



From: The Secretariat

December 1, 1997

## **Report of the Twelfth Meeting of the CGIAR Finance Committee**

At ICW97, the Chair of the Finance Committee, Mr. Michel Petit, reported the outcome of the 12th Meeting of the Finance Committee, which covered the 1997 Financing updates and the 1998 Financing Plan.

A written report of the Meeting is attached for information.

### **Distribution:**

CGIAR Members  
Center Board Chairs  
Center Directors  
TAC Chair, Members, Secretariat  
IAEG Chair and Members  
NGO Committee Chair and Members  
Private Sector Committee Chair and Members  
Genetic Resources Policy Committee Chair and Members

## Twelfth Meeting of the CGIAR Finance Committee

The CGIAR Finance Committee (FC) held its twelfth meeting in Washington D.C. on October 25 and October 29, 1997 concurrent with International Centers Week. On October 28, 1997 the Finance Committee met with CGIAR system review panel. On October 29, the Finance Committee met with CGIAR Chairman Ismail Serageldin in a joint meeting with the Oversight Committee. The Committee reviewed the estimated financial outcome for 1997 and the financing plan for the 1998 research agenda. The Committee also deliberated on the progress of CGIAR activities in Central Asia and financial aspects of the centers' partnerships with the private sector. The outcome of the meeting was reported by the Finance Committee Chair under the agenda item "Report of the Finance Committee" (a copy of the presentation is attached as attachment 1) and is recorded in the Summary of Proceedings for ICW97. Documentation for the meeting comprised: draft 1997 monitoring report (attachment 2), summary of the 1998 financing plans prepared by the centers (attachment 3), TAC observations on the 1998 financing plans (attachment 4) and Finance Committee issues paper for the System Review (attachment 5).

Michel Petit (World Bank) chaired the meeting with participation by Australia (Ian Bevege), Canada (Derek Eaton and Iain MacGillivray), Egypt (Abdelsalam Gomaa), European Commission (M. Aslam Aziz), Germany (Jürgen Friedrichsen), IFAD (Abdelmajid Slama), Japan (Yasuhiro Mitsui), and Sweden (Carl-Gustaf Thornstorm). Regrets were received from India (Rajinder Paroda). Messrs. Ian Haines (United Kingdom), Dana Dalrymple and Rob Bertram (USAID) as well as Gilles St. Martin (France) observed the meeting. Dr. Winkelmann, TAC Chair participated during the session on the 1998 financing plans.

### 1997 Estimated Outcome

The CGIAR Secretariat presented the draft 1997 monitoring report for the Finance Committee's approval. (attachment 2)

- The approved 1997 financing plan of \$325 million will be exceeded by about 2%, in spite of adverse exchange rate movements, with funding of about \$330 million. However, through the third quarter (September 1997) only 46% of the funds were disbursed, compared to 65% in 1996.
- Partly as a result of financing actions taken at MTM97, fourteen centers are closer to their funding targets than they were at MTM97, with several exceeding it.
- ILRI remains underfunded by a significant amount, partly on account of the systemwide program on livestock. ICLARM and ISNAR expect to have small shortfalls, not anticipated earlier. At ICRISAT and at IRRI major staff restructuring programs were implemented in 1997.
- The funding increase came mainly from the European and developing country groups. Finland and Spain provided additional funds.

Brazil, South Africa and Thailand each contributed \$0.5 million in 1997.

- Programs which appeared headed for significant underfunding in 1997, notably *Increasing Productivity*, are estimated to show a higher level of investment than indicated at ICW96. Investments in all commodity groups, except livestock and fisheries, are at or above the approved financing plan.
- Following recent trends, the share of personnel spending in the total spending has continued to decline giving centers more flexibility in the use of resources.

The FC expressed its satisfaction with the monitoring report which provides a comprehensive overview of the financial developments in 1997. It encouraged the Secretariat to produce such a report in 1998 as well. The FC noted that while not all planned activities will be implemented, a crisis has been averted partly by actions taken at MTM97. However, there is a serious concern about the financial costs of the disbursement delays for the center programs. (A preliminary analysis indicates the financial costs to be about \$10 million in 1997).

The FC also reviewed data on the composition of 1997 funding, in terms of restricted and unrestricted funding, and noted that although the overall level of unrestricted funding remains unchanged, its proportion in the total has been declining. To continue to provide operational flexibility to the centers, the importance of members providing unrestricted funding to the maximum possible extent was underscored. The FC noted that in response to member requirements for transparency in financial estimates and better articulation of center programs, centers have defined their activities in terms of well-defined projects, using a standardized format for project description, milestones, etc. This should reduce the necessity for individual member specific reporting.

The representative of the European Commission announced that the procedures for disbursement had been initiated and should shortly result in disbursements of 1996 and 1997 funds to the centers. He underlined that the disbursement delays had been caused by faulty administrative procedures and not because of any questions regarding EC's commitment to the CGIAR.

### **1998 Funding Requirements**

The Secretariat summarized steps taken since MTM97 following the 1998 financial decision-making schedule .

- Centers submitted their 1998 financing plans to the Secretariat in September.
- These plans were reviewed by TAC during its September 21-26 meeting in Washington D.C. to assess the congruence of the plans with TAC's MTM97 recommendations for 1998 allocations.

Following the Finance Committee meeting, the remaining steps in the revised schedule for 1998 financing are:

- approval of the 1998 financing plan by the CGIAR (ICW97);
- financing actions and disbursement of funds by CGIAR members ;
- implementation of the Research Agenda by the centers.

### Center Financing Plans

Center plans to implement the 1998 Agenda are based on projected funding levels of \$365 million. (attachment 3)

- Of the total, funding identified by source amount to \$330 million while \$34 million is unidentified.
- The identified funding comprises \$290 million from CGIAR members other than the World Bank, \$10 million from non-CGIAR donors and \$30 million from the World Bank as matching funds (of a total \$45 million authorized) following the guidelines of 10% matching.
- The \$330 million taken together with the remaining World Bank funds of \$15 million, results in a likely funding outcome for 1998 of \$345 million comparable with \$350 million proposed by TAC and \$335 million endorsed by the Group at MTM97. The projected contributions represent an increase of \$15 million or 4.5% from \$330 million projected for 1997.
- The contributions of \$345 million will be supplemented by \$14 million in center-generated income for a total CGIAR agenda program investments of about \$360 million.
- Center projections are broadly consistent with member indications. Notably however, only a few members have formally indicated their contribution levels. Consequently, unlike last year when the center financing plans were considered at levels including the "unidentified" amounts, figures for 1998 are presented excluding any "unidentified" amounts.

### TAC observations

Don Winkelmann, TAC Chair, presented TAC observations on the financing plans. (attachment 4).

- TAC was greatly encouraged by the improved quality of the proposals and the thoroughness of the overall process, and applauds the centers for their efforts.
- For activities, TAC found the proposals consistent with the CGIAR priorities and allocation approved at MTM97.
- TAC is particularly concerned about the high levels of unidentified funding for ICRISAT, ICARDA, ILRI and IIMI. If currently unidentified funding is not attained, projected

investment will be well below the levels endorsed by the Group, particularly in livestock and water management research, and hence not consistent with the high priority the CGIAR has assigned to these activities.

- TAC also flagged emerging divergence from recommended funding for several commodities and for a few centers.
- TAC re-affirmed its endorsement of projects already included in the MTPs and broadly certified new projects, except two CIMMYT projects and one IITA project, for incorporation into the Agreed Research Agenda. TAC has offered the two centers the opportunity to discuss the projects at TAC74.

Following further elaboration by the TAC Chair of TAC's views, FC noted its understanding that the program dimensions of the financing plans had been reviewed in detail and, with the exceptions noted above, broadly endorsed by TAC. The FC decided to recommend to the Group that members make a special effort to cover the shortfall in support for livestock and water activities.

In discussing the funding shortfalls, it was noted that sometimes the center proposals did not fully respond to the requirements of individual members. This required resubmission of proposals and delayed funding approvals. The FC recommends that centers make special efforts to comply with the presentation requirements set out by the members in seeking financing.

#### Center presentations

Following the earlier decision not to provide funding in a gap filling mode but to respond to specific problems identified by the centers, the FC considered several requests for special assistance.

The FC affirmed that in order for it to review the request, the center concerned had to decide whether the problems it faced were severe enough to warrant special intervention by the FC. The FC would require clear evidence that there was a significant financial problem, a succinct statement of the steps being taken to respond to the problem and TAC's concurrence that proposed actions were consistent with the

CGIAR priorities and strategies. The FC also decided that in its review of the proposal, it would take into account the extent to which the center had any accumulated reserves.

- ICRISAT faced a significant funding shortfall which, if not covered, would require dismantling of its existing research activities beyond the measures taken earlier this year. Shawki Barghouti, DG ICRISAT, informed the FC that the resolution of ICRISAT's financial problems required strategic and pragmatic actions which were acceptable to ICRISAT's stakeholders. He presented financial projections to the FC which showed a funding shortfall of over \$5 million in 1998. Responsible management actions would have to be taken to balance the budget by reducing spending to an annual level of \$22 million from the current \$27 million. This would be accomplished by 2000. ICRISAT expected to be able to elaborate on program consequences of these reductions by early 1998 and share them with TAC at TAC74. A financial supplement of \$3.5 million for each of 1998 and 1999 was required to manage the transition.
- ILRI's potential budgetary shortfall of over \$5 million jeopardized the continuation of systemwide livestock program as well as some animal health activities. Dr. Hank Fitzhugh informed the FC that ILRI intended to cover about half the 1998 shortfall by drawing on its reserves and sought special financing of \$2 million. The special financing would be primarily used to leverage and expand the SLP funding as well as provide a firm financial base for the systemwide livestock program for the next three years. In view of TAC's repeated endorsement of higher investments in livestock, ILRI was hopeful that by 1999 its programs would be on a firmer financial footing without requiring any further special financing.
- ICARDA faced a financial deficit of over \$3 million in 1997 with prospects for a similar outcome in 1998.
- IIMI's program was underfunded by well over 10% in relation to the TAC recommendation at MTM97.
- IITA faced financial problems stemming from declining amounts of unrestricted funds

which were likely to cause discontinuation of existing activities. IITA was seeking funding of over \$3 million to ensure continuation of its approved programs.

- WARDA resubmitted the request made in the 1998-2000 medium term plan for \$1.6 million to renew some of its physical facilities whose renewal had been delayed due to financing problems.

The FC discussed the proposals in light of the criteria that it had established and concluded that circumstances at ICRISAT and ILRI required immediate actions at this meeting. ICARDA and IIMI were invited to keep the FC informed about their financial developments and present comprehensive proposals which responded to the criteria at the next meeting of the FC in May 1998. It was underlined that these proposals would have to be reviewed by TAC in March 1998 prior to their consideration by the FC. The FC concluded that IITA and WARDA requests did not fully meet the criteria in their current form.

#### **World Bank Financing**

Following the formula agreed at MTM96 as amended by the Finance Committee at MTM97, the FC had tentatively determined partial allocation of the World Bank's 1998 contribution of \$45 million as follows:

- \$30 million to match, at a rate of 10%, contributions from other Members and non-CGIAR donors supporting the Agenda. (Based on center financing plans, the full amount has been matched in the center projections. In fact, if all of the unidentified funding of about \$35 million were to be available an additional \$3 million will be required for matching.)
- \$15 million was unallocated to meet the other objectives namely reserves, CGIAR partnership committee costs as well as special allocations to resolve serious financial problems.
  - It was important to understand that this provision for serious problems was not a slide back towards gap filling which had been abandoned in 1996 due to the perverse incentives it had created. If there were no problems, the unallocated

amounts could in part be allocated on a matching basis, and part put in a reserve.

- The FC was informed that about \$2.5 million may be required for the CGIAR partnership activities including the Global Forum and the CGIAR System Review whose costs were likely to be about \$1.5 million.

During ICW97, the centers made a strong plea for the FC to allocate additional amounts as matching funds upto the limit of 12% as discussed in Jakarta in May, 1996. The FC discussed in detail the implications of allocating additional funds on a matching basis as against providing special allocations to resolve financial problems. The FC decided to recommend the following:

- \$33 million to be provided as matching funds representing an increase in the ratio from 10% to 11%. However, 10% would remain the base figure in 1999;
- \$5.5 million allocated to ICRISAT(\$3.5 million) and ILRI (\$2 million). ICRISAT would be expected to elaborate the detailed plans for reducing its spending by early next year. The FC would receive these plans in May 1998 after they have been discussed with TAC at its March 1998 meeting;
- \$2.5 million set aside to meet CGIAR partnership costs and the System Review. The FC asked the Secretariat to review on its behalf, the work programs for the activities thus supported, (NGO, Private Sector and GRP Committees, Global Forum and the CGIAR System Review) and prepare a note for review by the FC at its next meeting;
- \$4 million set aside for the following items - allocation to the reserve and special financial needs, if any, of ICARDA and IIMI. As in the case of ICRISAT, both centers were encouraged to prepare operational plans which indicated how they intended to close the financing gaps. These plans would be reviewed by TAC as well, prior to their consideration by the FC at MTM98.

#### **Other Business**

The FC met with CGIAR system review panel, chaired by Mr. Maurice Strong in a joint

session with the Oversight Committee. The FC highlighted the issues enumerated in the FC paper prepared for the System review in July 1997. (attachment 5). Of particular concern were future modalities for collaborating with the private sector as well a robust mechanism to ensure that CGIAR research agenda was fully funded.

#### Collaboration with Central Asian Republics:

The FC revisited the progress made in developing a program of work aimed at expanding collaboration with Central Asian countries. Earlier in the year, in considering the medium term plan of the centers, the Group had fully endorsed the initiation of collaborative activities by the centers in 1998-2000. The FC underlined that there were no impediments in initiating the activities especially since the countries concerned had been deemed eligible for ODA by the Development Assistance Committee in 1996. It decided to bring this to the attention of the Group in order to accelerate the provision of financing.

The FC had also been made aware that, at least in some instances, activities by individual centers seemed uncoordinated leading to potential confusion among the collaborators. It was noted that ISNAR and ICARDA were in the process of developing a CGIAR program which would draw on all centers whose expertise was of relevance. It decided to recommend to the Group that centers be encouraged to take a systemwide approach in developing and

implementing a program. ESDAR in the World Bank could work to ensure that this approach was continued. The Bank may also facilitate bringing this to the attention of the relevant authorities, beyond those represented in the CGIAR, in the member countries to solicit their support and collaboration in securing financial support.

#### Partnerships between the centers and the private sector:

The FC briefly discussed the emerging partnerships between the centers and the private sector. The context is their strategic relevance to future activities of the centers as the NARS are expanding to include the private sector in multiple forms e.g. private companies, farmers organizations etc. Understanding the financial dimensions of the partnership is particularly important in context of the global debate on IPR and the changing public private sector interfaces. The FC therefore asked the Secretariat to survey center partnerships with the private sector from a financial perspective. The FC plans to review the results of the survey at its MTM98 meeting.

#### **Next Meeting**

The Committee will hold its next meeting in Brasilia, Brazil on May 23, 1998 prior to CGIAR Mid-Term Meeting May 25-29, 1998.



Attachment 1

**Copy of the Presentation made by the Finance Committee Chair**

(14 pages)



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Distribution: General  
Date: October 30, 1997

**International Centers Week 1997  
October 27 - 31  
Washington D.C.**

**Research Impact: Yesterday's Achievements, Tomorrow's  
Challenges**

**Finance Committee Report**

Attached is a copy of the presentation made by the Finance Committee Chairman,  
Mr. Michel Petit.



# 12th Meeting of the CGIAR Finance Committee : ICW97

## Agenda

- 1997 Financing Update
- 1998 Financing Plan
- Other Business

## Outcome

At the system level,

- \*Financing Plan of \$325 million approved at ICW96 will be exceeded by about two percent for an outcome of \$330 million.

