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Mid-Term Meeting 2000 May 21 to 26 Dresden, Germany

Charting the CGIAR's Future – A new Vision for 2010

Agenda Item 7:

A Longer-Term Financing Strategy for the CGIAR

At its meeting in January 1999 the Consultative Council requested CGIAR Finance Committee Chair, Alex McCalla to lead the implementation of the CGIAR System Review recommendations on resource mobilization and public awareness.

At MTM99, the Group endorsed Mr. McCalla's proposal that a consulting company, The Conservation Company, be engaged for the task and that a working group representing the Centers, Members, CGIAR public awareness and resource mobilization professionals and the Public Awareness and Resources Committee of the CDC guide their work.

At ICW99, the Group discussed an interim report and endorsed the propositions from the Finance Committee that:

- CGIAR Longer Term Financing Strategy should be based on the continuation of ODA funding with some proportion being supported by non-ODA funding from DAC countries, expansion of Southern financial participation and a special effort to solicit private philanthropy.
- A single mechanism, such as a CGIAR foundation, be used for implementing a harmonized, but not centralized, approach for resource mobilization and public awareness.

The Group also endorsed the continuation of the working group to fully elaborate the propositions and develop a plan of action for implementation.

At its meeting in Rome, April 10-11,2000, the Consultative Council discussed a summary report from the working group and broadly endorsed the directions proposed.

The Group is requested to consider the attached draft report from the Working Group at MTM00 under agenda item 7. The report elaborates the proposed CGIAR strategy and outlines elements that should govern its implementation. The Chair of the working group, Alex McCalla, will present the report. The CGIAR Finance Committee, at its meeting prior to MTM00, will discuss the report and propose a plan of action to the Group.

A Longer-Term Financing Strategy for the CGIAR

Draft Report of the Working Group

Alex McCalla, Chair, CGIAR Finance Committee, was asked by the Group to develop proposals to respond to recommendations of the Third System Review on resource mobilization and public awareness. He constituted a working group in May 1999 initially with representatives of Finance Committee, Center Directors, Center Board Chairs, PARC and PAA. Following ICW99, the group was expanded to include representatives of Future Harvest, the Resource Mobilization Network and the CGIAR Secretariat. The working group was assisted throughout by The Conservation Company.

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Alex McCalla

Members:

CGIAR Finance Committee (Canada)	Iain MacGillivray
CGIAR Finance Committee (Sweden)	Carl-Gustaf Thornstrom
Chair, Committee of Board Chairs (2000)	Kurt Peters
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Chair, Committee of Center Directors	Per Pinstруп-Andersen
CDC Executive Secretary	Jean-Pierre Jacqmotte
Future Harvest	Barbara Rose
Public Awareness Association	Ruth Raymond
Public Awareness & Resource Mobilization Committee	Hubert Zandstra
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Resource Mobilization Network	Stacy Roberts
CGIAR Secretariat	Sarwat Hussain
Secretary, CGIAR Finance Committee	Ravi Tadvalkar

Introduction by Alex McCalla

I want to emphasize that this Report intends to portray the big picture. It proposes a dramatic expansion of Public Awareness initiatives with Future Harvest in the lead and significant Center involvement; it would create new fundraising capacities system-wide, at the Center level and at the national and regional levels where possible; and it calls for more effort to enlist the Southern countries to support both the CGIAR financially and increasingly take ownership of the system. These are bold initiatives, which will require buy-in by all the key constituencies of the CGIAR: Centers, Member/investors and Cosponsors.

April 2000

TABLE OF CONTENTS:

