

FROM: The CGIAR and TAC Secretariats

March 14, 1986

1987 Program and Budget Review Process
CIAT at Palmira, Colombia
June 22-July 2, 1986

Introduction

1. As part of the oversight responsibility for ensuring continued excellence of research conducted by the CGIAR centers, TAC has reviewed center programs from its inception.^{a/} While the structure of the review process has remained the same for the past several years, the process has been refined almost continuously as the participants gain more experience. In particular the process used in June 1985 incorporated some simple procedural changes which appear to have improved the exercise. Since October 1985 a subcommittee of TAC has been actively engaged in defining a new process prompted by suggestions made in the study report, "Budgeting, Financial Management and Reporting in the CGIAR" being presented to the Group in Ottawa. A progress report on the new process for further discussion and decision is provided separately.
2. At the October 1985 meeting TAC discussed a paper from the CG secretariat on conducting this year's process and agreed to continue the process used in June 1985. This paper revisits the process for the information of TAC.
3. Background detail on various aspects of the process is available in papers circulated earlier including the 1987 resource allocation guidelines. Key financial figures are provided at the end of this note. To provide a perspective, paragraph 4 below describes the overall resource allocation cycle. Paragraphs 5 through 11 discuss the specific objectives and the conduct of the 1987 review process. Paragraphs 12 and 13 describe the review materials being made available for TAC.

^{a/} The second CGIAR review assigned a specific role of annually reviewing the center programs and budgets to TAC and the CGIAR secretariat as part of an overall recommendation to strengthen the procedures for the review of center programs and budgets. Consequently, the Group specifically requested TAC to amend the 1982 center budgets in view of a large gap between requests and funding. This was accomplished at the March 1982 TAC meeting. Since then TAC has annually reviewed and recommended to the Group center programs for funding.

Distribution:

TAC Members
TAC Secretariat
Center Directors

1987 Resource Allocation Cycle

4. The resource allocation cycle has the following phases:
- (a) Issuance of guidelines by the CG secretariat for preparing the budgets (December).
 - (b) TAC discussion of the upcoming review (March).
 - (c) Preparation of program and budget proposals by center management for review by center boards (May).
 - (d) Submission of draft proposals to the secretariats and review by TAC and the CG secretariat (May-June). (Summary documentation prepared by the secretariats.)
 - (e) Recommendation by TAC of individual center programs and funding requirements (June).
 - (f) Submission of 1987 proposals and funding requirements to the Group (July-September).
 - (g) Circulation of commentaries on individual center programs and summary of TAC recommendations to the Group by the CG secretariat (July-September).
 - (h) Approval by the Group of the proposals (November).
 - (i) Individual donor decisions on funding of individual centers (November onwards).

Objective of the Review Process

5. The process aims to produce a statement recommending funds for the programs of each center. This recommendation for each center is arrived at in the context of programs proposed by all of the centers. It is based on a judgement of relative scientific priorities across the system given an expected level of funding. Since the donors make pledges after the TAC review, the prioritized statements need to be built as a range to allow the system and individual centers to deal with the actual funding level.

Main Features of the 1987 Process

6. The main features of the 1987 review are:
- (a) 1986 funding serving as the baseline for preparing the 1987 programs with no center specific upper limits for funding requests; instead, a projection of 10% growth in nominal funding serves as the systemwide constraint.
 - (b) Presenting total programs of centers including special projects in addition to the core program.

- (c) Presenting a short summary of the proposals with focus on programs rather than budgetary detail to facilitate the TAC review;
- (d) Building the 1987 proposals in discrete steps from the baseline up to the requested level with detail shown in a single list of changes;
- (e) Focussing the review process on recommending a single feasible set of high priority center activities for CG funding with TAC approval of additional activities, as necessary, for funding from other sources;
- (f) Using a simple decision tool to allow TAC to reach a consensus on merits of individual submissions;

Funding Recommendations and TAC Decision Process: Revisiting the 1986 Process

7. TAC recommends individual center proposals in the context of overall priorities across the CGIAR system. TAC deliberations on strategy provide some guidance on this. However, such guidance does not and should not govern the detailed individual judgements to be made in the annual allocation process. Rather, based on a review of written and oral presentations by centers of their programs and financing needs, TAC generates a "consensus view" out of the individual views and judgements of TAC members.

8. In the past this consensus has been achieved through the collective memory of individual participants and the working group format. In June 1985, to strengthen this decision-making mechanism, TAC initiated its review process by determining in broad terms what program areas need particular emphasis in 1986. This was done prior to the formal review of individual center programs and budgets and subsequently revisited several times as centers presented their programs and TAC met in working groups.

9. TAC pragmatically used a simple ranking system by which activities/ programs were given priority rankings of one through three (e.g., A should be emphasized, B should be maintained and C should be de-emphasized). This was done iteratively with several full TAC meetings reviewing the work done by the working groups. This resulted in a consensus on relative ranking across the system facilitating the review of individual submissions. The center material, in turn, was also reviewed in the same fashion. This process made it easier for TAC to choose between competing demands with an appropriate amount of deliberation within a tight timeframe. In the final step, keeping in mind the financial advice provided by the secretariat both at the system-wide and center levels, TAC chose to recommend priority 1 and 2 for CG funding while approving some elements of priority 3 if additional funding was available.

Organization of Process

10. The 1987 TAC review is proposed to be conducted using the same format of full TAC meeting and working group discussions along with individual presentations by the center directors.

11. The review will take place during the week of the June 22, 1986. Joint sessions are scheduled with the center directors at the beginning and the end of the week. The detailed agenda provided before the meeting will show the specific sessions for this topic.

Description of Materials

12. Each TAC member will be provided with a folder containing all the materials relevant to the review process. A list of materials in the folder is as follows:

- 1987 Budget Guidance document;
- Executive summaries of all center proposals;
- Summary tabular material showing time series on funding, requirements, expenditures, senior staffyears and other relevant data;
- Issues notes/summaries prepared by the secretariats.

13. The TAC member assigned to a center and the backup will also be provided with the detailed P&B documents for their centers. In addition copies will be available at the meeting.

Key Financial Information

1985 Outcome:	Approved <u>requirements</u> : \$174-186 million
	Estimated <u>funding</u> : \$170.6 million
	Of which: Stabilization Mechanism \$4.7 million
1986 Plan:	Approved <u>requirements</u> : \$190 million
	Estimated <u>funding</u> : \$182-185 million
	Of which: Stabilization Mechanism \$5 million
1987 Guidelines:	<u>Starting point</u> for center proposals: \$177 million
	Stabilization Mechanism: \$5 million
	Total: \$182 million
	Estimated system <u>funding</u>
	(10% growth): \$200 million