## Member Perspectives

- Increases during year from Europe (Finland and Spain)
- Among developing countries,
  - \*Brazil increased its contribution
  - \*South Africa and Thailand joined the Group and disbursed their contributions
- Lagging disbursements only downside of positive 1997 picture

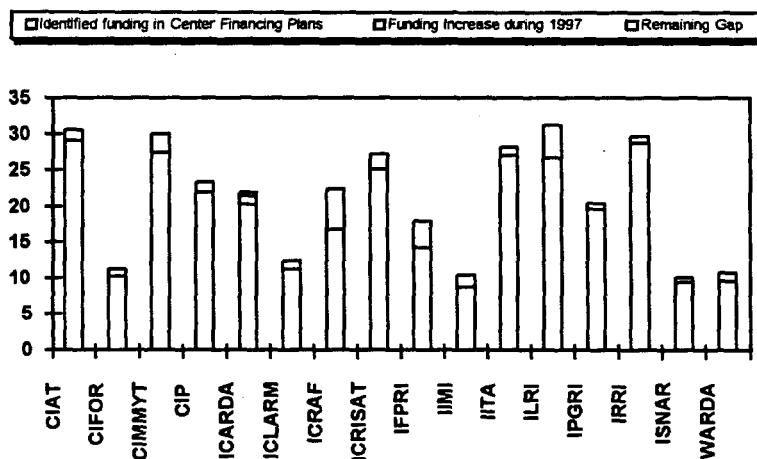
## MTM 97 Actions

- \* MTM97 actions concluded major decisions pertaining to 1997 financing
- \* MTM actions were:
  - ◇ *allocation of \$5.2 million set aside at ICW96*
  - ◇ *allocation of additional matching funds of \$.8 million*
  - ◇ *confirmation of second tranche of matching funds from ICW96*
  - ◇ *confirmation of allocations of \$1.2 million for small grants, committees and anniversary costs*

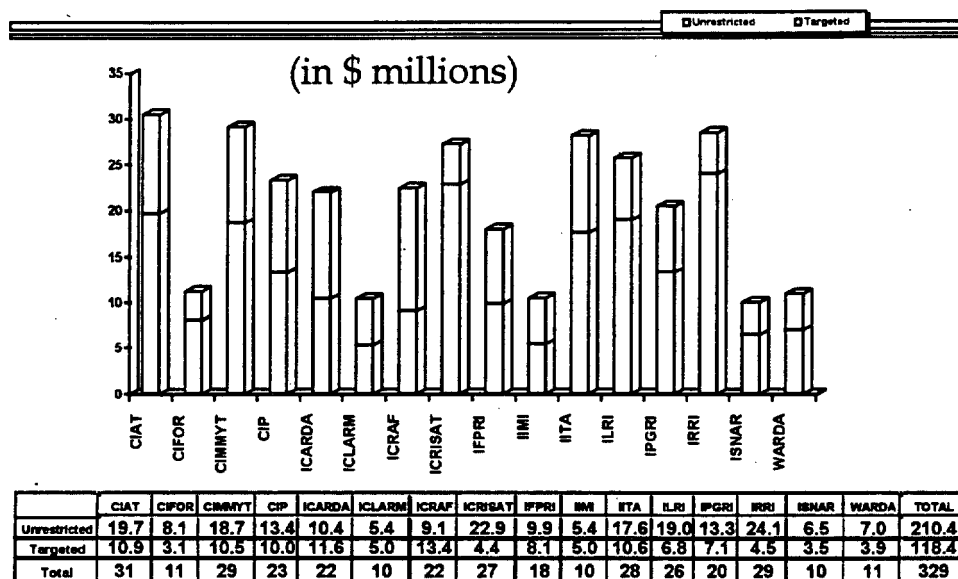
# Center Perspective

- At the center level,
  - \*Majority of centers (13) on track to meet and/or surpass financing plan targets
    - \*included in this group are 3 centers with large gaps prior to MTM actions (ICARDA, ICRISAT, and IRRI)
  - \*Financing gaps remain at ILRI but narrower than prior to MTM actions
  - \*ICLARM and ISNAR now project small gaps not anticipated at MTM

## Evolution of 1997 Agenda Funding

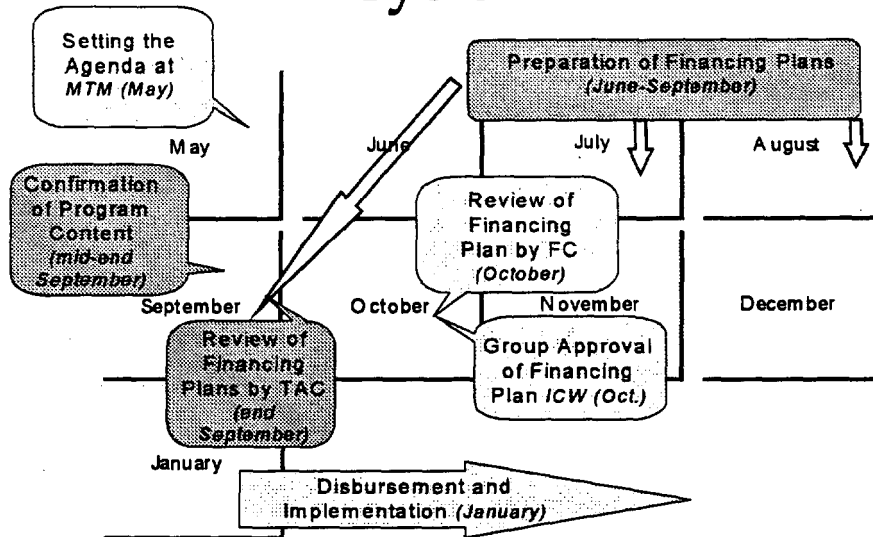


## Composition of 1997 Agenda Funding by Center



# Funding of the 1998 CGIAR Research Agenda

# Financial Decision Making Cycle



## Evolution of 1998 Funding Plans

- \*March 97: Center 1998 Proposals: \$366 m
- \*MTM97: TAC recommendation: \$350 m
- \*MTM97: Finance Committee indicative planning figure: \$335-340 million
- \*Sept 97: Center Financing Plans: \$365 million - \$330 million identified and \$34 million unidentified

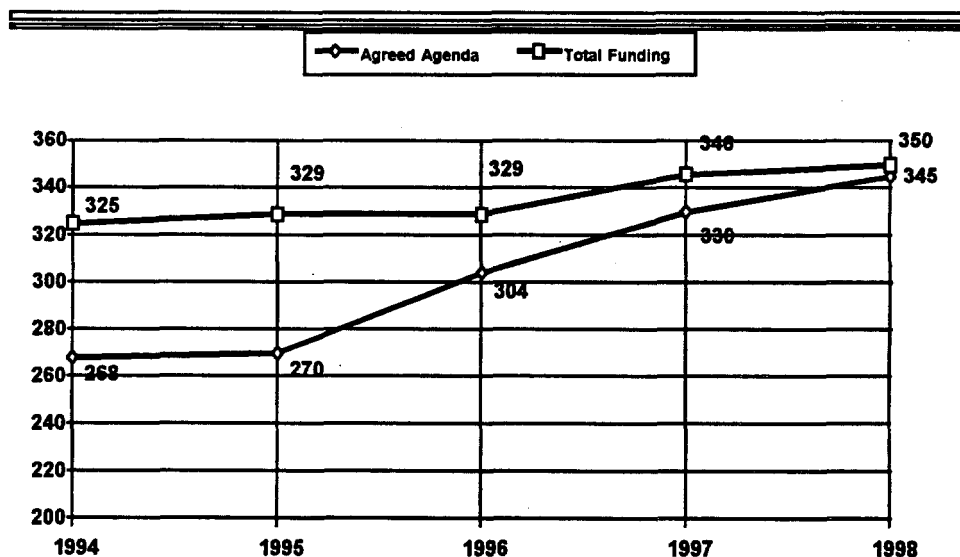
# 1998 CGIAR Research Agenda Matrix

(in \$ millions)

	Allocations by Undertaking					Center Total	Financed by:		
	L	II	III	IV	V		Funding		Center Income
	Increasing Productivity	Protecting the Environment	Saving Biodiversity	Improving Policies	Strengthening NARS		Identified	Unidentified	
CIAT	15.1	6.4	4.9	0.9	7.8	35.0	30.9	1.9	2.2
CIFOR	3.0	3.8	1.7	2.4	1.5	12.5	12.1	0.2	0.2
CIMMYT	13.5	7.9	5.0	1.5	9.7	37.5	33.6	1.8	2.1
CIP	11.0	6.3	2.0	1.1	4.2	24.6	23.1	0.1	1.5
ICARDA	11.9	4.2	2.9	1.2	7.0	27.1	20.0	5.3	1.8
ICLARM	5.5	2.5	1.3	2.3	3.0	14.6	11.3	2.9	0.3
ICRAF	11.0	3.2	1.8	2.5	4.9	23.5	21.4	1.7	0.4
ICRISAT	10.8	4.6	3.0	2.5	6.4	27.4	22.0	4.8	0.5
IFPRI	0.0	1.7	0.4	12.8	4.5	19.6	18.0	1.4	0.2
IIMI	0.1	4.4	0.0	2.3	2.5	9.3	8.7	0.3	0.2
IITA	20.0	5.7	0.9	1.2	8.2	36.1	30.3	4.1	1.7
ILRI	18.9	5.4	2.4	1.6	4.3	32.5	25.9	5.6	1.0
IPGRI	3.4	1.5	10.0	2.9	5.1	22.8	21.4	1.1	0.3
IRRI	13.3	8.8	2.2	2.6	5.2	32.1	30.7	0.1	1.3
ISNAR	0.0	0.0	0.0	5.4	5.9	11.3	9.3	1.8	0.2
WARDA	3.8	3.0	0.7	1.2	3.2	11.9	10.9	0.5	0.5
<b>Total</b>	<b>141</b>	<b>70</b>	<b>39</b>	<b>44</b>	<b>83</b>	<b>378</b>	<b>329</b>	<b>34</b>	<b>14</b>

## Agreed Agenda and Total Funding, 1994-1998

(in \$ millions)



## Trends in Context of 1994-1998

- Post renewal trend of financial stability continues in 1998
- Virtually all CGIAR funding will be channeled into the Research Agenda in 1998
- In addition to the identified funding, \$34 million remains under negotiation

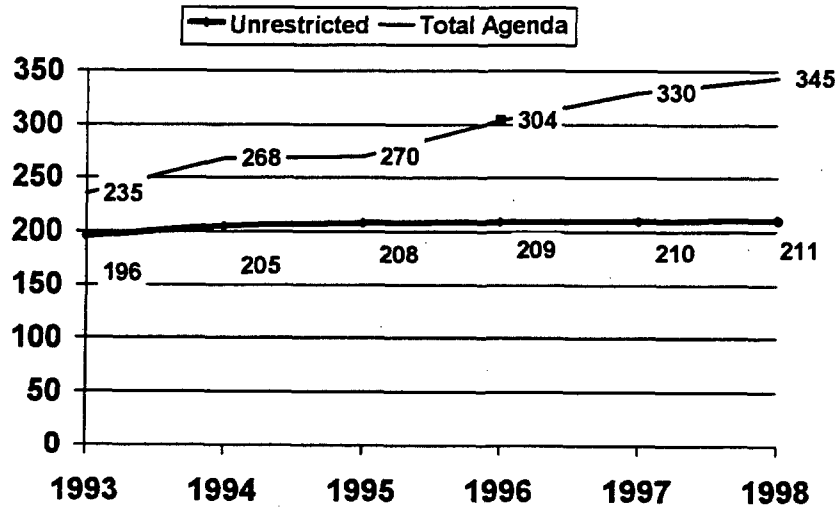
	1994	1995	1996	1997	1998
Agreed Agenda	268	270	304	330	345
Total Funding	325	329	329	346	350

## Composition of CGIAR Funding

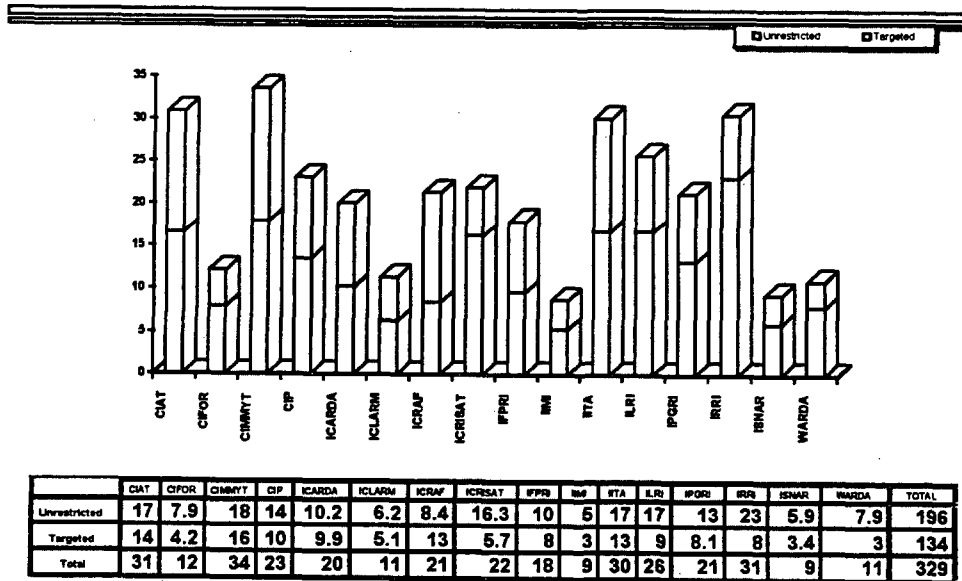
(in \$ millions)

Member Group	1994	1995	1996	1997	1998
Europe	100	107	132	145	147
North America	48	45	44	52	55
Pacific Rim	41	39	43	41	43
Developing Countries	3	5	8	11	14
International & Regional Org.	71	68	65	68	70
Foundations	4	4	6	6	6
Non-Members	0	1	5	6	10
Total Research Agenda	267	269	304	330	345

## Unrestricted and Total Agenda Funding, 1993-1998 (in \$ millions)

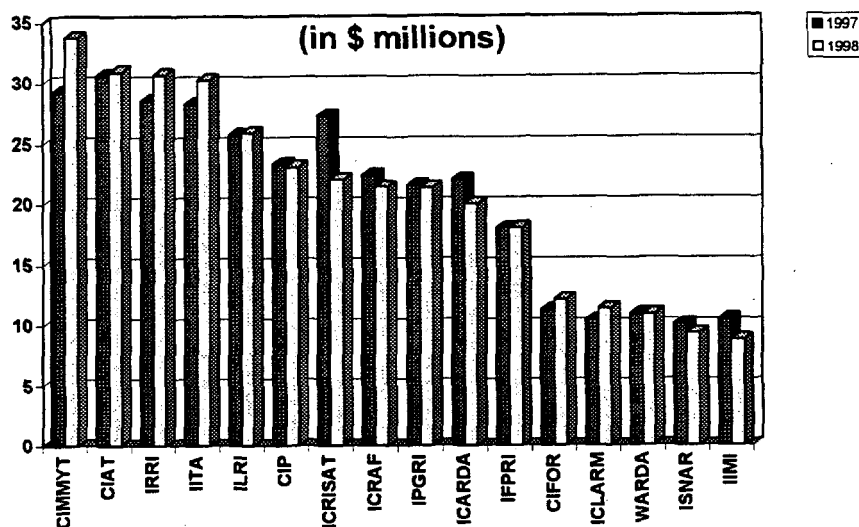


## Composition of Identified 1998 Funding by Center (in \$ millions)





## Member Funding to the Research Agenda by Center, 1997-1998



## 1998 overview

- Funding identified in Center Financing Plans: \$330 million. Including \$30 million provided as 10% match from the World Bank.
- Unallocated World Bank funds (\$15 million).

## **Demands on unallocated World Bank funds (\$15 m)**

- Crisis Funding for ICRISAT and ILRI -  
SLP: \$5.5 million request
- Higher matching ratio: \$6 million
- CGIAR Committees and System  
Review: \$2.5 million
- Reserves: Up to \$3 million
- Provision for additional matching funds:  
Up to \$3 million

## **Additional claims:**

- Special requests from ICARDA (\$3.5m)  
and WARDA (\$1.6m) and IITA (\$2.6m)
- Potential significant budgetary  
shortfalls for IIMI

## Criteria for Special Relief

- “Structural Adjustment” approach**
- **Consistency with CGIAR strategic direction**
  - **Evidence of a realistic operational plan**
  - **Special attention to Systemwide Programs**
  - **Level of reserves**

## Committee Proposals:

- **Higher matching ratio: \$3 million (ratio increases from 10% to 11%)**
- **Crisis Funding: \$5.5 million-\$3.5 million for ICRISAT and \$2 million for SLP**
- **Set Aside: \$4 million**
  - \*Individual centers ICARDA, IIMI
  - \*Additional matching?
  - \*Reserves?
- **Partnership Committees and System Review: \$2.5 million**

# Implementation

- **CGIAR Financing Plan:\$345 m**
  - \* **Center financing plans endorsed at the identified levels, the higher matching ratio and crisis funding:**
    - \* **\$330 m + \$3 m + \$5.5 m. =\$338.5 m.**
    - \* **\$2.5 m for Committees/Review**
    - \* **\$4 m set aside**
- **Disbursement of 50% of the matching amounts**
- **Review by TAC and FC of Center (ICARDA, IIMI) plans at MTM98.**
- **Matching amounts to be reviewed at MTM98 based on additional financing information.**

## Conclusions:

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>● <b>Members:</b><ul style="list-style-type: none"><li>Encouraged to pay special attention to the needs of Water and Livestock sectors</li><li>* <b>Disburse as early as possible.</b></li><li>* <b>Provide funds with as few restrictions as possible</b></li></ul></li></ul> | <ul style="list-style-type: none"><li>● <b>Centers:</b><ul style="list-style-type: none"><li>* <b>Plan on the basis of identified funding.</b></li><li>* <b>Update 1998 financing plans at MTM98</b></li></ul></li></ul> |
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# 1998 CGIAR Financing Plan