I. EXECUTIVE SUMMARY.....	1
II. OVERVIEW	1
A. PUBLIC SECTOR: CHANGING PATTERNS OF SUPPORT	2
B. OTHER ISSUES THAT MAY IMPACT ON CGIAR FUNDING.....	3
C. INSURANCE FOR THE FUTURE – DIVERSIFIED FUNDING.....	4
III. RESOURCE MOBILIZATION: WHERE IS THE MONEY?	5
A. OVERVIEW	5
B. STRATEGIC ELEMENTS OF A LONG-TERM FINANCING PLAN.....	5
1. <i>The Public Sector</i>	5
1.1. ODA.....	5
1.2. Non-ODA.....	6
1.3. The South.....	7
1.4. Expanding Membership to regional and multilateral organizations	9
1.5. Strategies for the CGIAR in the Public Sector.....	9
2. <i>The Private Sector</i>	9
2.1. Private and Corporate Philanthropy \.....	9
2.2. Strategies for the CGIAR with Private and Corporate Philanthropy	15
2.3. Venture Philanthropy and the New Wealth.....	15
2.4. Strategies for the CGIAR with the New Wealth.....	16
2.5. Strategic Corporate Philanthropy	18
2.6. Strategies for the CGIAR with the Business Community	21
2.7. Partnerships with Agribusiness	21
C. CREATIVE PUBLIC AND PRIVATE FUNDING ARRANGEMENTS FOR AGRICULTURAL RESEARCH.....	23
1. <i>Using loans and credits to finance contributions:</i>	23
2. <i>FONTAGRO and other models:</i>	23
4. <i>Endowment:</i>	24
5. <i>Internet Fundraising</i>	25
6. <i>Social Enterprise</i>	25
7. <i>Earned Income</i>	25
8. <i>Social Purpose Business</i>	26
IV. BUILDING CAPACITY FOR SUCCESS.....	26
A. EXPANDING PUBLIC AWARENESS: SPREADING THE MESSAGE AND CAPTURING NEW AUDIENCES.....	26
B. WHAT CAN A PUBLIC AWARENESS /RESOURCE MOBILIZATION EFFORT DO FOR CGIAR?	28
C. PARTNERS AND FRIENDS FOR DEVELOPMENT: NATIONAL AND REGIONAL SUPPORT ORGANIZATION.....	28
D. ORGANIZATION: CREATING THE STRUCTURES TO SUPPORT THE SYSTEM	29
E. FUNDING THE CGIAR/FUTURE HARVEST ORGANIZATION	32
V. POTENTIAL REVENUE IMPLICATIONS FOR CGIAR AS A RESULT OF AN ENHANCED PA/RM STRATEGY.....	32
A. IMPLICATIONS OF FUNDING TRENDS AND STRATEGIES ON CGIAR REVENUES.....	33
B. UNINTENDED CONSEQUENCES OF SUCCESSFUL FUNDRAISING.....	34
VI. CONCLUSION.....	35

I. EXECUTIVE SUMMARY

In early 1999, The Conservation Company (TCC) was asked to explore potential approaches for the diversification and expansion of funding for the CGIAR. The urgency of this action was spurred by upcoming changes in leadership of the System and an acknowledgement of certain long-term trends; i.e. static levels of ODA contributions to the CGIAR had already begun to impact on Center operations. The task was made immediately more complex by the simultaneous exercise of the TAC redefining CGIAR's vision and strategy for 2010.

With support from the Ford Foundation and the CGIAR, the Working Group and TCC embarked on a multi-faceted investigation of all potential avenues of CGIAR support. Tasks included engaging in numerous consultations with CGIAR stakeholders; researching the existing and emerging philanthropic communities in the North and South; commissioning expert input on the New Wealth and innovative partnerships with the commercial sector; surveying current Center activities, and under The Ford Foundation grant to TCC, delivering strategic marketing consultations at four CGIAR Centers. As part of these explorations, TCC focused on existing mechanisms within the CGIAR to implement a broad based resource mobilization plan. Early feedback made it clear that lack of public awareness about the CGIAR and the import of its work was one of the largest impediments to fund diversification. This was not news to the CGIAR. The creation of Future Harvest by the Centers as an independent public awareness arm of the CGIAR was a first step toward addressing this need.

The following report presents findings of the research on potential long-range financing mechanisms for the CGIAR. Funding trends for agricultural research in both public and private sector are presented as part of the current context in which the CGIAR operates. The current environments in which governments, foundations, corporations and wealthy individuals operate are described. Innovative mechanisms such as endowments, use of loans and credits and marketing schemes are assessed for potential. Finally, the report discusses the effort required to maximize the potential of these various funding opportunities. The report stops short of final recommendations for structural enhancements of the System that would facilitate new development strategies because of the ongoing vision and strategy exercise. However, the obvious next steps will be to lay the groundwork for a future initiative able to translate the new vision to new constituencies globally.

