

Consultative Group on International Agricultural Research

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From: The CGIAR Secretariat

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New Delhi, India

Report of the Third Meeting of the CGIAR Finance Committee

Attached for information is the preliminary report of the third meeting of the CGIAR Finance Committee held in New Delhi May 21, 1994. It has not been formally reviewed by the Committee, however, it is being distributed in this preliminary form to ensure that the Group is promptly informed.

Attachment

Distribution

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

CGIAR FINANCE COMMITTEE THIRD MEETING,

Delhi, 21 MAY, 1994

PRELIMINARY REPORT

1. INTRODUCTION

The CGIAR Finance Committee met in Delhi on 21 May, 1994. A copy of the agenda of the meeting is attached (Annex A). The Finance Committee Chair, Mr Michel Petit, opened the meeting by summarizing the events which had occurred since the previous meeting in Rome on 28-29 March, 1994. These included the ad-hoc consultation called by the CGIAR Chair in Washington in April, as part of an overall effort to rededicate the donors to the CGIAR. As a result of these efforts, it appears likely that more resources may be available in 1994 than was predicted in March.

The members welcomed the positive signals from the CGIAR Chair. There was some discussion on the need for some changes in the CGIAR, irrespective of the level of resources. These included possible system-wide economies through the provision of some common services. There will also be a need for more inter-center collaboration in the implementation of eco-regional and other cross-system activities. These are likely to lead to more program funding across centers. The Finance Committee has a specific responsibility to advise the CGIAR as to how funds from various sources should best flow to a suite of activities which constitute the agreed common research agenda.

2. FUTURE CGIAR FINANCIAL STRATEGY

The Committee discussed a draft paper prepared by the CGIAR Secretariat on issues and options in preparing a future financial strategy for the CGIAR. The Committee considered that the present draft was helpful in describing the present funding modalities and the financial issues presently facing the CGIAR. The paper was recognized as an issues paper which did not yet constitute a financial strategy. It did present an interesting menu of options for the future. These could be a point of departure, but the Committee considered that a realistic financial strategy would most likely involve a mix of some of these and other options. The Committee decided that it would be useful for the CGIAR Secretariat to table the draft at the mid-term meeting to stimulate discussion of the issues.

The key financial issues are:

- * the lack of high-level support for the CGIAR, both in OECD countries and in developing countries
- * the declining level of core funds
- * the instability of funding based on annual commitments

One of the basic premises of the CGIAR is the autonomy of individual centers and donors. This premise may have to be reexamined and some more corporate responsibility undertaken by both individual centers and donors. There was a strong view by some that this premise has been one of the reasons underpinning the success of the CGIAR as an effective if

informal international undertaking. Any modifications to it should retain the virtues of entrepreneurship and flexibility, while directing them at a common research agenda.

The value of multi-year commitments was recognized. In some cases this would require the CGIAR to have a legal personality, while in other countries, donors could explore multi-year commitments under the present situation. It was recognized that there were trade-offs involved in moving towards multi-year commitments, which would give greater predictability in funding, but possibly at lower levels. Some were not enthusiastic about entering into high-level treaty negotiations on the CGIAR, but all recognized that the feasibility of this option should be explored, and its advantages and disadvantages considered.

There was a long discussion on the possibility of a mix of future funding options to the CGIAR, which would support the common research agenda endorsed by TAC and the CGIAR. This mix could involve long-term financial commitments to the central elements of the CGIAR (the international public good services, such as the germplasm conservation), plus multi-year commitments to a series of international research programs, which could be implemented by one or more CGIAR centers (eg the ecoregional initiatives proposed by TAC).

Some members expressed a view that the CGIAR needed to consider a transition to a smaller core which was funded in the long term, around which was built a series of programs, involving new partnerships between the CGIAR centers, NARS and other research institutions, as suggested by the Conway Panel. These new types of CGIAR-sponsored programs, to implement the agreed CGIAR priorities would be very attractive for donors to support from a variety of sources, including their bilateral programs.

In support of the research program element, some considered that it would be possible to devise a "market model" different to that described in the paper, which was more demand driven by the clients of the CGIAR in developing countries than the current system. This would lead the IARCs into new partnerships in the implementation of their research programs. It would also enable the CGIAR to draw on bilateral and environmental funds in donor agencies, as well as the traditional multilateral sources. Two additional criteria were suggested in assessing the suitability of various models: 1) likelihood of mobilizing more resources and 2) generating more commitment by developing countries to international agricultural research. The committee requested the CGIAR Secretariat to revise the issues paper in the light of the discussion by the Finance Committee and any feedback it receives from the CGIAR at the mid term meeting. The Committee would review the paper at its next meeting as part of its recommendations to the CGIAR on a future financial strategy.

3. CGIAR MANAGEMENT REVIEW

The CGIAR Chair requested the Chairs of the Oversight and Finance Committees to consider having an external management review of the CGIAR's governance, financial arrangements and decision-making. This review is now being proposed by the Oversight Committee, in consultation with the Finance Committee. Mr Petit reported on his participation in the Oversight Committee meeting in Brighton, U.K. in April. The Committee noted the Terms of Reference, which included a review of the CGIAR's financial arrangements for the mobilization and allocation of funds.

The committee noted the value of an external, professional input at a time when the CGIAR was considering some major changes in its way of doing business. The value of this input was likely to be greatest if there could be interaction with the consultants early in the process. Mr Petit undertook to try to arrange a meeting of the consultants with at least some members of the Finance Committee.

4. 1994 FUNDING

The Finance Committee confirmed its recommendations from its meeting in March as to allocation of the second tranche of the World Bank funds in 1994. The recommendations are contained in the report of the second meeting of the Finance Committee (March, 1994). In allocating the second tranche, the committee has supported the relative allocation amongst centers as recommended by TAC. Should additional funds become available in 1994, the committee would consider their allocation at its next meeting.

5. 1995 BUDGET GUIDELINES

The Committee considered draft guidelines for the centers prepared by the CGIAR Secretariat. The program directions approved in the 1994-98 medium-term plans will provide guidance to centers as to the program content. The financial guidance as to their planning figures will be consistent with expected 1995 funding. The guidelines would be sent to the centers in early June.

6. 1993 FINANCIAL REPORT

The Committee considered the 1993 financial outcome as described in the CGIAR Secretariat's annual financial report. This contained further useful information on the trends in center income and expenditure for consideration in preparing a future financial strategy. The 1993 financial report will be circulated to the Group and is commended to the members as a source of a useful overview of the CGIAR's financial situation.

7. EFFICIENCY STUDY

The Committee confirmed its March decision to have a summary report of the results of the study distributed to CGIAR members. The main lesson of the study was that the centers have made commendable efforts to reduce cost and increase efficiency. Any further savings in operating costs will need to come mainly from inter-center collaboration.

CGIAR Finance Committee Meeting

Delhi, 21 May, 1994

Draft Agenda

1. Opening Remarks
2. Future CGIAR Financial Strategy (Issues Paper)
3. CGIAR Management Review (Draft Terms of Reference in CGIAR Governance Paper, Annex 1)
4. 1994 Funding
 - * Allocation of World Bank Funding (report from Rome meeting)
 - * Process for allocation of any additional funding in 1994
5. 1995 Guidelines (draft guidelines from CG Secretariat)
6. 1993 Financial Report
7. Efficiency Study Report
8. Presentation by Inter-American Development Bank
9. Presentation by Downes-Ryan Study Team
10. Any Other Business
 - * Next meetings (time and place)