	Contributions other than World Bank			Matching World Bank		Crises Funding	Total World Bank	Total Identified Funding
	Members	Non Members	Subtotal	Amount	As a %			
CIAT	27.1	1.0	28.1	3.1	11%		3.1	31.2
CIFOR	10.5	0.5	11.0	1.2	11%		1.2	12.2
CIMMYT	29.6	0.9	30.4	3.3	11%		3.3	33.7
CIP	21.0	0.0	21.0	2.3	11%		2.3	23.3
ICARDA	16.9	1.3	18.2	2.0	11%		2.0	20.2
ICLARM	10.2	0.1	10.3	1.1	11%		1.1	11.4
ICRAF	19.4	0.1	19.5	2.1	11%		2.1	21.6
ICRISAT	19.6	0.4	20.0	2.2	11%	3.5	5.7	25.7
IFPRI	15.7	0.7	16.4	1.8	11%		1.8	18.2
IIMI	6.9	1.4	8.3	0.9	11%		0.9	9.2
IITA	27.0	0.5	27.5	3.0	11%		3.0	30.5
ILRI	22.8	0.7	23.5	2.6	11%	2.0	4.6	28.1
IPGRI	17.9	1.5	19.4	2.1	11%		2.1	21.5
IRRI	27.9	0.0	27.9	3.1	11%		3.1	31.0
ISNAR	7.7	0.8	8.5	0.9	11%		0.9	9.4
WARDA	9.3	0.6	9.9	1.1	11%		1.1	11.0
<b>Total</b>	<b>289</b>	<b>10</b>	<b>300</b>	<b>33</b>		<b>5.5</b>	<b>38.5</b>	<b>338</b>
<b>Partnership Committees &amp; System Review</b>							<b>2.5</b>	<b>2.5</b>
<b>Set Aside Bank Funds</b>							<b>4.0</b>	<b>4.0</b>
<b>Total World Bank Funds</b>							<b>45.0</b>	<b>345</b>



Attachment 2

**1997 Resource Monitoring Report**

(19 pages)

# **CGIAR**

## **1997 Resource Monitoring Report**

**(October 1997)**

**Consultative Group on International Agricultural Research**

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# Consultative Group on International Agricultural Research

**The mission of the CGIAR is to contribute through research to promoting sustainable agriculture for food security in the developing countries.**

## About This Report

This is a preliminary update on 1997 financial developments, as reported by centers in September 1997. It encompasses the likely outcome for 1997 in terms of funding and investments in relation to the 1997 financing plan approved at ICW96. Agenda financing, by center and by CGIAR member group, is updated. Estimated 1997 investments in CGIAR undertakings and programs, commodities, and functional categories (personnel, travel, etc.) are summarized, and developments in systemwide activities are discussed. For reference, actual 1996 data are included for the above components. Contextual background for the information in this report includes financial data and plans in two dimensions:

**The Past:** CGIAR investments for the period 1972-1996 provide a relevant landscape against which to review the current estimates of CGIAR investments in a number of dimensions, including CGIAR undertakings, commodities, and functional expenditure. A full report of the twenty-five year series of CGIAR investments is forthcoming but, for the purposes of this interim 1997 report, summary statistics only, for the 25 years, are available in attachment 1.

**The Future:** A second context is the future plan of action as described in the CGIAR 1998-2000 Medium Term Plan. Although this monitoring report does not frame the 1997 estimates against future plans, other documents can be reviewed for reference. These include: "*Medium Term Resource Allocation 1998-2000: Center Proposals and TAC Recommendations*" and "*Financial Requirements of the 1998 CGIAR Research Agenda*".

*This report was reviewed by the CGIAR Finance Committee at its meeting during International Centers Week in October 1997.*



# OVERVIEW

## FUNDING

### Overall

At ICW96 the Group approved a 1997 research agenda financing plan calling for funding of approximately \$325 million, and center income of \$14 million. *It is currently estimated that, in the aggregate, the financing plan target will be achieved, in spite of adverse exchange rate movements, with funding of approximately \$330 - 332 million now identified by source.*

1. Centers - at MTM97 it was confirmed that:

- eleven centers (including CIMMYT which had projected a funding gap at ICW96) were on track to meet or surpass their funding targets, partly as a result of new funding pledged since ICW96; several systemwide activities, including the water initiative, had received adequate funding or funding pledges.
- only one center's prospects (ICARDA) had deteriorated since ICW96. The remaining four (CIAT, ICRISAT, ILRI, and IRRI) were still projecting funding gaps. Funding for the systemwide program on livestock, as well as those convened by ICRISAT, continued to face financial problems.

2. Finance Committee - decisions taken at MTM97:

- World Bank funds of \$5.2 million, held back at ICW96, were allocated to CIAT, ICARDA, ICRISAT, ILRI, and IRRI. Included in this amount was support for several systemwide activities.
- the earlier distribution of the World Bank's second tranche (matching funds) was confirmed, and additional matching funds of \$0.8 million were allocated.

### Current Center-level Status for 1997

- fourteen centers are closer to their funding targets, with several exceeding it, than they were at MTM97.
- ILRI remains underfunded by a significant amount, partly because of the systemwide program on livestock shortfall. Overall, the funding gap has declined by only two percentage points since MTM (from 17% to 15%).
- ICLARM and ISNAR expect to have small shortfalls, not anticipated earlier.

## Member Perspectives

- the funding increase came mainly from the European and developing country groups. Finland and Spain provided additional funds. The estimate for Switzerland is now higher than at MTM, according to CIP (for the Andean program) and ICARDA (for the Desertification program). Brazil, South Africa and Thailand each contributed \$0.5 million in 1997, and Nigeria also announced additional support for 1997.
- notwithstanding the overall positive funding outlook, disbursement timing has deteriorated in comparison both to the 1996 actual pattern and, especially, to the target set in the CGIAR renewal. Through the third quarter (September 1997) cumulative disbursements were 46%, compared to the 1996 level of 65%. While several members were able to advance their 1997 contributions, three of the larger contributors have experienced a delay. These include Canada and the USA, as well as the European Commission, which also has not yet disbursed its 1996 contribution.

## INVESTMENTS

### Overall

The Group approved 1997 agenda investments of \$338 million. ***It is now estimated that centers' 1997 agenda investments will be \$348 million.***

1. Non-agenda investments will total \$16 million; the ICW96 estimate was \$11 million.
2. Programs which at ICW96 appeared headed for significant underfunding in 1997 included *Increasing Productivity* and the *Systemwide Livestock Program*. However, the current *Productivity* estimate for 1997 shows a higher level of investment than forecast. Part of the concern was based on the earlier estimates for 1996 which assumed a 44% share. But as can be seen from the actual results for 1996, the current estimate for 1997 suggests there will be a much more modest decline. The shortfall for the *Systemwide Livestock Program* remains as expected, but it appears that with few exceptions, other SW programs have reached stability in terms of financing and operating efficiency. Where there continue to be problems (e.g. the livestock program) centers are developing strategies for coping in 1998 and beyond.
3. Investments in all commodity groups, except livestock and fisheries, have increased or remained constant in dollar terms, compared to the financing plan estimate.
4. The recent trend of a declining personnel investment share is projected to continue.
5. While not all programs initially planned for 1997 will be executed, a financial crisis has been averted. Reserves drawdown of about \$4 million, for example, is comparable to the level estimated in October 1996.

## **CENTER STRUCTURAL CHANGE**

At ICRISAT and at IRRI major staff restructuring programs were implemented in 1997, necessitated mainly by changes in the cost environment of the host countries, and by an evolution in the staff mix and overall personnel level required for optimal program operation. The restructuring was painful to both the affected staff and to the centers, and costly in the short term. However, over the longer term it should help the centers better balance resources needed for research programs.

## **CGIAR PROJECT PORTFOLIO**

In response to member requirements for transparency in financial estimates and better articulation of center programs, centers have defined their activities in terms of well-defined projects, using a standardized format for project description, milestones, etc. The project portfolio approach was developed under TAC/CG Secretariat leadership with participation by centers, the IAEG, and CG members. Except where centers' project structure changed between 1997 and 1998, estimated 1997 allocations by undertaking and program, at the project level, were provided in the centers' 1998 financing plans. The project list is provided in attachment 2.

## 1997 CGIAR FUNDING

### COMPONENTS OF 1997 FUNDING

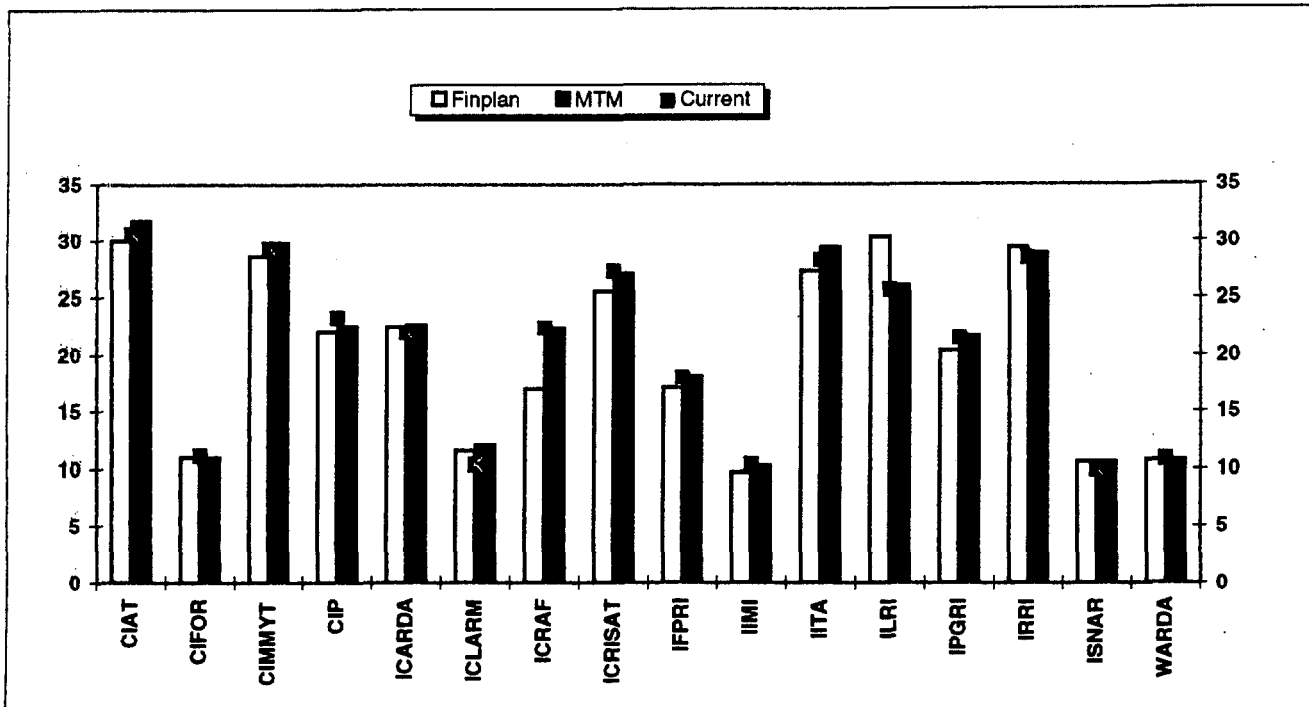
At ICW96 the Group approved a 1997 financing plan which called for total agenda investments of \$338 million. The financing plan included funding contributions of \$325 million and other income of about \$14 million. This funding level represented an increase of 8% over the planning target of \$300 million, which the Group had endorsed at MTM96. Table 1 below shows the evolution of center funding from 1996 to the present. Charts 1 and 2 provide a graphical view of center funding, showing changes from 1996 and the 1997 financing plan.

**Table 1. Financing Plans -- Agenda Funding by Center, 1995-1997**

	1996 Actual	Financing Plan	Sept. Estimate	1997			
				Change from Plan		Change from 1996	
				\$m	%	\$m	%
CIAT	31.0	30.0	30.6	0.6	2%	-0.4	-1%
CIFOR	8.7	11.1	11.2	0.1	1%	2.5	29%
CIMMYT	27.4	28.6	29.3	0.7	2%	1.9	7%
CIP	22.7	22.1	23.3	1.2	6%	0.6	3%
ICARDA	21.1	22.6	22.0	-0.6	-3%	0.9	4%
ICLARM	9.6	11.6	10.4	-1.2	-11%	0.8	8%
ICRAF	17.4	17.0	22.4	5.4	32%	5.0	29%
ICRISAT	27.4	25.5	27.3	1.8	7%	-0.1	0%
IFPRI	16.0	17.1	18.0	0.9	5%	2.0	12%
IIMI	9.0	9.7	10.4	0.7	8%	1.4	16%
IITA	22.4	27.3	28.3	0.9	3%	5.9	26%
ILRI	24.8	30.3	25.7	-4.6	-15%	0.9	4%
IPGRI	16.4	20.4	21.0	0.6	3%	4.6	28%
IRRI	28.7	29.4	28.5	-0.9	-3%	-0.2	-1%
ISNAR	10.7	10.6	10.0	-0.6	-5%	-0.7	-6%
WARDA	8.7	10.8	10.9	0.1	1%	2.2	26%
<b>TOTAL AGENDA</b>	<b>302</b>	<b>324</b>	<b>330</b>	<b>5</b>	<b>2%</b>	<b>28</b>	<b>9%</b>
Memo: non-agenda	28	11	16	5	45%	-14	-50%
<b>TOTAL FUNDING</b>	<b>330</b>	<b>335</b>	<b>346</b>	<b>10</b>	<b>3%</b>	<b>14</b>	<b>4%</b>

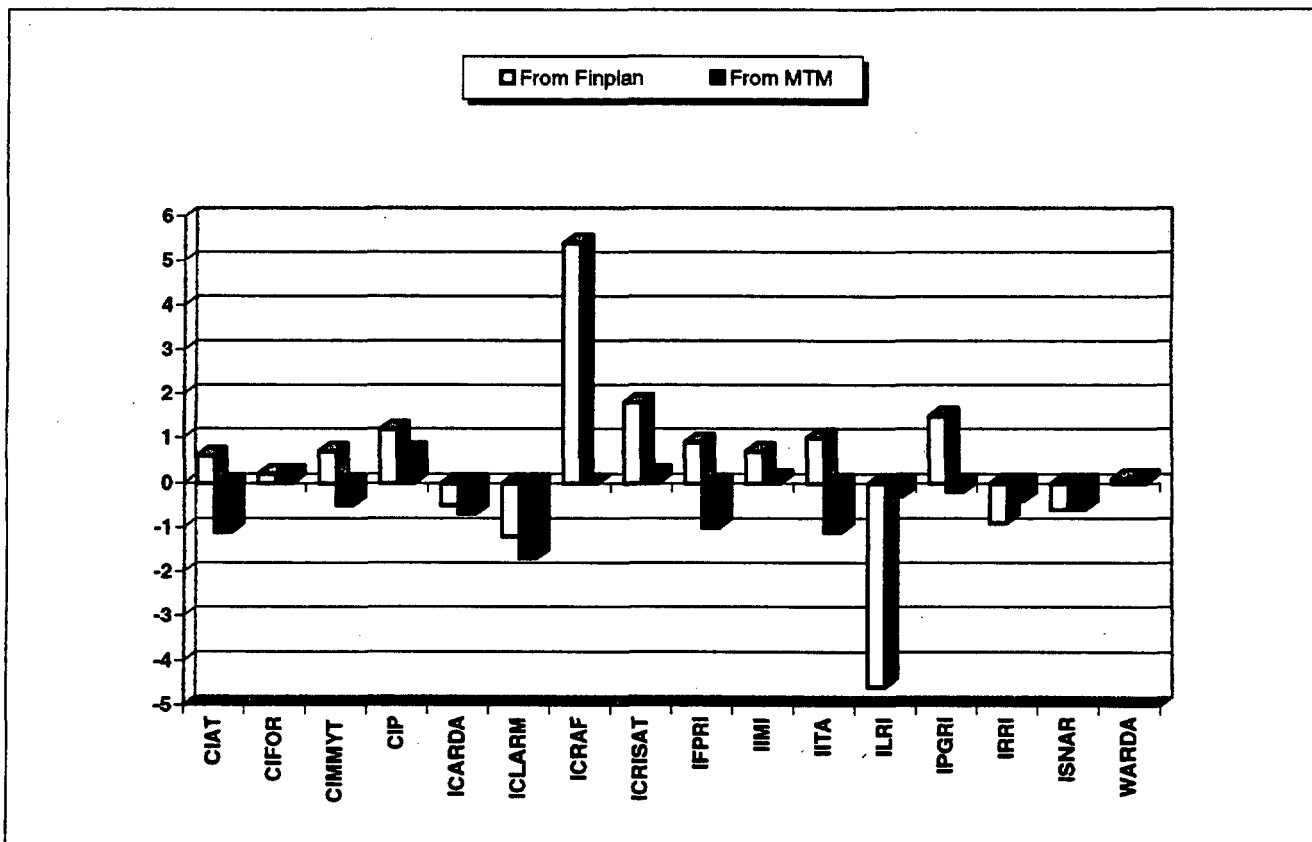
**Chart 1: 1997 Funding Status of Centers**

(in \$ millions)



**Chart 2: Changes from Current 1997 Estimate at the Center Level**

(in \$ millions)



## COMPOSITION OF 1997 FUNDING

Table 2 shows the estimate of funding for 1997 summarized by Member Groups, and the 1996 distribution for reference.