Despite the obstacles described in this paper – including stagnant or declining ODA; lack of name recognition of the CGIAR; low support for agricultural research; and high competition for scarce funds – what emerges from this broad stroke approach is a portrait of open opportunities.

The CGIAR has a number of unassailable assets: reputation, history of high value products, and quantifiable impact on the lives of the poor. However, it does not yet have the skill and the outreach to impress those features on the donor public. Opportunities for diversifying funding exist. There are none that, in the short or even medium term, will supplant the current magnitude of support from the public sector. However, with a dedicated development effort, the CGIAR has the potential for decreasing the System's vulnerability to funding shocks, by decreasing its reliance on any single source of funds. This multi-pronged effort could be characterized as defensive, aggressive and innovative. It would defend and protect current ODA support, aggressively seek to expand all forms of public sector funding, and would explore new innovative relationships with the private and commercial sectors. With success, this effort will allow the CGIAR to grow and maintain its vitality. This cannot be overstated. The heart of the CGIAR's success in diversifying its funding base and securing long-term financial stability will be its capacity to communicate a message that resonates with its key stakeholders and a diverse donor community.

The Working Group strongly recommends that the CGIAR launch an enhanced public awareness/resource mobilization (PA/RM) effort that builds on the current efforts of Future Harvest and grows them into a global initiative. The cornerstone of such an effort will be the ability to present the CGIAR as a vital and relevant entity. At minimum, the CGIAR/Future

Harvest Organization should have expanded marketing and fundraising capacity in each region of the world; support and work with national efforts such as National Support Organizations (NSOs) and Non-governmental Organizations (NGOs); support Center efforts and work collectively to build Center capacity; and collaborate on System initiatives.

Such an effort will require a substantial investment of resources in recruiting top-flight personnel, developing essential skills and mounting a communications effort. An estimate of costs to adequately staff and provide an operating budget and consulting support is approximately \$1.5 to \$2 million, or approximately three times the current budget of Future Harvest. The creation of regional nodes or hubs and partial support of Center PA/RM staff would increase costs by approximately \$1 million, bringing the total initial investment to \$2.5 to \$3 million. The size and complexity of the CGIAR, the need for heightened public awareness as a precursor to fundraising success and the need to raise substantial sums demand a significant effort.

The proposed CGIAR/Future Harvest organization would have three primary functional areas:

- Marketing
- Fundraising
- Training

The management of additional functions that are integral to soliciting and managing private sector contributions will require further consideration with regard to key functions of the CGIAR. These include

- Fund management
- Fund disbursement
- Reporting
- Quality control and oversight of PA, PR and RM materials and activities

These functions will require a structure that facilitates the development of new relationships with new and traditional philanthropies in every region of the world and allows for innovative partnerships with the corporate community. For the CGIAR, these issues are complicated by a complex global structure consisting of sixteen individual centers, fifty-eight members, and a Secretariat with overlapping and independent agendas. Consequently, the enhanced entity will be guided by the need

- to create a governance structure that allows ownership of the initiative by the Centers and other key stakeholders and yet values an external perspective;
- to develop a relationship between the Secretariat and the proposed organization that maximizes beneficial linkages while maintaining independence;
- to rationalize the division of PA and PR functions between the Secretariat and the proposed CGIAR/Future Harvest;
- to balance Center and System-wide PA/RM efforts in a way that assures collaboration and facilitates development of trained staff at all levels; and
- to meet the legal requirements of raising funds in a variety of countries and develop partnerships with NSOs and NGOs to maximize efficiency and capacity.

Clearly, the initiative cannot be fully launched until there is a new vision for the CGIAR for the 21st Century. Prior to the presentation and adoption of the TAC report of the new vision for the CGIAR, steps can be taken following the Mid-Term Meeting (MTM) in Dresden to pilot new ideas and build capacity that will ready the network to move forward as soon as possible. These are

- Immediately increase resources for Future Harvest's work by strengthening capacity at its core, and posting media/communications professionals in key locations.
- Increase the expectations that Centers will devote more of their own resources to an integrated PA and RM effort and adopt strategic marketing plans that feature new, collaborative partnerships and ventures among Centers and their partners.
- Work toward expanded Center Board involvement and consider recruiting to Boards persons who can further the PA and RM objectives.

