	1.32	20%	71%
IITA	20.80		20.80	15.16	1.82	3.83	3.38	2.34	69%	19.31	1.82	2.34	4.16	20%	93%
ILCA	12.10		12.10	8.47	1.07	2.56	1.95	1.35	69%	10.89	1.07	1.35	2.42	20%	90%
IIRAD	9.90		9.90	6.55	0.87	2.48	1.61	1.11	69%	8.53	0.87	1.11	1.98	20%	86%
INIBAP	1.70		1.70	1.56	0.15	0.00	0.00	0.00	0%	1.71	0.15	0.00	0.15	9%	101%
IRRI	25.50		25.50	22.76	2.23	0.51	0.51	0.35	69%	25.34	2.23	0.00 6/	2.58	10%	99%
ISNAR	6.10		6.10	4.13	0.53	1.44	0.99	0.69	69%	5.35	0.53	0.69	1.22	20%	88%
WARDA	5.10		5.10	4.27	0.45	0.38	0.38	0.27	69%	4.98	0.45	0.00 6/7/	0.72	14%	98%
sub-total	227.60	1.25	228.85	177.13	20.00	32.56	25.83	17.87	69%	215.00	20.00	12.95	37.87	17%	94%
Safety net 5/								2.13	5/	2.13			2.13	1%	1%
TOTAL	227.60	1.25	228.85	177.13	20.00	32.56	25.83	20.00		217.13	20.00	12.95	40.00	17%	95%

1/ Current estimate of funding at March 8th exchange rates.

2/ Budget gap after other donors' funding and World Bank first tranche allocation.

3/ Upper limit of budget gap that can be funded under the rule of 25% maximum total World Bank funding per center.

4/ Proposed second tranche based on a 69% availability of World Bank funds to meet the funding limits.

5/ The projected safety net is set aside to protect core funding up to \$2.13 million against adverse variations in contributions from other donors.

6/ Centers with outstanding loans/advances to be netted out of World Bank second tranche disbursement. \$2.2 m in loans will still be outstanding after the netting out.

7/ Impact of devaluation (of the CFA) on the cost structure of these centers will be assessed prior to payment of the second tranche.

Memo item:	Am't (\$m)
Total funds available for second tranche allocation	20.00
Less:	
Second tranche disbursements	12.95
Loans/advances outstanding after second tranche disbursements	2.27

Cash balance	4.79