**Table 2. Research Agenda Funding, by Member Group**  
(in \$ million)

Member Group	1996 Actual	1997	
		Financing Plan	September Estimate
Europe <sup>1/</sup>	132	137	145
North America	44	47	52
Pacific Rim	43	46	41
Developing Countries	8	8	11
Foundations	6	6	6
International and Regional Organizations <sup>2/</sup>	63	60	66
Non-Member Contributions	5	16	8
<b>TOTAL</b>	<b>302</b>	<b>321</b>	<b>330</b>

1/ Includes EC

2/ An additional amount of \$2 million for the system reserve was also provided in 1996, bringing total CGIAR funding to \$304 million (ref. 1996 CGIAR Financial Report).

Within the European group, Italy, Finland, and Spain increased their contributions from both the financing plan and MTM97 level. Post-ICW96 increases from Denmark, Norway, and Switzerland were incorporated in the MTM estimate. Brazil, South Africa, and Thailand each confirmed and disbursed \$0.5 million in 1997, and CIAT revised sharply upwards the support it had projected from Colombia at MTM97.

## DISBURSEMENT OF 1997 FUNDING

The lag in 1997 disbursements compared to 1996, experienced in the first quarter, continued through the third. As noted earlier, cumulative payments through the third quarter were 46% in 1997, compared to 65% in 1996. In order to reach the 1996 year-end rate of 93%, nearly half (47%) of the current funding estimate would have to be disbursed in the final quarter of this year. Less than half of this (11%) is the unrestricted portion from the undisbursed major contributors. Based on the 1996 pattern and the 1997 experience to date, it is expected that the EC contribution will remain outstanding at year-end, which compounds the effect of the long-delayed 1996 EC contribution.

## 1997 CGIAR INVESTMENTS

### OVERALL

The \$338 million for agenda investments approved for 1997 was an increase of 3% from the original TAC-recommended level of \$327 million, and an increase of about 7% from the earlier Group-endorsed (MTM96) financial planning estimate of \$314 million. *Centers now estimate 1997 investments will be \$348 million.*

### UNDERTAKINGS AND PRODUCTION SECTORS

Table 3 summarizes the distribution of CGIAR investments in various programs, and shows where changes in emphasis have occurred since 1996.

**Table 3. Investments in CGIAR Undertakings and Activities, 1996-1997**

	1996 Actual		1997 Finplan		1997 Estimate	
	\$m	%	\$m	%	\$m	%
<b>Increasing Productivity</b>	<b>129</b>	<b>40%</b>	<b>134</b>	<b>40%</b>	<b>130</b>	<b>38%</b>
Enhancement & breeding	59	18%	57	17%	61	17%
Production systems	70	22%	78	23%	70	20%
<b>Protecting the Environment</b>	<b>54</b>	<b>17%</b>	<b>60</b>	<b>18%</b>	<b>63</b>	<b>18%</b>
<b>Saving Biodiversity</b>	<b>35</b>	<b>11%</b>	<b>33</b>	<b>10%</b>	<b>36</b>	<b>10%</b>
<b>Improving Policies</b>	<b>39</b>	<b>12%</b>	<b>41</b>	<b>12%</b>	<b>44</b>	<b>13%</b>
<b>Strengthening NARS</b>	<b>69</b>	<b>21%</b>	<b>70</b>	<b>21%</b>	<b>75</b>	<b>21%</b>
Information	18	6%	17	5%	19	6%
Networks	14	4%	13	4%	13	4%
Organization & management	12	4%	12	3%	14	4%
Training & professional dev.	25	8%	27	8%	28	8%
<b>TOTAL</b>	<b>325</b>	<b>100%</b>	<b>338</b>	<b>100%</b>	<b>348</b>	<b>100%</b>

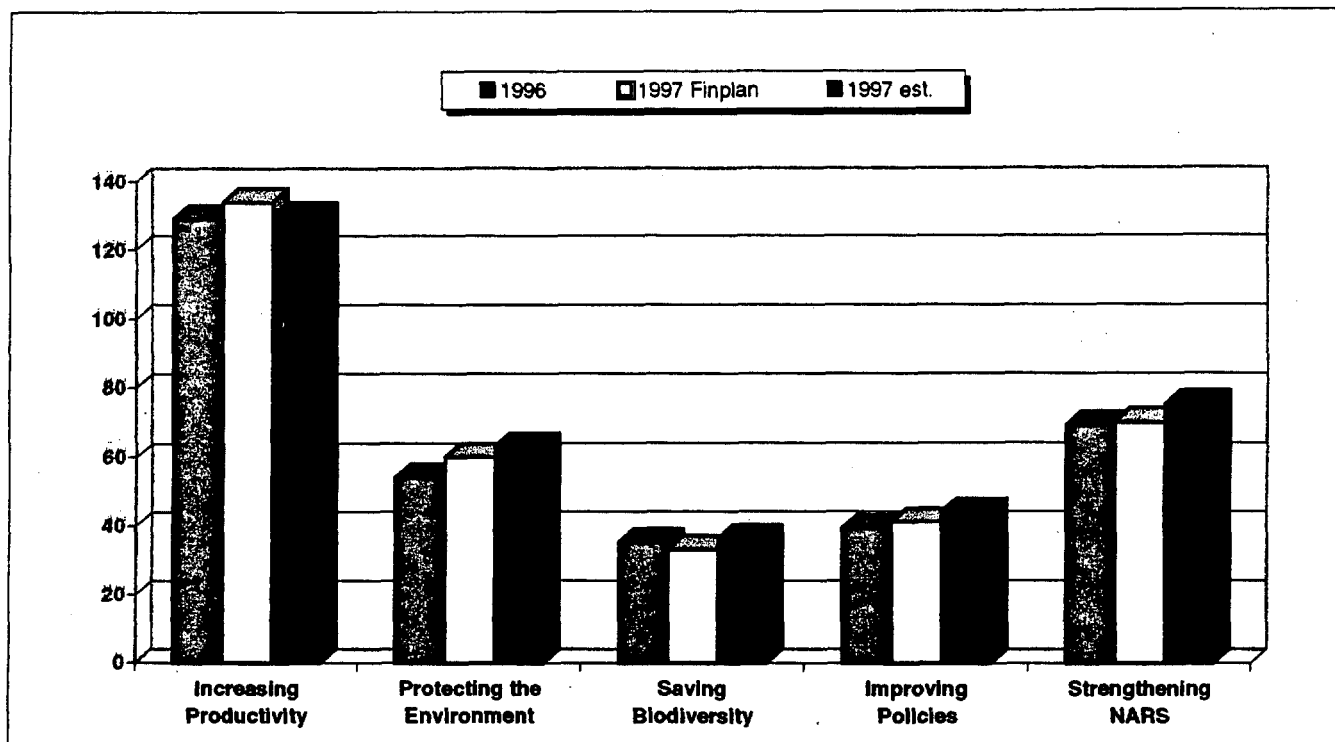
The \$348 million for investments is 3% above the level of the 1997 financing plan, and 7% higher than the 1996 level. Notable changes in relative shares include a reduction in *Increasing Productivity* by 2%, and smaller increases in the other undertakings. However, most of the *Productivity* reduction results from a 1997 redefinition of the CIP program, as well as the smaller ILRI program overall.

The following charts provide a graphical view of CGIAR investments by center, specifically:

Chart 3: investments in CGIAR undertakings.

Chart 4: Changes in Undertaking Investments - 1997 Estimate vs 1996, and the 1997 Financing Plan.

**Chart 3. Investments in CGIAR Undertakings, 1996-1997**  
(in \$ millions)



**Chart 4. Investments in CGIAR Undertakings: Changes Between 1996 and 1997**  
(in \$ millions)

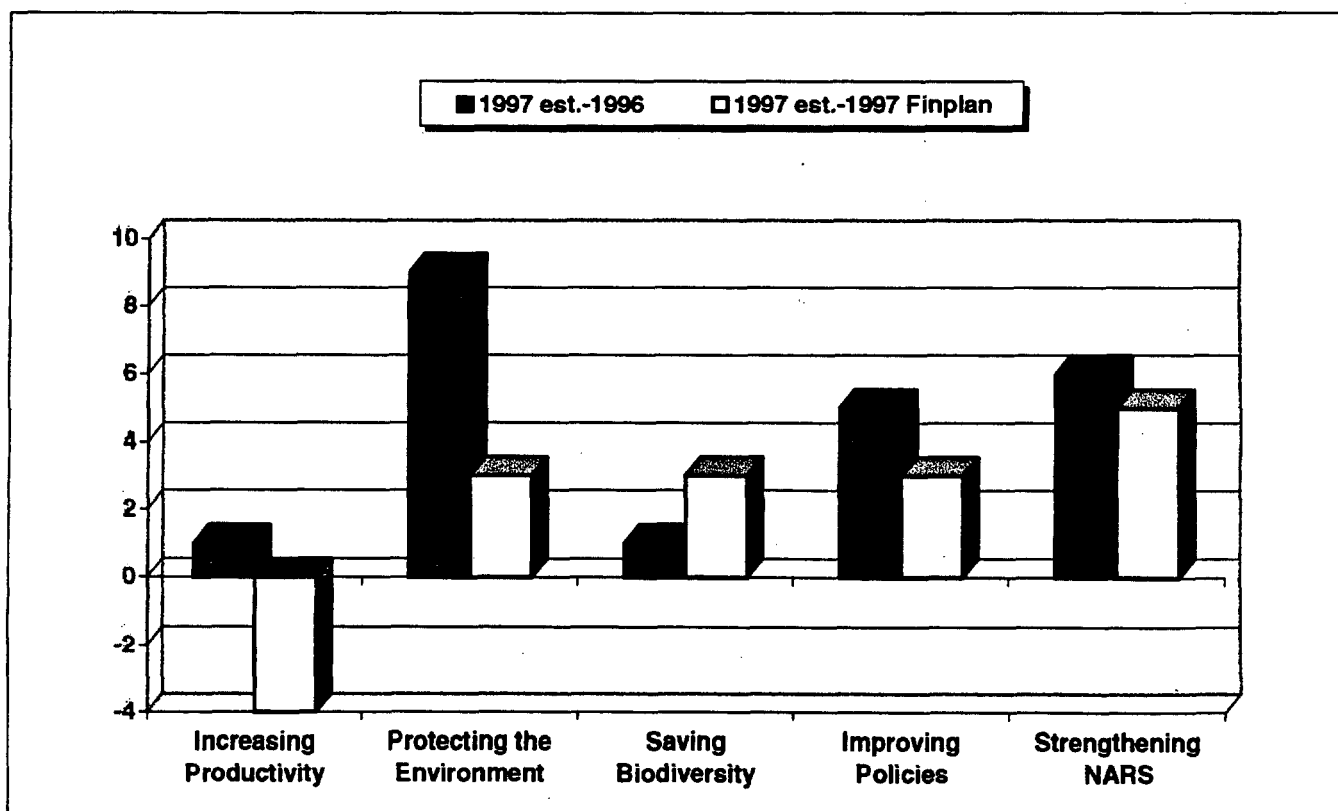




Table 4 shows estimated center-level investments for the five undertakings in 1997, and the sources of income (i.e., funding and center income/reserves).

**Table 4. Center Estimates of 1997 Investments by Undertaking**

	Allocations by Undertaking										Financed by:		
	Increasing Productivity		Protecting the Environment		Saving Biodiversity		Improving Policies		Strengthening NARS		Center Total	Funding	Center Sources
	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%	\$m	\$m	\$m
CIAT	14.3	43%	5.9	18%	4.3	13%	0.9	3%	7.5	23%	33.0	30.6	2.4
CIFOR	2.6	23%	3.3	30%	1.6	15%	2.1	19%	1.4	13%	11.1	11.2	0.2
CIMMYT	10.7	34%	8.9	28%	3.9	12%	1.1	4%	7.1	22%	31.7	29.3	2.3
CIP	10.0	40%	5.2	21%	3.7	15%	2.1	8%	3.9	16%	25.0	23.3	1.5
ICARDA	10.8	43%	4.0	16%	2.7	11%	1.1	5%	6.4	26%	25.1	22.0	2.3
ICLARM	3.8	34%	2.6	23%	0.7	6%	1.5	14%	2.5	22%	11.0	10.4	0.4
ICRAF	11.4	52%	2.9	14%	1.7	8%	2.2	10%	3.4	16%	21.7	22.4	0.3
ICRISAT	13.3	45%	5.0	17%	2.7	9%	2.7	9%	5.8	20%	29.5	27.3	1.2
IFPRI	0.0	0%	0.0	0%	0.0	0%	15.8	87%	2.3	13%	18.1	18.0	0.3
IIMI	0.1	1%	5.1	47%	0.0	0%	2.6	24%	3.1	28%	10.9	10.4	0.3
IITA	17.4	55%	5.7	18%	1.0	3%	1.2	4%	6.5	21%	31.8	28.3	2.7
ILRI	16.3	58%	4.1	15%	2.2	8%	1.2	4%	4.4	15%	28.2	25.7	2.6
IPGRI	2.7	14%	1.1	6%	8.9	45%	2.5	12%	4.6	23%	19.8	21.5	0.3
IRRI	13.6	46%	6.3	21%	2.3	8%	2.2	7%	5.4	18%	29.8	28.5	1.2
ISNAR	0.0	0%	0.0	0%	0.0	0%	3.1	29%	7.5	71%	10.6	10.0	0.4
WARDA	3.5	31%	2.9	26%	0.6	6%	1.3	11%	3.0	27%	11.3	10.9	0.3
<b>TOTAL</b>	<b>131</b>	<b>37%</b>	<b>63</b>	<b>18%</b>	<b>36</b>	<b>10%</b>	<b>44</b>	<b>12%</b>	<b>75</b>	<b>22%</b>	<b>348</b>	<b>330</b>	<b>19</b>

Estimated changes at the center level compared to the 1997 financing plan for investments in undertakings, are shown in table 5 below.

**Table 5. Changes in Center 1997 Investments by Undertaking**

	Changes in Allocations, by Undertaking						Total Invest.		
	Increase Product	Protect the Environ	Save Biodiver	Improve Policies	Strengthen NARS	Center Total	Finplan	Sept. Est	Memo: 1996
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
CIAT	2.4	-1.7	0.7	-0.2	0.8	1.9	31.1	33.0	36.8
CIFOR	-0.2	0.0	0.6	-0.4	-0.1	-0.2	11.3	11.1	9.4
CIMMYT	-0.2	-0.2	-0.1	0.0	-0.1	-0.6	32.4	31.7	28.7
CIP	-3.9	1.3	2.1	1.1	1.3	1.9	23.1	25.0	24.6
ICARDA	-0.1	0.9	-0.8	0.6	-0.6	0.0	25.1	25.1	23.2
ICLARM	-0.1	0.7	-0.6	-0.3	-0.2	-0.6	11.7	11.0	8.6
ICRAF	2.6	0.8	0.8	0.8	-0.5	4.5	17.2	21.7	17.4
ICRISAT	-0.3	-0.1	0.7	0.2	0.5	0.9	28.6	29.5	28.8
IFPRI	0.0	0.0	0.0	1.0	-0.2	0.8	17.3	18.1	16.2
IIMI	0.1	-1.1	0.0	0.1	1.9	1.0	9.9	10.9	9.2
IITA	2.2	-0.1	-0.4	-0.7	2.7	3.8	28.1	31.8	28.4
ILRI	-2.6	1.0	-0.5	-0.1	0.1	-2.1	30.3	28.2	25.9
IPGRI	-0.2	-0.2	1.5	-0.1	-0.6	0.4	19.5	19.8	16.5
IRRI	-1.2	0.7	-1.3	0.2	0.4	-1.2	30.9	29.8	30.4
ISNAR	0.0	0.0	0.0	0.2	-0.5	-0.3	10.9	10.6	11.2
WARDA	-1.6	0.9	0.3	0.1	0.6	0.2	11.1	11.3	9.8
<b>TOTAL</b>	<b>-3</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>10</b>	<b>338</b>	<b>348</b>	<b>325</b>

## INVESTMENTS IN COMMODITIES

The estimated 1997 commodity group investments are summarized in table 6. For comparison, the annual average of the same groups for the five years 1992-1996 are also shown<sup>1</sup>.

Table 6. Commodity Group and Sector Investments, 1992-1996 and 1997

	1992-1996 (avg)		1997 Finplan		1997 Estimate	
	\$m	%	\$m	%	\$m	%
Cereals	120	42%	105	37%	105	36%
Legumes	38	13%	40	14%	42	14%
Roots and Tubers	58	20%	52	18%	56	19%
<b>Total Crops</b>	<b>216</b>	<b>75%</b>	<b>197</b>	<b>69%</b>	<b>204</b>	<b>69%</b>
Livestock	44	15%	47	16%	45	15%
Trees	20	7%	31	11%	35	12%
Fish	7	2%	12	4%	11	4%
<b>TOTAL</b>	<b>288</b>	<b>100%</b>	<b>286</b>	<b>100%</b>	<b>294</b>	<b>100%</b>

In addition to some changes within the crops groupings, the most significant shifts are growth for the forestry and fisheries sectors. In spite of concerns for livestock funding, the 1997 level is the historical share, about 15%, of CGIAR expenditures.