- Hire consultants with specific fundraising and communications expertise to help develop and implement plans.
- Begin to pilot promising, high priority alternative financing initiatives to gain experience and test their feasibility for CGIAR application.
- Work with TAC and Center Directors to begin identifying high-profile activities that lend themselves to funding through new sources.
- Prepare a business plan identifying resources required.
- Develop consensus among key constituencies for an organization plan and structure to fully implement these new initiatives.

Experience and knowledge gained from implementing these interim steps will provide the foundation for a System-wide initiative. The proposed goal by ICW 2000 would be to have moved significantly forward in all of the above areas.

Major findings from the research include

ODA is not replaceable by alternate sources of funding and is essential for the continuation of research that is in the public good.

The CGIAR can position itself to weather the uncertainties of ODA support by developing and implementing innovative strategies to solidify the support of traditional donors and to tap into new sources of funds, both public and private. These strategies must include communicating a clear and compelling case for the CGIAR's value in achieving a world without hunger. If the developing countries along with the traditional supporters in the North perceive the financial threat and act accordingly, a crisis can be averted and a base laid for expanded funding comprising public and private resources.

A. The Public Sector

Increased targeted public awareness activities may develop new constituencies and help maintain or even grow current support. The public sector does not offer potential for great expansion but remains the major source of revenue to the System and offers the best potential for continued support for public goods research. The very size of public sector support for the CGIAR, \$308 million in 1999, makes it unlikely that substitute sources of support will be available in the coming decade.

***ODA** must be maintained and where possible, increased by identifying the areas of priority overlap and by appealing to a sense of enlightened self-interest.*

The CGIAR can develop national constituencies and advocacy programs through the active support of and partnering with (NSOs) or through partnerships with other organizations such as national NGOs (in the North and South) with similar concerns.

***Non-ODA support**, both agriculture and non-agriculture sectors (e.g. environmental, population, health and nutrition) may yield support for discrete activities, if a convincing case for their support can be made. However, access to these funds requires making the linkage between CGIAR research and their priorities. To date this strategy has met with only limited success. Unfortunately, not all increases in non-ODA support will add to the resource base of the System. Non-ODA support may increase as ODA of a given country decreases and is substituted for by research partnerships and science exchanges on a value added basis, at times linked with private sector and university research.*

***Southern Strategy:** The CGIAR must make every effort to draw more Southern country members and to increase the active ownership of the System by the South. While this strategy will yield some financial returns, the valuable non-financial benefits cannot be underestimated.*

Higher visible buy-in of the South to the mission of the CGIAR by becoming members, reaffirms the legitimacy of the System and in so doing, enhances donor (existing and new) perception of the value of the system. As the primary beneficiaries of the System, the Southern members must assume true ownership of the CGIAR if it is to survive in the end. The immense importance of having the developing countries see themselves, and be perceived to be, the legitimate owners of the System merits greater attention to free rider issues and other obstacles to membership.

Strategies for the CGIAR in the Public Sector

- *Identify priority focus areas in donor countries for both ODA and Non-ODA.*
- *Develop tailored advocacy programs at national level.*
- *Mobilize NSOs where available and investigate creating them where they do not already exist.*
- *Focus on increasing Southern membership and participation.*
- *Document “flow-backs” to the beneficiary countries.*
- *Consider incentive packages for membership.*
- *Expand membership to regional and multi-lateral organizations.*
- *Analyze alternative regional research funding mechanisms such as debt-swaps, fee-for service, contract research, etc., and alternate models such as FONTAGRO.*
- *Focus on improving relationship with National Agricultural Research Systems (NARS).*

