

Consultative Group on International Agricultural Research

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[For discussion on October 22
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From: The Secretariat

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1987 Resource Allocation Process
and Role of TAC Program and Budget Review

Summary

1. TAC needs to decide whether to use the alternative process suggested by the Financial Reporting and Budget study ("Budget" study)^{1/} for decision-making in June 1986. We recommend, based on progress to date and the timing requirements, that it would be premature to do so. We propose instead that TAC use next several meetings to review in depth four/five center bases at each meeting, allowing an orderly base setting exercise to be completed by October 1986 in time for the 1988 resource allocation process. This could be initiated with the three centers--CIMMYT, CIP and ICRISAT—who prepared pilot proposals in June 1986.

1987 Process

2. In the interim for use in June 1986, we suggest further refinements of the "old" process (see Annex 1 for details of the process used in June 1985). These refinements serve two purposes: to facilitate the transition to the alternative process while continuing to make the interim review process more meaningful.

3. Specifically, we propose a stronger focus on an integrated program including both core and special projects. We also propose that the 1987 process feature a topic (or more) of relevance to most centers such as training, genetic conservation, etc. Centers would be requested to address the specifics, including resources allocated beyond the purely accounting classifications. This should clarify activity definitions for one of the important elements of center programs while also allowing an examination of systemwide resource investments.

4. We also propose that TAC consider providing broad program guidance in addition to the financial guidance at the start of the process (for example, more emphasis on post-graduate training, critical mass for all

^{1/} The final draft of the study has been circulated separately.

Distribution:

TAC Chairman
TAC Members
TAC Secretariat
Center Directors

crops, planned reduction in activities related to certain crops and their replacement with others, etc.). This would initiate the explicit link between planning and programming proposed in both the TAC strategy paper and the budget study. (Note: the Group will have discussed the strategy paper in October prior to the issuance of the guidelines in December.)

5. Paragraphs 6 through 8 below provide an overview of the relevant elements of the budget study recommendations. Paragraphs 8 through 13 discuss implementation aspects of the alternative process leading us to the above conclusions.

Budget Study: "Old" vs "Alternate" Process

6. The budget study recommends several actions in the area of financial management. These include steps to ensure consistency in presentation of information as well as improving the presentation itself. However, in terms of the program and budget reviews, the main concern of TAC, the principal difference between the new and existing process, is the definition of base.

7. Under the existing process, there is no "fixed base" representing a set of activities that have assured funding. Consequently, every year a baseline is set in financial terms at the prior year's funding level to serve as a point of departure for the review discussions. The alternate process would set a "fixed base" defined in program terms using comparative advantage as the criterion and attach a price tag on it which would be open for discussion only every few years, not annually.

8. At a secondary level the new process also allows TAC to review and approve incremental programs purely on scientific grounds first and then recommend some of them for funding by the CGIAR. This facilitates a TAC review that is not solely driven by the "supply" of funds. While the funding recommendation takes into account the availability of funds, the other group of additional activities identify those that TAC considers high priority. This would allow centers to seek additional funding from non-CGIAR sources for programs which have scientific merit but are of lesser priority in context of the systemwide needs. It may be recalled that this has already been implemented starting with the 1986 program and budget review.

Implementation Issues for the Alternate Process

9. The important implementation issues are the readiness of a systemwide framework for evaluating all center activities on an equal footing and the various time constraints on implementation.

10. As to the framework, the first step is to have a common glossary of all CGIAR activities. As discussed in June, the center directors will be in position to discuss with the TAC a set of uniform definitions relevant to the universe of activities conducted by the thirteen centers. This is a prerequisite for any analysis at the systemwide level.

11. While TAC agenda allows for several meetings on this subject, unfortunately most of them are prior to the meeting with the center directors and chairpersons on Friday, October 25 (Tuesday, October 22 in open session and Wednesday as well as Thursday in working group sessions; a final closed session is also planned for Friday after the joint meeting).

12. Since the center directors intend to discuss the glossary among themselves prior to providing it to the TAC, this information will only be available to the TAC on Friday. As a result, it seems unlikely that TAC would have adequate time to progress beyond an agreement on these activities by the time of the closed decision meeting on Friday.

13. Even if it were possible to achieve more now, there are several other time-bound issues. Firstly, all centers need to prepare proposals discussing the base by April 30 for it to be operational for decision-making. Several centers do not have an adequate number of board meetings in this time frame. Secondly, as mentioned earlier by several TAC members, the task of setting a base which will be fixed for five years for all thirteen centers is formidable. TAC would need sufficient time to revisit bases decided earlier as the newer ones are reviewed. Consequently, more than one TAC meeting would be needed to settle all the bases conclusively. To make the new process operational for the 1987 review this would have to be completed by June 1986.

14. In view of the above discussion we recommend 1987 decision-making using the "old" process .

Attachment

Summary of the 1986 Process

Existing Process

1. The 1986 P&B process used the following principles:
 - (a) preparation of programs and budgets by the centers using the expected 1985 funding as a baseline
 - (b) presentation of items affected by funding changes between 1985 and 1986 in a single review list extending from the 1985 funding to the proposed 1986 funding.
 - (c) emphasis on programmatic presentation of the review lists
 - (d) use of a simple review tool by TAC which allowed it take into account the systemwide relevance of individual review items in center lists.

Alternate Process

2. TAC also discussed the test results of applying the finance and budget study proposed concept of a long-term base to an individual center. Three centers had tested the applicability of these concepts for purposes of program and budget review. The study proposes separating center activities into "base" and "other" activities. The base activities would represent long-term activities essential for the existence of the center. They would relate the comparative advantage of the CGIAR and of the individual center in conducting agricultural research and training. Once agreed such a base would be reviewed every five years and the donors would undertake to fund the base first.
3. This alternate process was found to be useful and all centers have agreed to take the first step in testing the new process, listing all center activities, for this TAC meeting. Center directors will discuss center submissions at their meeting starting Thursday, October 24 with a center presentation planned at the joint meeting on Friday, October 25.