## INVESTMENTS BY OBJECT OF EXPENDITURE

Estimated 1997 investments for personnel, supplies/services, travel, and depreciation are shown in table 7, along with 1996 values and the 1997 financing plan.

Table 7. CGIAR Investments by Functional Category, 1996 and 1997

	1996 Actual		1997 Plan		1997 Estimate	
	\$m	% Share	\$m	% Share	\$m	% Share
Personnel	173	53%	175	52%	176	51%
Supplies/Services	111	34%	120	36%	128	37%
Travel	22	7%	23	7%	24	7%
Depreciation	20	6%	20	6%	20	6%
<b>TOTAL</b>	<b>325</b>	<b>100%</b>	<b>338</b>	<b>100%</b>	<b>348</b>	<b>100%</b>

Changes in object expenditure patterns, though minor overall in percentage terms compared to the financing plan, suggest that the recent trend whereby personnel costs are decreasing is expected to continue through 1997.

<sup>1</sup> Included in 1992-1996 values is the non-agenda investment, so the absolute numbers for some commodity groups (notably cereals) are slightly higher, relatively, than the comparable 1997 values.

## CGIAR Total Investments, 1972-1996

(USD million and %, 5-year periods)

1/

	1972-1976		1977-1981		1982-1986		1987-1991		1992-1996		TOTAL	
	\$ million	%	\$ million	%	\$ million	%	\$ million	%	\$ million	%	\$ million	%
<b>By Center</b>												
CIAT	31	15%	75	12%	116	11%	158	11%	172	10%	552	11%
CIFOR									26	2%	26	1%
CIMMYT	42	21%	81	13%	118	12%	163	11%	153	9%	557	11%
CIP	12	6%	37	6%	60	6%	100	7%	116	7%	325	7%
ICARDA	1	0.5%	52	8%	101	10%	117	8%	111	7%	382	8%
ICLARM									35	2%	35	1%
ICRAF									78	5%	78	2%
ICRISAT	20	10%	69	11%	117	11%	191	13%	159	10%	556	11%
IFPRI			8	1%	28	3%	51	4%	69	4%	156	3%
IIMI									46	3%	46	1%
IITA	41	20%	92	15%	151	15%	178	12%	174	10%	635	13%
ILRI	14	7%	84	14%	119	12%	167	12%	134	8%	518	11%
IPGRI	1	0.5%	12	2%	21	2%	34	2%	82	5%	150	3%
IRRI	40	20%	94	15%	138	14%	181	13%	207	12%	659	13%
ISNAR			3	0.5%	22	2%	43	3%	54	3%	122	2%
WARDA	2	1%	13	2%	29	3%	40	3%	47	3%	131	3%
<b>TOTAL</b>	<b>204</b>	<b>100%</b>	<b>617</b>	<b>100%</b>	<b>1,021</b>	<b>100%</b>	<b>1,422</b>	<b>100%</b>	<b>1,663</b>	<b>100%</b>	<b>4,927</b>	<b>100%</b>
<b>By Undertaking</b> 2/												
Productivity	151	74%	433	70%	648	63%	893	63%	757	46%	2,881	58%
Environment	13	6%	56	9%	93	9%	98	7%	245	15%	505	10%
Biodiversity	1	0.5%	15	2%	33	3%	55	4%	140	8%	244	5%
Policy			7	1%	27	3%	38	3%	172	10%	244	5%
NARS	40	19%	106	17%	220	22%	340	24%	348	21%	1,053	21%
<b>TOTAL</b>	<b>204</b>	<b>100%</b>	<b>616</b>	<b>100%</b>	<b>1,021</b>	<b>100%</b>	<b>1,424</b>	<b>100%</b>	<b>1,663</b>	<b>100%</b>	<b>4,928</b>	<b>100%</b>
<b>By Commodity Group</b> 3/ (and production sector)												
Cereals	114	56%	274	46%	465	49%	626	48%	601	42%	2,080	46%
Legumes	31	15%	111	19%	170	18%	221	17%	191	13%	724	16%
Roots & Tubers	29	14%	82	14%	128	13%	198	15%	290	20%	727	16%
<b>Total Crops</b>	<b>174</b>	<b>86%</b>	<b>467</b>	<b>79%</b>	<b>763</b>	<b>80%</b>	<b>1,045</b>	<b>81%</b>	<b>1,082</b>	<b>75%</b>	<b>3,531</b>	<b>79%</b>
Livestock	29	14%	126	21%	187	20%	250	19%	222	15%	814	18%
Trees									101	7%	101	2%
Fish									35	2%	35	1%
<b>TOTAL</b>	<b>203</b>	<b>100%</b>	<b>594</b>	<b>100%</b>	<b>949</b>	<b>100%</b>	<b>1,295</b>	<b>100%</b>	<b>1,440</b>	<b>100%</b>	<b>4,481</b>	<b>100%</b>
<b>By Object</b>												
Personnel	87	43%	312	51%	564	55%	778	55%	900	54%	2,641	54%
Supplies/Services	58	28%	183	30%	302	30%	423	30%	540	32%	1,506	31%
Travel	11	5%	35	6%	70	7%	106	7%	110	7%	332	7%
Capital/Depreciation	48	24%	87	14%	85	8%	116	8%	112	7%	448	9%
<b>TOTAL</b>	<b>204</b>	<b>100%</b>	<b>617</b>	<b>100%</b>	<b>1,021</b>	<b>100%</b>	<b>1,423</b>	<b>100%</b>	<b>1,662</b>	<b>100%</b>	<b>4,927</b>	<b>100%</b>

1/ Non-agenda investments are assumed to be in the same proportions as agenda activity. Values also include all overheads.

2/ Certain assumptions were made in order to calculate values in "environment" and "biodiversity" undertakings from 1972 to 1991.

3/ The total for commodity/production sector is lower than in the other categories, since not all centers have activity in these dimensions.

## Estimated Investments in 1997 CGIAR Projects

<u>CIAT</u>	<u>\$ million</u>
001. Integrated conservation of neotropical genetic resources	1.2
002. Agrobiodiversity assessment and enhancement	2.9
003. Better beans: sustainable productivity, input use efficiency	2.7
004. Meeting demands for beans in sub-Saharan Africa	3.8
005. Roots and development: genetic enhancement of cassava	1.6
006. Improved rice germplasm for LAC	2.6
007. Tropical grasses and legumes	1.5
008. IPM for a safer environment	2.0
009. Confronting soil degradation	1.7
010. Community Management of Watershed Resources	2.3
011. Environmental Sustainability and Land Use Dynamics	1.2
012. Sustainable use of natural resources	3.0
013. Rural Agroenterprises	0.9
014. Strengthening Public and Private Linkages	2.3
015. Methods of Farmer Participation	1.0
016. Assessment of past and expected impact of research	0.5
017. Tropical Latin America Program (SW)	0.3
018. Soil, Water, and Nutrient Management - (SW)	0.8
019. Farmer participatory research (SW)	0.9
<b>Total</b>	<b>33.0</b>

<u>CIFOR</u>	<u>\$ million</u>
001. Underlying Causes of Deforestation	1.3
002. Forest Ecosystem Management	0.8
003. Natural forest management	1.7
004. Criteria and indicators	1.2
005. Plantations	1.6
006. Biodiversity and genetic resources	0.8
007. Community forestry	0.8
008. Non-timber forest products	1.2
009. Impact and information	1.2
010. Policies, Technologies and Global Changes	0.2
011. External Review	0.2
012. Genetic resources (SW)	0.1
013. Alternatives to slash and burn (SW)	0.2
<b>Total</b>	<b>11.1</b>

CIMMYT *Note: the 1998 project portfolio is shown below; detailed 1997 project investments are not available*

	<u>\$ million</u>
001. Conservation and management of genetic resources	
002. Developing core germplasm and integrating interdisciplinary approaches for the improvement of maize	
003. Developing core germplasm and integrating interdisciplinary approaches for the improvement of wheat	
004. Increasing maize productivity and sustainability in stressed environments: abiotic and biotic stress	
005. Increasing wheat productivity and sustainability in stressed environments: abiotic stress	
006. Increasing wheat productivity and sustainability in stressed environments: biotic stress	
007. Gauging the productivity, equity, and environmental impact of modern maize and wheat production systems	
008. Building partnerships through human resource development	
009. Improving food security in Sub-Saharan Africa	
010. Meeting the accelerating demand for maize development, production, & delivery in South & SE Asia & China	
011. Sustainable wheat production systems in the Indo-Gangetic plains and China	
012. Increasing cereal food production in WANA	
013. Enhancing Latin American maize and wheat production systems	
014. Raising the yield potential of wheat	
015. Apomixis – Equity in access to hybrid vigor for resource poor farmers	
016. Using genetic engineering to improve tolerance to biotic and abiotic stresses in tropical maize and in wheat	
017. Improving human nutrition - enhancing bio-available protein & micronutrients in maize wheat & triticale	
018. Genetic approaches to reducing post harvest losses	
019. Priority setting and technology forecasting for increased research efficiency	
020. Learning to more effectively confront problems of resource degradation in maize and wheat systems	
021. Wheat germplasm development in the Newly Independent States	
<b>Total</b>	<b>29.3</b>

<u>CIP</u>	<u>\$ million</u>
001. Integrated control of potato late blight	3.0
002. Integrated Control of Potato Bacterial Wilt	0.9
003. Control of potato viruses	1.9
004. Integrated management of potato pests	1.6
005. Propagation of clonal potato planting materials	3.0
006. Sexual Potato Propagation	1.2
007. Postharvest utilization of potato	0.4
008. Global sector commodity analysis and impact assessment for potato	0.6
009. Control of sweetpotato viruses	0.7
010. Integrated management of sweetpotato pests	0.9
011. Propagation of sweetpotato planting materials	0.3
012. Postharvest utilization of sweetpotato	0.8
013. Breeding for high dry matter in sweetpotato	1.9
014. Global sector commodity analysis and impact assessment for sweetpotato	1.0
015. Potato production in rice-wheat systems	0.1
016. Sustainable land use in the Andes	1.8
017. Conservation and characterization of potato genetic resources	1.9
018. Conservation and characterization of sweetpotato genetic resources	0.6
019. Conservation and characterization of Andean root and tuber crops	2.4
<b>Total</b>	<b>25.0</b>

<u>ICARDA</u>	<u>\$ million</u>
001. Barley improvement	2.0
002. Durum wheat improvement	1.5
003. Spring Bread Wheat	0.7
004. Facultative Bread Wheat	0.7
005. Food legumes	2.4
006. Forage Legumes	0.7
007. Integrated pest management	1.5
008. Agronomic Management	1.7
009. Sown pasture and forage production	1.2
010. Native pasture and rangeland management	1.6
011. Small ruminant production	1.1
012. Water resource management	2.7
013. Land management and soil conservation	0.4
014. Biodiversity conservation	2.9
015. Agroecological Characterization	0.8
016. Socioeconomics of NRM	0.7
017. Socioeconomics of production systems	0.8
018. Policy and public management research	0.6
019. Strengthening of national seed systems	1.2
<b>Total</b>	<b>25.1</b>

<u>ICLARM</u>	<u>\$ million</u>
001. Assessing Aquatic Biodiversity and Genetic Resources	0.7
002. Aquatic Biodiversity and Genetic Resources Training	0.4
003. Germplasm enhancement and breeding	1.0
004. Assessing and Managing Coral Reef Degradation	0.6
005. Facilitating Decision-Making In Coastal Zone Management	0.1
006. Multi-Sectoral Use of Inland Aquatic Resource Systems	0.4
007. Coastal Environments Initiative - (SW)	0.4
008. Fisheries Resources Management	1.1
009. Integrated aquaculture-agriculture systems	1.3
010. Aquaculture and stock enhancement on coral reefs	1.1
011. Ecological Economics for Sustainable Use of Aquatic Resource Systems	0.7
012. Aquatic Resources Research Impact: Methods and Assessment	0.3
013. Policy Analysis of the Contribution of Fisheries To Food Security	0.6
014. Communication and dissemination of scientific information	1.1
015. New Methods and Technologies for Training in Living Aquatic Resources Management	0.2
016. Information and Research Networks and Linkages	0.7
017. Fish Health Baseline Studies and Diagnostics	0.4
<b>Total</b>	<b>11.0</b>

**ICRAF****\$ million**

001. Land use and agroecosystem dynamics	1.4
002. Integrated assessment of natural resources management options	0.6
003. Natural resources policy development	1.6
004. Ecological, Social and Economic Impact Assessment of Agroforestry	1.0
005. Genetic Improvement Strategies for Agroforestry Trees	0.9
006. Genetic Resources of Agroforestry Trees	1.2
007. Propagation Systems for Agroforestry Trees	0.5
008. Field Testing of Agroforestry Trees	1.4
009. Water-Use Management in Agroforestry	0.8
010. Nutrient Replenishment and Management In Agroforestry	1.4
011. <i>Productivity and environmental benefits of complex agroforests</i>	0.3
012. Agroforestry systems for the East African highlands	1.4
013. Agroforestry systems for the southern Africa plateau	2.7
014. Agroforestry systems for the desert margins in sub-Saharan Africa	0.4
015. Agroforestry alternatives to slash and burn in West Africa	0.4
016. Agroforestry alternatives to slash and burn in Latin America	0.7
017. Agroforestry alternatives to slash and burn in Southeast Asia	1.5
018. Group training in agroforestry	1.0
019. Individual training in agroforestry	0.6
020. Agroforestry Training Materials	0.3
021. Strengthening agroforestry in tertiary education	0.6
022. Information for agroforestry research and development	1.0
<b>Total</b>	<b>21.7</b>

**ICRISAT****\$ million**

001. Sorghum improvement	5.3
002. Pearl millet improvement	4.0
003. Chickpea improvement	1.7
004. Pigeonpea improvement	2.0
005. Groundnut improvement	4.5
006. Desert margins systems	3.0
007. Dry savanna systems	2.6
008. Semi-arid watershed systems	1.5
009. Diversifying rice-wheat systems	1.1
010. Research evaluation, impact assessment, and priority setting	1.1
011b. Markets and Policy - Socio-Economic and Impact Projects	1.0
012b. Genetic resources collection, conservation, evaluation, and utilization	1.7
<b>Total</b>	<b>29.5</b>

**IFPRI****\$ million**

001. Input market reform and development	1.0
002. Output market reform and development	1.2
003. Rural financial policies for food security of the poor	0.5
004. Marketing, institution, infrastructure policies – Agricultural commodities, diversification, and export promotion	0.6
005. Arresting deforestation and resource degradation in the forest margins	1.0
006. Water Resource Allocation: Productivity and Environmental Impacts	1.1
007. Property rights and collective action in natural resource management	1.0
008. Macroeconomic policy reforms, rural development, and the environment	1.0
009. Urban challenges to food and nutrition security	0.4
010. Gender and intrahousehold aspects of food policy	1.6
011. Safety nets for food security	1.9
012. Agricultural research, extension, and education policy	1.2
013. Global and regional trade	0.6
014. Priorities for public investment in agricultural and rural areas	
015. The 2020 vision for food, agriculture, and the environment	1.0
016. Sustainable development of less favored lands	1.2
017. Agricultural strategies for micronutrients	0.6
018. Synthesis 1- non-farm rural development	0.1
019. Synthesis 2- strategies for poverty alleviation	
020. Training & Conferences	1.1
021. Documentation	1.0
022. Library	0.2
<b>Total</b>	<b>18.1</b>

<u>IIMI</u>	<u>\$ million</u>
001. Performance assessment of irrigation and water resource systems (SWIM Project No.1)	1.9
002. Applying advanced information systems in performance assessment	0.9
003. Irrigation design/moderniz./maintain/operations criteria - different climate, topography & socioecon conditions	1.0
004. Managing salinity to improve and maintain productivity in irrigated agriculture (SWIM project no.2)	0.7
005. Improving irrigation and crop management practices to increase the productivity of water (SWIM project no.3&4)	0.5
006. Framework and methodologies for management of irrigation in water resource systems	1.3
007. Options for managing inter-sectoral water allocation in water-scarce basins (SWIM project no.5)	0.7
008. Irrigation & water resource institutions: management models, reform strategies & support systems for the future	1.4
009. Women and water in irrigated agriculture	0.8
010. Identifying impacts of irrigation on human health and management options to achieve improved health	0.6
011. Issues and options in multiple uses of water in irrigated areas (SWIM project no.6)	0.5
012. Enhancing management of water in upper watersheds for sustainability and productivity (SWIM project no.7)	0.6
013. Document impacts: water pollution on irrigated agriculture & irrigated agriculture on water quality in water basins	0.6
<b>Total</b>	<b>10.8</b>