B. The Private Sector

***Private and corporate philanthropy**, in both the North and South, offers opportunities for the CGIAR. However, as the research indicates, this resource will be limited and will require a structured targeted effort to promote initiatives consistent with the funder's priorities. Where there is a clear intersection between the goals of a philanthropic institution and the Centers, there is a potential for success. Nurturing nascent philanthropic sectors in Asia and Latin America, over time, may lead to new partnerships for the Centers in those regions. However, the CGIAR currently is hampered by low name recognition, minimal understanding of the import of its work and low priority of agricultural research. Improved outreach and public awareness activities will help identify the CGIAR to the regional and national donors. Most foundations, however, are unlikely sources of longer-term funding.*

Strategies for Private and Corporate Philanthropy

- *Work to educate audiences on the meaning and importance of sustainable development and the role of the CGIAR in the various elements of sustainable development (particularly those in which the foundation or corporation is involved). Specific strategies could include developing targeted study tours for foundations to learn more about how the work of the Centers has a direct impact on their grantees and areas of interest. Similar tours could be designed for corporations with presence in CGIAR priority areas.*
- *Build awareness about the CGIAR through intermediary organizations such as the Council on Foundations, the Prince of Wales Business Leaders Forum, Asian Pacific Philanthropic Consortium and Centro Mexicano para la Filantropia, AC (CEMEFI). Specific strategies include CGIAR information exchanges, visits, study tours, and briefing sessions.*
- *Develop creative approaches to make research and related activities attractive to non-traditional donors. Because of the difficulty of capitalizing on long-term research results, consider framing research with cutting-edge economic/social issues of interest to corporations and funders with short-term results. Approaches could include highlighting certain research thrusts, especially those relevant to capacity building and policy implementation.*

- *Increase opportunities for donor visibility in CGIAR initiatives. Possible strategies include adopting proactive marketing tactics for research initiatives and involving academics or alumni of CGIAR system in disseminating research results.*

The New Wealth poses the most tantalizing image of easy to access money. The competition for these funds is fierce. The style of philanthropy is non-traditional, interactive and entrepreneurial. This area may be high yield, but it is also a highly intensive investment. Research suggests that a well-orchestrated plan to cultivate strong relationships with this wealthy entrepreneurial class will yield results.

Strategies for approaching the New Wealth

- *Focus on the converging biotech, pharmaceutical and hi-tech communities. This is the best prospect for the CGIAR. This coming together of the hardware/software industry with biotechnology is being called "bioinformatics" and the partnering among herds of start-up companies is being funded and mentored by the same venture capital firms that bankrolled Apple, Intel, Microsoft and AOL.*
- *Share problems, challenges and opportunities with the entrepreneurs, who are in the business of solutions.*
- *Make giving as simple and direct as possible. Clear messages and straight talk connected to tangible programs:*
- *Get prospective donors to the real work of the Centers. The people and programs in the Centers that make up your "informal association" are working on some of the most critical issues the world is facing.*
- *Emphasize strategic engagement. Beware of intermediary structures that get in the way of connecting to the donor. If CGIAR is serious about building a base of significant donors, then the channels have to be wide open to the centers.*
- *Make a strong case for scientific endeavor and grass roots engagement that takes the humanitarian high ground. This authentic work is a powerful way to conscientize and recruit donors to the challenge to preserve the gene bank, to support sustainable agriculture, to fight poverty and, to feed the world.*

Partnerships with the business community: Partnerships with the business community herald the future. Private investment in agricultural research has overtaken public sector investment. The CGIAR has natural affinities with many corporate communities engaged in agriculture and agriculture related activities. The challenge is how to bridge the corporate culture with a culture of public good and poverty alleviation. Social marketing (joint marketing ventures between Future Harvest/Centers and business) may be a first step in developing these new partnerships; joint ventures that commercialize Center research and other products, may be a later initiative. Future Harvest and several Centers are considering a number of social marketing ventures for piloting. The present read is that this strategy offers considerable potential. In addition, several Centers have already developed valuable partnerships with agri-business companies. Rough estimates suggest a considerable potential for these contractual relationships, albeit limited to a select number of Centers. The Centers should begin to develop strategies that incorporate a range of commercial relationships, pilot these and develop frameworks for future involvement.