<u>IITA</u>	<u>\$ million</u>
001. Short Fallow Stabilization	2.2
002. Agroecosystem Development Strategies	1.4
003. Biological Control of Pests In Three Agroecosystems	1.2
004. Integrated Control of Pests and Diseases of Legumes	2.7
005. Integrated Pest Management of Pests and Diseases of Maize	1.7
006. Integrated Control of Pests and Diseases of Cassava	2.8
007. Improving Plantain and Banana-Based Systems	3.7
008. Integrated Control of Striga and Other Parasitic Plants	1.0
009. Improving Postharvest Systems	1.2
010. Farming Systems Diversification	1.6
011. Cowpea-Cereals Systems Improvement In the Dry Savannas	0.7
012. Improvement of Maize-Grain Legume Systems In the Guinea Savanna	1.8
013. Improvement of Yam-Based Systems In the Guinea Savanna	1.0
014. Cassava Productivity In Lowland Savannas and Mid-Altitudes	3.4
015. Recombinant DNA, Molecular Diagnostics and Cellular Biotechnology for Crop Improvement	1.3
016. Conservation and Genetic Enhancement of Plant Biodiversity	1.2
017. Improving the Impact of IITA'S Research Results	2.2
018. Eco-regional Program – Humid Tropics/Africa (SW)	0.5
019. Integrated Pest Management - (SW)	0.4
<b>Total</b>	<b>31.8</b>

<u>ILRI</u>	<u>\$ million</u>
001. Characterization, Conservation and Use of Animal Genetic Resources	0.6
002. Development of disease-resistant livestock	1.7
003. Molecular basis of pathogenesis and disease resistance	1.3
004. Immunology and vaccine development	1.8
005. Improving livestock productivity through development of sub-unit vaccines	2.3
006. Development and application of diagnostic tools in disease control and surveillance	2.2
007. Epidemiology and disease control	0.1
008. Feed improvement for improving livestock productivity	1.0
009. Rumen microbiology for feed utilization enhancement	0.0
010. Characterization and conservation of forage genetic resources	0.7
011. Increasing returns to livestock research through systems analysis and impact assessment	1.7
012. Policy analysis for improving productivity and sustainability of crop-livestock systems	1.2
013. Improving productivity and sustainability of crop-livestock systems in the highlands of SSA and Asia	0.6
014. Improving productivity and sustainability of crop-livestock systems of sub-humid Asia and SSA	1.4
015. Improving productivity and sustainability of crop-livestock systems of semi-arid zones of SSA and Asia	1.7
016. Improving productivity and sustainability of crop-livestock systems in fragile environments in LAC	0.5
017. Improving productivity and sustainability of crop-livestock systems in West Asia and North Africa	0.1
018. Improving livestock production under disease risk	1.8
019. Improving productivity and sustainability of market-oriented smallholder dairysystems	1.9
020. Capacity development for strengthening NARS	4.4
021. Information for improved livestock research	0.0
022. Collaborative research networks	0.0
023. System-Wide Livestock Programme - (SW)	1.2
<b>Total</b>	<b>28.2</b>

**IPGRI****\$ million**

001. Support to PGR programs and regional networks in the Americas	1.0
002. Support to PGR programs and regional networks in the APO	1.0
003. Support to PGR programs and regional networks in Europe	0.5
004. Support to PGR programs and regional networks in SSA	0.7
005. Support to PGR programs and regional networks in WANA	0.6
006. Global capacity building and institutional support	0.9
007. Global forest genetic resources strategies	0.9
008. Promoting sustainable conservation and use of coconut genetic resources	1.0
009. Locating and monitoring genetic diversity	1.3
010. Ex situ conservation technologies and strategies	1.7
011. In situ conservation of crop plants and their wild relatives	1.2
012. Linking conservation and use	1.1
013. Human and policy aspects of plant genetic resources conservation and use	0.7
014. Information management and services	1.8
015. Public awareness and impact assessment	0.4
016. Musa genetic resources management	1.3
017. Musa germplasm improvement	0.7
018. Musa Information and Communication	0.5
019. Support to regional Musa programs	1.4
020. CGIAR genetic resources support program	1.3
<b>Total</b>	<b>19.8</b>

**IRRI***Note: the 1998 project portfolio is shown below; detailed 1997 project investments are not available***\$ million**

001. Breeding to break yield ceilings: a systems approach	
002. Sustaining soil quality in intensive rice monoculture	
003. Improving the productivity and sustainability of rice-wheat systems	
004. Increasing water use efficiency in rice culture	
005. Improving Pest Management	
006. Coping with global climate change: reducing methane emission from rice paddies	
007. Irrigated Rice Research Consortium: Integrating pest and nutrient management research	
008. Characterizing and analyzing rainfed rice environments	
009. Managing crop, soil and water resources for enhanced productivity and sustainability	
010. Germplasm improvement for rainfed lowland rice	
011. Addressing gender concerns in rice research and technology development	
012. Rainfed Lowland Rice Research Consortium	
013. Genetic improvement of upland rice	
014. Improved productivity and sustainability of farming systems in upland rice areas	
015. Upland Rice Research Consortium	
016. Crop and resource management to improve productivity and sustainability in flood-prone rice lands	
017. Efficient selection techniques and novel germplasm for increasing productivity of flood-prone rice lands	
018. Applying biotechnology to accelerate rice breeding and broaden the rice gene pool	
019. Exploiting Biodiversity for Sustainable Pest Management	
020. Biological nitrogen fixation	
021. Rice-a way of life for the next generation of rice farmers	
022. Socioeconomic studies for technology impact, gender and policy analysis	
023. Implementing ecoregional approaches to improve natural resource management in Asia	
024. Conservation of rice and biofertilizer genetic resources	
025. Delivery of genetic resources: the International Network for Genetic Evaluation of Rice (INGER)	
026. The International Rice Information System (IRIS)	
027. Seed health testing services	
028. Strengthening partnership with NARS	
029. Delivery of knowledge-intensive technologies (KIT): Crop and Resource Management Network (CREMNET)	
030. Collecting, exchanging and distributing knowledge and information about rice	
031. Human capital development	
<b>Total</b>	<b>29.8</b>



**ISNAR**

	<u>\$ million</u>
001. Research Policy Development	1.8
002. Research system development	1.9
003. Biotechnology service at ISNAR	0.8
004. Information	0.7
005. Supporting NARS decision making on NRM research	0.3
006. Market orientation and agro-industry	0.4
007. Improving management and performance of NARO's research	1.8
008. Improving NARO's mgmt of human, financial, & human resources	0.6
009. Improving the management of research organizations	1.6
010. Training in research management	0.7
011. Transformation of ag .res. sys. in NIS of Central Asia and Caucasus and in Eastern Europe	
<b>Total</b>	<b>10.6</b>

**WARDA**

	<u>\$ million</u>
001. Sustainable Intensification of Lowland Rice Based Systems	1.6
002. Stabilization of Upland Rice Based Systems Under Shortened Fallow	0.9
003. Applying watershed management methods to optimize resource use in inland valleys	0.5
004. Creating low management plant types for resource poor farmers	0.7
005. Development of Environment Specific Breeding Approach for Drought Resistant Rice Varieties	0.2
006. Characterization of Blast Fungus Genetic Diversity and Development of Donors with Durable Blast Resistance	0.3
007. Integrated Management of Iron Toxicity In Lowlands	0.3
008. Improvement of Resource-Use Efficiency In Irrigated Rice-Based Systems	1.1
009. Development of Profitable Land/Water Use Systems - Preventing Soil Degradation in Sahelian Rice Irr. Systems	0.4
010. Integrated Management of Rice Yellow Mottle Virus In Lowland Ecosystems	0.5
011. Rice Policy Formulation In the Post-Structural Adjustment Era	0.3
012. Ex-Ante Impact Assessment of Rice Research	0.7
013. Ex-Post Assessment of Rice Research Impact	0.2
014. Characterization of Hydromorphic Rice Environment Prone To Seasonal Shallow Flooding	0.4
015. Reducing human health risks in lowland rice ecosystems	0.6
016. Research On Constraints To Rice Technology Transfer	0.3
017. Training for agricultural technology transfer	0.8
018. Information dissemination for transfer of agricultural technologies	1.0
019. Inland Valley Consortium (Ecoregional Program)	<u>0.6</u>
<b>Total</b>	<b>11.3</b>



Attachment 3

**Summary of the 1998 Financing Plans—Submitted by the Centers**

(8 pages)

September 23, 1997  
(Revised October 20, 1997)

Note: This summary excludes the annexes with detailed center and Member level estimates.



## Summary of the 1998 Financing Plans Submitted by the Centers

### Contents

Introduction  
Highlights at the System Level  
Allocation by Undertaking and Activity  
Center Proposals and Financial Requirements for 1998  
Member Funding  
Project Milestones

### Distribution:

TAC Members  
Center Directors  
Finance Committee Members

## CGIAR 1998 Financing Plans

### **Introduction**

At MTM97 the Group approved the substance of Centers' Medium Term Plans (MTP) for 1998-2000, and also endorsed the TAC recommendations for 1998 investments in terms of the proposed distribution. Also at MTM, the membership approved projected CGIAR funding of \$335-\$340 million which, together with centers' estimate of earned income, would support investments of \$350 million in 1998. (The TAC recommendation for 1998 was a total investment of \$364 million, composed of member support of \$350 million and earned income of \$14 million).

The timetable and process for developing a definitive 1998 investment plan is:

- July-September: centers prepare draft financing plans following bilateral exchanges with members.
- September 15: Centers submit 1998 financing plans and program implications to TAC and the CGIAR Secretariat.
- September 22-28: TAC reviews program implications.
- October: The Finance Committee examines center 1998 financing plans in the context of TAC's recommendations and makes proposals to the membership to ensure full financing of the approved agenda.
- ICW97: The CGIAR approves 1998 financing plans.
- 1998: Members disburse funds, and centers implement the research agenda.

Centers have submitted their 1998 financial plans and the implications for the 1998 agenda approved at MTM97. This paper summarizes the financing plan and allocation information provided by centers to serve as a background document for TAC, the Finance Committee, and the centers. The paper contains the following components:

1. Summary of center financing plans (investments and funding), and highlights.
2. Allocation by undertaking, activity and sector, for the CGIAR.
3. Center level financing requirements, including a forecast of member support.
4. Highlights of changes, if any, in center project milestones.

### **Summary of Investment Proposals, September 1997**

The total investment for the 1998 research agenda as proposed by centers in September is \$379 million, an increase of about 4% from the TAC recommendation, and nearly 7% above the current estimate for 1997. Centers' estimates of secured 1998 Member support is \$330 million, close to the figure endorsed by the membership at MTM. If at least some of the funding not yet secured but under discussion (\$35 million) is confirmed, CGIAR investments could possibly reach the aggregate level recommended by TAC for 1998 (\$364 million), since center earned income is still estimated at \$14 million.

## Highlights at the system level

### 1. Investment Proposals

- Eleven centers proposed an investment increase, in absolute terms, over the 1998 TAC recommendation and four proposals were below TAC's recommendation. Of the increases, the most significant are for CIMMYT (\$3.9 m) and IITA (\$6.2 m). The decreases are: ICRISAT (\$2.5 m), IRRI (\$0.7 m), and ISNAR (\$0.2 m).
- Relative shares of CGIAR investment, compared to TAC's recommendations and based on center proposals, show significant change for four centers, two of which (ICRISAT, and IRRI) estimate investments below the TAC-recommended share, and two (CIMMYT and IITA) above.
- Non-agenda investments remain unchanged from the MTP (\$6 million), for 1998.
- Compared to the TAC recommendation for 1998, center proposals imply: lower investment in increasing productivity (by 1%), in saving biodiversity (by 1%); greater investment in strengthening NARS (by 2%); and the recommended level for protecting the environment and improving policies. However, a significant part of the decrease in productivity is due to technical factors, such as the redefinition of CIP's program, following the preparation of the MTP reviewed at MTM (CIP shifted \$2.8 million from increasing productivity, mostly to protecting the environment).
- Compared to centers' MTP proposals, aggregate investment by CGIAR undertaking shows more minor shifts as follows: 1% decrease in saving biodiversity, and 1% increase in strengthening NARS.
- Commodity group investments for 1998, in percentage terms, vary only slightly from the estimated 1997 levels - forestry investments decrease by a percentage point and fisheries increases by a percentage point. within the crops group, cereals and legumes increase while roots and tubers decline slightly. However, if the calculation is done based on investments based on centers' identified funding plus center income, the picture changes more significantly: crop investments increase, compared to the full investment level, by two percentage points, and forestry also increases. Livestock and fisheries decrease.

### 2. Financing Plans

- The centers' estimate of earned income for 1998 remains \$14 million.
- Member financing for 1998, projected in the financing plan, is \$365 million, \$15 million higher than the TAC recommendation of \$350 million, and about \$30 million higher than the financing target endorsed at MTM97.
- Centers' current estimate of secured Member financing in 1997 is \$330 million. Funding under negotiation or otherwise not yet identified totals \$35 million.

- Center funding estimates, while varying somewhat from the MTP, confirm that the "CGIAR heartland" would be protected, in the aggregate. Notwithstanding this overall conclusion, there are several instances where significant gaps in funding appear to jeopardize individual center research agenda project activity.

Table 1 summarizes the 1998 proposals by center and by undertaking, and shows the TAC-recommended center investment share for 1998.

**Table 1. Proposed Investments for the 1998 Research Agenda (\$m)**

	Center 1998 Requests: (Financing Plan Proposal)					Program Totals	Program Shares	
	Increase Product.	Protect Environment	Save Biodiversity	Improve Policies	Strengthen NARS		Finplan est	TAC Recomm
CIAT	15.1	6.4	4.9	0.9	7.8	35.0	9.2%	9.1%
CIFOR	3.0	3.8	1.7	2.4	1.5	12.5	3.3%	3.4%
CIMMYT	13.7	8.1	5.1	1.4	9.9	38.1	10.0%	9.5%
CIP	11.0	6.3	2.0	1.1	4.2	24.7	6.5%	6.7%
ICARDA	11.9	4.3	2.9	1.2	7.0	27.1	7.2%	7.4%
ICLARM	5.5	2.5	1.3	2.3	3.0	14.6	3.8%	3.5%
ICRAF	11.0	3.2	1.8	2.5	4.9	23.5	6.2%	6.1%
ICRISAT	10.8	4.6	3.0	2.5	6.4	27.4	7.2%	8.3%
IFPRI	0.0	2.0	0.4	12.8	4.5	19.6	5.2%	5.1%
IIMI	0.1	4.8	0.0	2.3	3.2	10.4	2.7%	2.9%
IITA	20.0	5.7	0.9	1.2	8.2	36.1	9.5%	8.3%
ILRI	18.9	5.4	2.4	1.6	4.3	32.5	8.6%	9.0%
IPGRI	3.4	1.5	10.0	2.9	5.1	22.8	6.0%	6.1%
IRRI	13.3	8.8	2.3	2.6	5.2	32.1	8.5%	9.1%
ISNAR	0.0	0.0	0.0	5.4	5.9	11.3	3.0%	3.2%
WARDA	3.8	3.0	0.7	1.2	3.2	11.9	3.1%	3.3%
<b>TOTAL</b>	<b>141</b>	<b>70</b>	<b>39</b>	<b>44</b>	<b>84</b>	<b>379</b>		
<i>Finplan</i>	38%	18%	10%	12%	22%	100%		
<i>TAC rec</i>	39%	18%	11%	12%	20%	100%		

### Allocation by Undertaking and Activity

Table 2 shows the evolution of CGIAR investments at the system level, for undertakings, activities, and sectors. The 1997 estimate was provided by centers in their submissions for the 1998 financing plan.

Table 2. CGIAR Resource Distribution, 1996 - 1998

	1996 (actual)		1997 (estimate)		1998 (MTP)		1998 (finplan)	
	\$ m	%	\$ m	%	Centers	TAC	\$ m	%
<b>Increasing Productivity</b>	<b>129</b>	<b>40%</b>	<b>130</b>	<b>37%</b>	<b>38%</b>	<b>39%</b>	<b>141</b>	<b>38%</b>
- germplasm enhancement & breeding	59	18%	61	17%	17%	18%	66	18%
- production systems development & mgt.	70	22%	70	20%	21%	21%	75	20%
<b>Protecting the Environment</b>	<b>54</b>	<b>17%</b>	<b>63</b>	<b>18%</b>	<b>18%</b>	<b>18%</b>	<b>70</b>	<b>18%</b>
<b>Saving Biodiversity</b>	<b>35</b>	<b>11%</b>	<b>36</b>	<b>10%</b>	<b>11%</b>	<b>11%</b>	<b>39</b>	<b>10%</b>
<b>Improving Policies</b>	<b>39</b>	<b>12%</b>	<b>44</b>	<b>13%</b>	<b>12%</b>	<b>12%</b>	<b>44</b>	<b>12%</b>
<b>Strengthening NARS</b>	<b>69</b>	<b>21%</b>	<b>75</b>	<b>22%</b>	<b>21%</b>	<b>20%</b>	<b>84</b>	<b>22%</b>
- information	18	6%	19	6%	6%	5%	22	5%
- networks	14	4%	13	4%	4%	3%	15	4%
- institution building/advice to NARS	12	4%	14	4%	4%	3%	14	4%
- training and professional development	25	8%	28	8%	8%	9%	33	9%
<b>TOTAL</b>	<b>325</b>	<b>100%</b>	<b>348</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>379</b>	<b>100%</b>

### Allocation by Commodity

Center investments in commodity groups are shown in table 3, for 1997 (estimate) and the 1998 financing plan. For the latter, the full investment would add up to \$322 million, however, the commodity values can be discounted to a level reflecting the present estimate of secured funding. Because not all centers have the same proportion of unidentified funding, the commodity group values show different trend results - for example, the livestock sector decreases by \$8 million reflecting the relatively large unidentified funding at the centers which are responsible for CGIAR livestock activity. Similarly, the fisheries activity would also decrease. Both trees and crops increase. Because not all centers have commodity activity, total commodity investments are lower than the full CGIAR investments in all years.

Table 3. Commodity Group investment Summary, 1997-1998

	1997 Estimate		1998 FINPLAN			
	\$m	%	(full investment level)		(identified funding level)	
			\$m	%	\$m	%
<b>Cereals</b>	105	36%	120	37%	113	38%
<b>Legumes</b>	42	14%	47	15%	41	14%
<b>Roots &amp; Tubers</b>	56	19%	56	18%	53	18%
<b>Total Crops</b>	<b>204</b>	<b>69%</b>	<b>224</b>	<b>69%</b>	<b>207</b>	<b>71%</b>
<b>Livestock</b>	45	15%	48	15%	40	14%
<b>Trees</b>	35	12%	36	11%	34	12%
<b>Fish</b>	11	4%	15	5%	12	4%
<b>TOTAL</b>	<b>294</b>	<b>100%</b>	<b>322</b>	<b>100%</b>	<b>293</b>	<b>100%</b>

## Center Proposals and Financial Requirements for 1998

The centers' September plans require Member funding of \$365 million, in addition to the estimate of center earned income. Table 4 summarizes the proposals and requirements by center. The TAC recommendation from MTM is also shown.

Table 4. 1998 CGIAR Investments and Financing Summary

	1998 TAC Plan	1998 Financing Plan				Memo Note: Unidentified Funding
		Financing Requirements & Sources			Investments financed by:	
		Proposal	Variance from TAC	Members		
CIAT	32.8	35.0	2.2	32.8	2.2	1.7
CIFOR	12.2	12.5	0.3	12.2	0.2	0.2
CIMMYT	34.2	38.1	3.9	36.0	2.1	1.3
CIP	24.1	24.7	0.6	23.1	1.5	0.1
ICARDA	26.6	27.1	0.5	25.3	1.8	4.2
ICLARM	12.6	14.6	2.0	14.3	0.3	2.7
ICRAF	22.1	23.5	1.4	23.1	0.4	1.5
ICRISAT	29.9	27.4	-2.5	26.9	0.5	4.4
IFPRI	18.4	19.6	1.2	19.4	0.2	1.9
IIMI	10.4	10.4	0.0	10.2	0.2	1.4
IITA	29.9	36.1	6.2	34.3	1.7	3.7
ILRI	32.4	32.5	0.1	31.5	1.0	5.8
IPGRI	22.0	22.8	0.8	22.5	0.3	1.1
IRRI	32.8	32.1	-0.7	30.8	1.3	0.1
ISNAR	11.5	11.3	-0.2	11.1	0.2	1.7
WARDA	11.9	11.9	0.0	11.4	0.5	0.5
<b>TOTAL</b>	<b>364</b>	<b>379</b>	<b>15</b>	<b>365</b>	<b>14</b>	<b>32</b>

### Highlights at the center level

- The greatest increase in absolute terms, from the TAC recommendation, is for IITA, however, more than half of the increase requires financing which IITA has not identified at this time.
- The investment increase of nearly \$4 million for CIMMYT is supported by financing most of which has been identified and confirmed.
- The decrease of \$2.5 million for ICRISAT would increase to \$7 million, if the current level of unidentified support is maintained in 1998.
- ILRI's unidentified funding represents 18% of the total member support required for the research agenda at the proposed level.
- The unidentified financing for ICARDA is \$4.2 million, implying a significantly lower actual investment level in 1998, both from the TAC recommendation and to a lesser extent from the estimate for 1997.
- Four centers (CIFOR, CIP, IRRI, and WARDA) project unidentified funding of \$1 million or less, in their financing plan.



## Summary of Member Funding

Table 5 summarizes estimates of 1998 Member funding for all centers (as per the financing plan) as well as the 1997 financing plan.

**Table 5. Financing Plans -- Funding by Center, 1996-1998**

Center	1998 Research Agenda								
	1997	TAC	MTM	1998	Change:		Identified	Variance from:	
	Finplan	Rec	Value 1/	Finplan	TAC	MTM		Funding	TAC
CIAT	30.0	30.8	29.5	32.8	2.0	3.3	30.9	0.1	1.4
CIFOR	11.1	12.0	11.5	12.2	0.2	0.7	12.1	0.1	0.5
CIMMYT	28.6	32.0	30.7	36.0	4.0	5.3	33.6	1.6	2.9
CIP	22.1	22.6	21.7	23.1	0.5	1.4	23.1	0.4	1.4
ICARDA	22.6	24.5	23.5	25.3	0.8	1.8	20.0	-4.5	-3.5
ICLARM	11.5	12.4	11.9	14.3	1.9	2.4	11.3	-1.0	-0.5
ICRAF	17.0	22.1	21.2	23.1	0.9	1.9	21.4	-0.7	0.2
ICRISAT	25.6	29.1	27.9	26.9	-2.2	-1.0	22.0	-7.1	-5.9
IFPRI	17.1	18.1	17.4	19.4	1.3	2.0	18.0	-0.1	0.6
IIMI	9.7	10.2	9.8	10.2	0.0	0.4	8.7	-1.5	-1.1
IITA	27.3	28.1	27.0	34.3	6.2	7.3	30.3	2.1	3.3
ILRI	30.3	31.4	30.1	31.5	0.1	1.4	25.9	-5.5	-4.3
IPGRI	20.4	22.0	21.1	22.5	0.5	1.4	21.4	-0.6	0.3
IRRI	29.4	31.5	30.2	30.8	-0.7	0.6	30.7	-0.8	0.5
ISNAR	10.6	11.3	10.9	11.1	-0.2	0.2	9.3	-2.0	-1.6
WARDA	10.8	11.1	10.7	11.4	0.3	0.7	10.9	-0.3	0.2
<b>TOTAL</b>	<b>324</b>	<b>350</b>	<b>335</b>	<b>365</b>	<b>15.6</b>	<b>29.9</b>	<b>329</b>	<b>-20</b>	<b>-6</b>

1/ This column is for reference only; the center values are not revised targets. The TAC recommendations are scaled down to add to \$335 m, reflecting Members' MTM overall funding estimate.

The \$365 million from members called for in center plans for the 1998 agenda represents an increase of 11% from the mid-year estimate of member support of the 1997 agenda. About \$35 million of this remains to be identified by member. Of the \$330 million identified so far, \$320 million is expected from CGIAR members while \$10 million will come from non-CGIAR donors. The \$365 million figure has neither been reviewed nor validated by the Finance Committee or the membership. Rather, it is based solely on centers' expectations of how their 1998 work programs will be financed.

With the exception of the foundations, all member groups are expected to increase their support in 1998 although not all members within each group will contribute to that increase. As in the last several years, the European group of members will continue to contribute the largest share of CGIAR funding in 1998. Centers have not included New Zealand in their financing plans because this member has not yet allocated its 1997 contribution by center.

## **World Bank Support**

Total World Bank support in 1998 remains at the 1997 level of \$45 million. As requested in the guidelines, centers estimated their 1998 World Bank support at 10% of all other funding. At MTM97 when the 1998 agenda was approved, it was expected that this would amount to about \$300 million which would require \$30 million in matching Bank funds. However, based on their financing plans centers now expect about \$330 million from sources other than the World Bank (although, as indicated above, not all of this has been identified by member). Thus, under the 10% formula, about \$33 million in matching funds is now required.

## **Center Project Milestones**

The financing plans submitted by centers confirm the milestones of achievement at the center project level, mostly as originally noted in the Medium Term Plans. New information is available from CIMMYT, and updates from ICLARM, ICRISAT, and ISNAR were provided in the September financing plan submission. ICRAF has yet to finalize their milestone targets, however this is expected shortly, once the ICRAF Board of Trustees has reviewed the financing plan in detail. Several centers did not provide the milestones information in the financing plan submission, and it can therefore be assumed that they do not forecast any change from the MTP version.

CGIAR Secretariat  
September 23, 1997



Attachment 4

**TAC Observations on the 1998 Financing Plans**

(6 pages)



**Consultative Group on International Agricultural Research – CGIAR**

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**International Centers Week 1997  
October 27 - 31  
Washington D.C.**

**Research Impact: Yesterday's Achievements, Tomorrow's  
Challenges**

**1998 Financing Plan  
TAC Observations**

**Consultative Group on International Agricultural Research (CGIAR)**

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**TECHNICAL ADVISORY COMMITTEE**

**Donald Winkelmann, Chairman**

21 October 1997

To: CGIAR Finance Committee

From: Donald L. Winkelmann

Sub: **Report from TAC on its Review of the  
1998 Centre Financing Plans**

Please find attached hereto a copy of TAC's Report on its Review of the 1998 Centre Financing Plans, for discussion at the meeting of the Finance Committee on Saturday 25 October 1997.

Kind regards.

cc: CGIAR Secretariat  
TAC Secretariat  
TAC Members

# REPORT FROM TAC ON ITS REVIEW OF THE 1998 CENTRE FINANCING PLANS

## 1. Introduction

At TAC 73, which was held from 24-26 September 1997 at IFPRI, Washington D.C., the Committee reviewed the 1998 Financing Plans prepared by the centres. A Working Group, consisting of the TAC Chair, three TAC Members and TAC and CGIAR Secretariat staff, met on 21-22 September to undertake preliminary work to facilitate this review. Specific attention was given to the implications of these financing plans for CGIAR priorities and strategies, their consistency with the centre Medium-Term Plans (MTP), TAC and the Group's recommendations thereon as agreed at MTM97, and the programmatic implications of potential funding shortfalls. TAC also carefully screened new projects proposed by the centres, other than those already endorsed through the MTPs, as to their consistency with the general criteria for CGIAR support to the research agenda (international public goods nature of research and within the framework of CGIAR priorities and strategies).

Centres had submitted their Financing Plans to the Secretariats by the deadline of 15 September and this information was subsequently compiled and synthesized by staff of the CGIAR Secretariat. Where necessary, centres were contacted to provide additional information or clarifications. TAC was very pleased to note that centres, without exception, were very supportive of this exercise, that the quality of proposals had greatly improved compared to last year, and that the comprehensive information now available through the project management mode greatly facilitates decision making and the transparency thereof.

## 2. Overall Findings

A summary of investment proposals and implications for funding had been prepared separately by the CGIAR Secretariat so that information will not be repeated here.<sup>1</sup> The total investment for the 1998 Research Agenda as requested by the centres is US\$ 378 million. On the basis of the Financing Plans submitted, centres estimate secure 1998 support to total US\$ 329 million with another US\$ 35 million still under discussion and not yet secured. If centre-earned income, estimated at US\$ 14 million, is added, it would appear that CGIAR investment will possibly reach the aggregate level originally recommended.

TAC was pleased to note that at the Systemwide level there was broad consistency between the Financing Plans and the Committee's recommendations on CGIAR priorities and strategies. As indicated in Table 1, the implications of the Financing Plans are an investment of 38% of CGIAR resources to increasing productivity (as compared to the 39% recommended by TAC at MTM97), 18% to protecting the environment (same as TAC's recommendation), 10% to saving biodiversity (as compared to 11% recommended by TAC), 12% to improving policies (same as TAC's recommendation), and 22% to strengthening NARS (as compared to 20% recommended by TAC). The Committee is satisfied by the broad consistency of the Financing Plans with its recommendations on priorities for CGIAR activities. The difference between the TAC recommendation and the actual allocation to activities on strengthening NARS (20% versus 22%) is largely due to a projected increase in investment in institution building activities and in

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<sup>1</sup> CGIAR Secretariat, 1997. Summary of 1998 Financing Plans Submitted by the Centres.

institution building networks (both from 3% to 4%). On the basis of the evidence available it would appear, however, that a number of research networks have been inadvertently classified under this category rather than under the research activity concerned. TAC is pursuing this question with centres.

**Table 1: Allocation of CGIAR Resources by Activity  
(% of Research Agenda)**

	1996 (Actual)	1997 (Estimate)	1998 (TAC)	1998 (Fin.Plans)
1. Increasing Productivity	40	37	39	38
1.1 Germplasm Enhancement and Breeding	18	17	18	18
1.2 Production Systems	22	20	21	20
2. Protecting the Environment	16	18	18	18
3. Saving Biodiversity	11	11	11	10
4. Improving Policies	12	13	12	12
5. Strengthening NARS	21	22	20	22
• Training	8	8	9	9
• Doc/Pub/Info	6	6	5	5
• Inst. Building/Advice NARS	4	4	3	4
• Networks	4	4	3	4
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Due to rounding, numbers do not always add up to 100.

Source: CGIAR Secretariat

### Sector Adjustments

TAC is necessarily concerned with the extent to which the aggregation of bilateral negotiations between centres and members is leading towards the balance among sectors endorsed by the Group at MTM96. Several concepts are relevant and are presented in the following table.

**Table 2: Percentage of various budgets by sector**

	Mar '97 Estimated	Oct '97 Estimated	Identified 1998 <sup>i/</sup>	Planned 1998 <sup>ii/</sup>	Endorsed 2000
Crops	68.6	69.5	70.7	69.5	66.2
Fish	4.2	3.7	4.0	4.5	4.9
Forest	12.2	11.8	11.7	11.2	12.2
Livestock	15.2	15.1	13.6	14.8	16.7

<sup>i/</sup> Assumes only assured funding materializes for all centres

<sup>ii/</sup> Assumes all funding planned by centres materializes

For now, the most relevant columns are the second, third (funding already identified), and the fifth (what the Group endorsed for 2000). The question is, how well are we progressing towards those goals? In making comparisons, recall that an increase in one percentage implies a decrease elsewhere because the sum must equal 100.

Fish is moving up as proposed - from 3.7% to 4.0% with a target of 4.9%. Forestry appears to have fallen back a bit rather than rising. Livestock has fallen back noticeably, from 15.1% to 13.6% while the plans call for 16.7% in 2000. Meanwhile, and we infer as a balancing effect rather than a designed effect, crops increased rather than decreased as projected to 2000.

### Commodity Profile

Following the framework used in TAC's CGIAR Priorities and Strategies paper (29 April 1997 - see Chapter 6 and Annex II) and based on data there and in the centres' 1998 budgets, it is possible to compare changes between 1997 and 1998 in the relative allocations to individual commodities and assess their congruence with the recommended balance among commodities for 2000 (TAC, p.67). This analysis relates to crop commodities only.

At MTM97, TAC made recommendations on 19 crops (see TAC, p.67), with increases (of more than US\$ 1 million) recommended for four commodities (banana/plantain, coconut, wheat, and yams), decreases (of more than US\$ 1 million) for five commodities (beans, cassava, cowpea, millet, and potatoes) and little change in the remaining 10 commodities. Comparing the change between the 1997 and the 1998 (identified funding) proportions, with the trend required to achieve the proportions recommended for 2000, suggests the following conclusions:

1. Six commodities are essentially on trend.
2. Eight commodities are below trend (are under-funded as compared with the adjusted goal for 2000 or counter trend).
3. Six commodities are above trend or counter trend.

Of special concern at this time are apparent shortfalls affecting banana/plantain, groundnut, millet, and sorghum; each is apparently moving away from the desired trend or is already well below its 2000 target. Also of concern at this time are cowpeas and potatoes - moving counter to the desired trend - as well as pigeonpeas and soya - already over-shooting their desired 2000 target.



Given that the MTP period has two more years to run, our concern need not suggest immediate action. However, it should orient member allocations among centres. (Note that three of the four under-supported commodities relate to ICRISAT.)

### **3. Specific Observations**

Projected investment in livestock research and water management research will be well below the levels recommended by the Committee and hence not consistent with the high priority the CGIAR has assigned to these activities. Because of these concerns, TAC wants to bring the following thoughts to the attention of the Finance Committee. For the past few years TAC has made the case for increasing the proportion of the CGIAR investment in livestock and, more recently, in water as well. The Group has endorsed TAC's recommendations but individual members are not underwriting the endorsed levels of investment. At least three explanations fit this disappointing pattern. (1) TAC and others have not persuasively argued the case with individual members. (2) Individual members are not making evident their full views in Group discussions, so that Group support for these activities is more apparent than real. (3) Individual members agree that the two areas are important but some members do not feel that the centres involved will effectively meet the challenge. There might be other explanations for what TAC perceives to be an anomaly. TAC invites the Finance Committee's deliberation.

As for centres, TAC is particularly concerned about the projected shortfalls in funding for ICRISAT, ICARDA, ILRI and IIMI (in particular for the 'Women and Water in Irrigated Agriculture' project), and about what activities will be reduced if currently unidentified funding is not attained. With respect to the other centres, TAC has been assured that each has a rationale consistent with CGIAR priorities for dealing with funding shortfalls (i.e., where funding is at present unidentified) should they arise. While TAC broadly certified proposed new projects for their consistency with the criteria for overall CGIAR support, TAC is concerned, especially with new projects on technology transfer from IITA and CIMMYT. TAC has identified the issue of optimal level of investment in technology transfer as a Systemwide strategic issue to which it will give particular attention in due course. The Committee has also carefully looked at the implications of the Financing Plans for project milestones. An effort should be made to improve the consistency of the definition of milestones across centres and TAC will endeavour to provide support in this direction. The Committee will also provide further clarification of its definition of pre-breeding activities to facilitate monitoring of investments in this activity.