Strategies for approaching the Business Community

- *Survey and analyze current Center activities with the commercial sector.*
- *Proceed with Future Harvest and Center pilot activities.*
- *Study pilots and current activities for their impact both on increased public awareness and revenue generation.*
- *Decide on future commitment of resources based on the initial results of pilots.*

C. Creative Public and Private Financing Mechanisms

The CGIAR should experiment with creative public and private funding arrangements for agricultural research including loans and credits to finance contributions, E-commerce, etc.

Endowment: *Creating an endowment may be one of the leading mechanisms for long-term sustainability of key components of the system, but it is tricky, requires strong leadership, a well-focused campaign and a winning message. Experts in this field point to the potential yield, but stress the need for careful planning and preparation, which requires considerable time and investment.*

All of these potential sources, but particularly the private sector, require an intensive development effort and a flexible structure that can operate as comfortably in Silicon Valley as in Uganda. Repeatedly, the message is – know the donors and make yourself known to them. Unlike a university or a typical NGO with a narrowly defined target audience, the CGIAR has the potential to cast its net far outside any single national boundary. Centers should be able to reach out to funding agencies in their home country or region. The System must mobilize for support anywhere in the world. Growing Future Harvest, the Centers and key constituencies into a fully realized public awareness /resource mobilization initiative is the CGIAR's best hope for reaching out to a new donor community and assuring its current donors of its long-term viability.

II. OVERVIEW

Few organizations can assert that they truly have made a difference in the lives of the world's poor. Even fewer can lay claim to putting more and better food on the tables of millions. For over 30 years, the CGIAR has been in the forefront of striking advances in agricultural science. It is seen by many to be "one of the most successful ventures in the art and diplomacy of development assistance."¹ As stated by the Chairman of the recent System Review, Maurice Strong, "investment in the CGIAR had been the best use of international official development assistance bar none."

However, the present context of operations for the CGIAR is radically different from the world of the 70s – or even the 90s. Rapid globalization has redefined the way science and research are pursued and how organizations operate, communicate and eventually survive. The traditional relationships between North and South are being reevaluated, and a dynamic private sector increasingly is eclipsing a public sector that no longer has the political will or resources to set a development agenda for the new century. Yet there remains no greater incentive for collaboration between public and private sectors in agricultural research than the enormous challenge posed by global food security, which will require that limited resources be used more effectively to develop sustainable systems that also conserve natural resources.²

The value of the day-to-day work of the CGIAR is often muted in the details of the science, while the uncaptured "flow-back" of benefits to the poor consumer virtually shouts for attention. Poverty alleviation related to agriculture usually takes place when change, often drastic transforming change, takes place. Raising yields and productivity are examples of such change. The CGIAR is a bridge, a broker and a catalyst for the exchange and development of cutting-edge agricultural research for the North and South. Nonetheless, the truth is – research is not sexy. It does not provide an immediate bang for your buck. It is not always easy to show its impact, and it often does not have a name. The CGIAR name and the nature of its work had been virtually unknown in most parts of the world until recent efforts by Future Harvest and the Centers began to change this dynamic.

The Technical Advisory Committee (TAC) is in the midst of an extensive exercise to address the future of the CGIAR (horizon 2005-2010) and to define what it should be doing and producing, how it should be doing it and with whom. At core, the question is what must the CGIAR do to remain competitive in providing research products and services that benefit the poor.

This exercise is the platform on which the strategies for long-term financing of the CGIAR will be built.³ As it forges this new vision, the CGIAR has the opportunity in the coming months and years to communicate aggressively its vital role to the public and to market its work to new funders. This will allow it to build new constituencies and to renew traditional ones by creating fresh opportunities for involvement and by engaging donors in an interactive dialogue about the role of the CGIAR. The magnitude of success of these two undertakings is dependent on one another. The combined force of these two initiatives may prove transformational.

The CGIAR today faces a landscape of declining Overseas Development Assistance (ODA), growing competition for resources, fast-changing technologies and increased expectations of measurable short-term impact and accountability. Donors, operating under their own political pressures, must assess their activities in light of how they will benefit the average citizen at home. Traditional global institutions suffer from the perception that they are weak and outmoded and that they have lost their relevance in today's altered world. Finally, the developing nations are

¹ Walter C. Baum, *Partners Against Hunger*. The Consultative Group on International Agricultural Research (Washington, D.C: The World Bank, 1986), p. xi.