### **4. Conclusions**

While TAC noted the overall consistency of the 1998 Financing Plans with the discussions at MTM97 at the level of undertaking, the Committee expressed concern especially about the inadequate level of investment in livestock research and water management research and to changes emerging in the shares of some commodities. It re-affirmed its endorsement of projects already included in the MTPs and broadly certified new projects, but with impressions of concern for those of CIMMYT and IITA, for incorporation into the Agreed Research Agenda. Finally, TAC was greatly encouraged by the improved quality of the proposals and the thoroughness of the overall process, and applauds the centres for their efforts. The CGIAR Secretariat was commended for its excellent compilation and analysis of available information.



Attachment 5

**Finance Committee Issues Paper Prepared for the CGIAR System Review**

(7 pages)

## CGIAR Finance Committee Issues paper prepared for the CGIAR System Review

### Introduction

The Consultative Group on International Agricultural Research established a Finance Committee at its Mid-Term meeting in May 1993. The members of the Finance Committee are elected by the CGIAR membership by caucus among the major membership groups namely, OECD/DAC countries, developing countries, and institutions including foundations. The Finance Committee charge has been to oversee CGIAR's financial processes. Over the last four years the Committee has held eleven meetings most of which have taken place concurrently with the CGIAR meetings.

At its most recent meeting, the CGIAR was presented with an assessment that, in order to fulfill its mission, resources of the order of \$400 million would be required annually by the turn of the century. In the context of overall development assistance the figure is not dramatic (0.7% of the 1996 ODA). In the CGIAR context, as well, it represents a modest annual rate increase of 7% over the 1997 resource level of about \$325 million. Nonetheless, it represents a challenge to the membership, many of whom are faced with reductions in their aid budgets.

The changes in the financial procedures introduced as part of the renewal program have strengthened the financial infrastructure of the CGIAR. To ensure that it remains robust, the Finance Committee has identified the issues that are likely to occupy its attention over the next several years. The issues are grouped in four clusters: Funding, Processes, Financial Systems and Resource Utilization. Many of these issues are common to most public organizations. They take on a special character in context of the CGIAR's decentralized and consensus based mode of operation. The Finance Committee looks forward to the views of the System Review panel on these issues.

Background and explanatory information on CGIAR finances can be found in the several financial documents prepared by the CGIAR secretariat including a note titled "Financing the CGIAR Research Agenda", the 1996 Financial Report and the Financial Requirements of the 1998 Research Agenda. As well, the discussion notes of the Finance Committee meetings elaborate the issues dealt with by the Finance Committee.

### Funding

**Predictability:** Funding for the CGIAR has steadily increased over the past twenty-five years. Nonetheless, there have been times when funding contracted unexpectedly forcing expensive retrenchments by centers. Since long-term research requires sustained and assured long term support, the 1995 Ministerial Meeting in Lucerne encouraged members to provide multiyear commitments in order to enhance the predictability of funding. In response, several governments have taken steps to commit on a multiyear basis. However, some members have indicated that an active push to seek multiyear commitments may result in reduced contribution levels in the current declining ODA environment. In other instances multiyear funding may require more restrictions on the use of funds than otherwise. Finally, some members cannot provide multiannual financial support for

legislative reasons. Hence, the Committee believes that multiyear commitments should continue to be sought but with due attention to the circumstances of individual members.

**Stability:** Financial support to the CGIAR is provided annually by the members as voluntary contributions. Consequently, it is one of the first items subject to reduction when budgets are reduced as governments are forced to maintain internationally negotiated commitments. This has led to an unexpected reduction in CGIAR support in some instances, although in others, the lack of formally pledged figures has provided flexibility in either increasing contributions opportunistically or providing support from more than one budget line. Furthermore, the introduction of formal pledging procedures may require formal voting arrangements in conflict with the informal CGIAR governance arrangements. Hence, the Committee has authorized a small reserve to partially buffer the CGIAR from unplanned financial reductions. The Committee has also used the flexibility available to it in allocating the World Bank contribution to provide stability to centers facing transient but significant financial shortfalls.

**Composition:** In aggregate terms, the composition of CGIAR funding by major membership groups has been remarkably stable over the past twenty-five years. OECD/DAC countries provide over two-thirds of total funding, institutions about a quarter, and the remainder is split between the foundations and the developing countries. Following the CGIAR renewal the contributions from the developing countries have increased briskly in the past several years. In the medium to long term, newly industrialized countries may very well become important financiers for the CGIAR, especially if they become OECD members. Hence, for the foreseeable future, ODA sources are likely to be the dominant financiers of the CGIAR. This is consistent with the international public goods character of the CGIAR. Of particular interest is the fact that, unlike many other international organizations, CGIAR funding is influenced more by actions taken by the smaller members of the DAC. In the past this influence has been positive and should continue to be positive in the future as well.

**Modality:** In the early history of the CGIAR, most of the funding provided to CGIAR centers was made available with very few restrictions on its use and with limited additional individual reporting requirements beyond those of the CGIAR as a whole. Today, the bulk of CGIAR funding (over \$200 million out of about \$325 million in 1997) continues to be provided without onerous reporting and administrative requirements. Nonetheless, a consequence of the increased scrutiny of public spending worldwide has been that a number of members now require attribution of their funding in terms of specific outcomes or products. Furthermore, some funding is provided with significant limitations on its use and requires specialized documentation above and beyond that provided to all CGIAR members. This type of funding is targeted to specific center projects or activities, provides less flexibility to center management, requires more administration and is, therefore, naturally less preferred. Reflecting these shortcomings of targeted funding, the CGIAR membership is firmly committed to provide its financial support with minimal restrictions.

As a committee of the membership, the Finance Committee understands the reasoning behind the increased accountability requirements. Several members have had to recently impose attribution requirements for their contributions due to changes in their agency policies. This puts a premium on implementing methods and procedures which can provide accountability information satisfactory to the aid administrators.

The high opportunity costs of targeted funding, reduced management flexibility and reporting burdens on the centers are cause for concern and require continuing attention.

The Committee has urged in the past, and will continue to urge in the future, that the membership provide funding with as few restrictions as possible and utilize CGIAR's standard reporting to the extent possible. The Committee believes that procedural changes in financial arrangements made during the renewal, namely the introduction of the agenda matrix and a project based approach to center planning, should offer excellent mechanisms to meet the attribution and accountability required by aid administrators.

**Disbursements:** CGIAR members have the freedom to provide their funding to centers in multiple financing modalities. Somewhat surprisingly, until the renewal there was no normative schedule for the members to provide timely release of funding to the centers. Consequently, only about a third of the total funding is available to the centers even by midyear. In 1996, about 13% of the committed funding remained in member treasuries at the end of the year, and became available to the centers only in 1997. Due to the significant financial and other opportunity costs this implies for the centers, the Finance Committee is seriously concerned about the situation and has urged the membership to improve its disbursement practices.

**New sources:** The open nature of the CGIAR has facilitated partnerships and financial support from a range of supporters beyond those represented at CGIAR meetings. One of the more prominent examples is that many CGIAR members provide their contributions from more than one budget line item. The traditional "agricultural research" line is often supplemented by departments and sections within member agencies whose interests are in environment, water management, forestry and fisheries etc. This has also been the case for member funding which is oriented to specific countries or regions. These have represented new sources of funding for the CGIAR, as these departments often are not directly represented at the CGIAR meetings. Similarly, several organizations whose main interest is not agricultural research have provided financial support to CGIAR activities of special interest to them. The Committee welcomes and encourages such arrangements as long as the supported activities are part of the overall research agenda.

**Private Sector:** Since the CGIAR's inception, small amounts of catalytic funding have been provided by several major foundations. Notably, the CGIAR system was initiated by the Ford and Rockefeller foundations. Apart from such philanthropic donors, financial engagement of the private corporate sector with the CGIAR has been very limited. The Finance Committee is comfortable with this, in view of the potential risk that an active financial engagement with the private sector could be seen as a dilution of CGIAR's public good character. The Committee prefers that, if there were to be opportunities for corporate funding they should be managed through an instrument such as a foundation.

On the other hand, the Committee fully supports substantive engagement with the private sector in view of the increasing worldwide trends to move away from the public sector holding exclusive domain over the financing and provision of collective goods. The CGIAR has not yet explored in depth the implications, for its very mission, of entering into agreements with the private sector including intellectual property right arrangements as well as patents. The review's view on how the CGIAR should manage this interface are welcomed by the Finance Committee.

**CGIAR Foundation:** The Lucerne meeting asked the CGIAR to explore the possibility of setting up a foundation as a mechanism to channel ad-hoc or non-traditional financial contributions in support of CGIAR. It would also be a mechanism to solicit corporate

support. The Finance Committee has commissioned the Secretariat to explore the prospects for setting up a foundation, with particular reference to legal and governance issues. The exploration is underway.

### **Mechanisms and processes**

**Planning process:** The CGIAR recently completed a review of its priorities and strategies and their implementation implications for center medium term plans. The process extended over a twelve month time frame with an initial discussion of the overall priorities at MTM96 and review of center medium term plans at MTM97. Based on its own involvement in the process - reviewing the guidelines last year and examining the financial implications this year - the Finance Committee believes the process has been participative, orderly, transparent and has resulted in well defined center plans which are reasonable in terms of financial requirements. Of special note is the fact the process has been completed with significantly less documentation than in the past.

Center plans are now project based and hence lend themselves for ex-post evaluation of the products expected. The implementation of these plans will be monitored not only in terms of their financing but also in terms of the expected results. With heightened attention in all agencies to quality and quantity of products from public investments, the membership has a keen interest in monitoring the work programs of CGIAR centers. The Finance Committee welcomes the views of the Review panel regarding further refinements to ensure that CGIAR planning remains participative, cost-efficient and results rather than process oriented.

**Funding process:** The renewal redesigned the funding process to separate the decision making steps of program approval and financial approval. The two steps now occur at two CG meetings (MTM and ICW) prior to the start of the year instead of at ICW in the past. This separation is well suited for the CGIAR as members need, for discussion with colleagues in their organizations, a clearer sense of the financial requirements for the following year before making financial decisions. The introduction of bottom-up financial planning in which financing plans are prepared by the centers in consultation with the membership prior to ICW has enhanced the prospects for more secure financing for the centers. Finally, a review of the program implications of the financing plans by TAC, prior to its approval by the CGIAR at ICW, provides opportunities for ensuring congruence between the results of the bottom up planning and the agreed research priorities. The Committee considers that these changes have improved the flow of information necessary for financial decision making and hence facilitated reduction of uncertainty in CGIAR financial planning.

### **Financial Systems**

CGIAR's informal and decentralized character has served it very well by fostering effective decisionmaking. Each member is free to decide on the exact level of funding it provides to individual centers. However, maintaining the balance between this market based financial approach and cohesion of the system such that individual member financial decisions produce a fully funded agenda for each center, has been a central quest of the CGIAR financial system. This section elaborates the interrelated issues involved in designing and operating a robust system which aims to ensure the balance, is compatible with the CGIAR character and does not lead to unintended side effects. The review team is urged to assess the adequacy of these modalities.

**Donor of last resort:** For an extended period of time, the CGIAR utilized the World Bank's contribution to fulfill the role of a donor of last resort which could cover the funding gaps remaining after individual funding decisions were known. The gap between each center's approved funding and estimated funding was determined after funding allocations by members other than the World Bank were known with reasonable certainty. Bank funds were mechanically allocated to fill the gaps. Because the mechanism would disburse more funds if the funding gaps were larger, it became advantageous for centers, and some of their supporting members, to demonstrate a larger gap in center funding. Equally, some members felt that their views on relative priorities among centers expressed through the allocation of their financing were being blunted through the passive mechanical allocation methodology.

The problems reached a crisis proportion in 1993/94 when the gaps exceeded the available Bank funding by a significant margin. The modification of the financing arrangements during the renewal, followed by additional changes in 1996, have reformed the Bank allocation process. Bank funds are now allocated on a matching basis i.e. proportionate to the contributions by other members. The mechanism for a systematic donor of last resort has been eliminated. Instead, whenever financial problems have arisen, collective actions by several members have permitted cushioning the blow to individual centers suffering a large financial gap.

**Ownership:** In the nineties, the CGIAR has taken several steps to enhance the ownership of the CGIAR by its members. The creation of the Finance Committee was one such step. The renewal program has strengthened the ownership by renewing the membership commitment to the CGIAR. As a consequence, the responsibility of full funding of every centers program is now shared directly by the membership. This was particularly in evidence in 1996 when after learning about significant financial problems at five centers, several members were able to provide resources to address the financial gaps.

**Incentives:** As mentioned above, the goal of the financial system has been to minimize any negative side effects in balancing individual funding preferences and pursuing system cohesion so that all parts of the CGIAR agenda have equal claims on funding. The donor of last resort mechanism, due to the perverse incentives it implied, led to financial distortions as the resource situation tightened. Centers able to secure funding support at the approved levels were not eligible to receive any World Bank funding, hence, to secure the World Bank financing, it was in the interest of the centers and their supporters to demonstrate a financial shortfall from the approved plan. The problem was heightened by the lack of clarity and common understanding among the members of the content of the approved plan as well. The interplay of these factors made it difficult to understand the real financial situation of a center.

As mentioned above, the reform has addressed both issues. The content of the plans is now well defined as the CGIAR has adopted a project based approach to planning while the passive donor of last resort mechanism has been replaced with an active review by the Finance Committee of center finances. The Committee is convinced that the financial system should continue to have strong incentives to foster entrepreneurship in the Centers. This should lead to continuing strong bilateral relationships between the centers and the individual member constituencies which are critical to sustaining member support to the CGIAR.

**Protection of the heartland:** The CGIAR guiding principle of donor autonomy gives every member funding choices among center programs. However, to ensure that this market approach does not weaken the CGIAR as a whole, the CGIAR financial system incorporates the step of validation of the CGIAR agenda or the CGIAR "heartland". By reviewing center plans, TAC plays the key role in ensuring that the CGIAR's planned agenda as embodied in centers plans is well defined, relevant and high priority. With the recent completion of the review of CGIAR priorities and center medium term plans, the content of the CGIAR heartland for 1998-2000 is well documented and should facilitate the monitoring of financial flows to ensure the protection of the heartland.

The Finance Committee is using several modalities to ensure that the CGIAR heartland - its approved research agenda - can get funded. The first element is improving the information flow to determine which parts of the agenda are not funded. This has been done by adopting the research agenda matrix for presenting program and funding information. The Finance Committee is closely monitoring the center financial situation at each of its meetings. The second element is building on the ownership declaration by several members who have agreed to allocate their funds to cover the funding gaps identified by the Finance Committee. The third element is the allocation of Bank funds itself. The Committee sets aside a portion of the Bank funds at the start of the planning period which it can allocate in cases of unexpected financial shortfalls. Unlike the earlier mechanical approach under the donor of last mechanism, the Committee allocates funds only after a review of the specific circumstances. The Committee is convinced that such a multifaceted and active approach is necessary to ensure that the CGIAR heartland continues to be protected. Nonetheless, the efficacy of reacting on an ad-hoc basis to financial problems, needs to be judged over a period of time.

### **Resource Utilization**

**Value for money:** The financial guidelines in place in the CGIAR have served the membership very well in terms of ensuring prudent and appropriate use of public funds provided by the membership. Based on recent examples of centers using innovative and less costly approaches to reduce their research support and administrative costs and the results of an earlier survey of cost saving practices adopted by the centers, the Finance Committee believes that the centers are making every effort to manage their expenditures in a cost effective manner. Nonetheless, the Committee encourages centers to keep the cost effectiveness of their spending high on their agenda. The Committee expects that the fuller implementation of the project planning system by the centers will facilitate examination of the efficiency issue in the broader context of center outputs.

### **Conclusion**

**Threats:** The CGIAR's informal structure and a consensus based approach have been successful so far in ensuring that it is productive, resilient and responsive to changes in the external environment. Nonetheless, this informality combined with the fact that the CGIAR is a public enterprise supported by taxpayers, can pose threats to its long term continuation. (Assuming of course that its work remains relevant and its products demonstrated to be contributing to alleviation of poverty and protection of the environment.) The Finance Committee has identified the following threats to the CGIAR - inadequate recognition of the critical role of agriculture in sustained economic growth, continued decline in overall ODA



which would put more pressure on voluntary contributions, more political demand for shorter term impact at the cost of longer term research investments and, increased paperwork caused by more micro demands for accountability by individual members.

**Opportunities:** The CGIAR's track record on the other hand leads the Finance Committee to also identify opportunities which could help it achieve its goals better. The Committee believes these opportunities lie in a very responsive and resilient center community, new modalities of partnerships which could improve costeffectiveness and a wider recognition that agricultural growth is a precondition for sustainable development

The Finance Committee welcomes the Review's comments and suggestions on these threats and opportunities.

July 25, 1997

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