² Clive James, *Progressing Public-Private Sector Partnerships in International Agricultural Research and Development*, ISAAA Briefs No. 4. (Ithaca, NY: ISAAA, 1997), p. 31.

³ Internet Exchange Discussion Summary Points, January 2000.

asserting their right to be a full partner in the development agenda. Without their voices and the assurance that they are being heard, the credibility of any global initiative is questionable.

The challenge for the CGIAR, in its most simplistic form, may be to sustain the work of the Centers by tapping into new sources of support. However, the more profound challenge is to reaffirm the relevance of the CGIAR in today's society and to translate the message of its work and impact to key constituencies, especially audiences who continuously demand proof of excellence. Doing good is not enough. More importantly, \$30 billion, the total global public and private investment in agricultural and food R&D, is not enough to stave off an impending challenge to global food security. The CGIAR must find ways to impress this upon donors so that it can continue to abide by its commitment to the world's poor. These demands on the system present an exciting opportunity for the CGIAR to reevaluate its mission, sharpen its focus, differentiate itself from others in the field and, in essence, recreate itself with a bold new vision for the future.

A. Public Sector: Changing Patterns of Support

From 1992 to 1997, aid from Development Assistance Committee (DAC) Member countries to the developing world fell by 21 percent in real terms. As a proportion of their combined national incomes, it fell by a third, the largest declines since the inception of the DAC in 1961. After the steep decrease of overall ODA in 1997, contributions rebounded in 1998 but were still below 1991 rates.⁴

A booming economy in many of the industrialized countries has not translated into increased support for public expenditures, especially among several key G7 donors. As a percentage of GNP, aid has fallen for five consecutive years from 0.33 percent in 1992 to 0.22 percent in 1997.⁵ Among non-G7 countries, such as Denmark, the Netherlands, Norway and Sweden, there is a continuing commitment to maintain overall ODA targets of between 0.7 and 1.0 percent of GNP.⁶ The U.S., however, contributed .10 percent of GNP in 1998. Other DAC countries including Finland, Ireland, Belgium, Spain, New Zealand and Switzerland have committed to increasing aid or have already increased their contributions. However, these increases are unlikely to balance diminished support from Japan, the U.S., France and Germany.⁷

Between 1987-97 ODA to agriculture declined by 50 percent, and national governments are supplying less as well. In the 1960s, private sector investment of the U.S. in agricultural R&D was 5 percent less than that of the public sector. In 1997, private sector investment of the US in R&D is 27 percent more than public. Private sector investment in R&D is growing even in the developing countries. In Colombia, private sector investments as a percentage of national R&D investments grew from 22 percent in 1970 to 37 percent in 1991.⁸ Investment of ODA for CGIAR activities, on the other hand, has grown by 30 percent over that same period.^{9,10}

⁴ Organisation for Economic Co-operation and Development, *The DAC Journal; Development Co-operation, 1999 Report* (Paris: Organisation for Economic Co-operation and Development, 2000), p. 67.

⁵ The Consultative Group on International Agricultural Research, *CGIAR Financial Report 1998* (Washington: CGIAR Secretariat, August, 1999), p. 3.

⁶ Organisation for Economic Co-operation and Development, *The DAC Journal; Development Co-operation, 1999 Report* (Paris: Organisation for Economic Co-operation and Development, 2000), p. 103

⁷ *Ibid.*, p. 71.

⁸ Clive James, *Progressing Public-Private Sector Partnerships in International Agricultural Research and Development*, ISAAA Briefs No. 4. (Ithaca, NY: ISAAA, 1997), p. 31.

⁹ Organisation for Co-operation and Economic Development, *The DAC Journal, Development Co-operation, 1999 Report* (Paris: Organisation for Economic Cooperation and Development, 2000).

¹⁰ See Appendix A.

Over 90 percent of current CGIAR funding derives from ODA support, down from a high of 98 percent in 1990.¹¹ A summary of ODA support for the CGIAR in 1998 is as follows:

- Regional bank contributions as a portion of ODA dropped by a third from \$12.3 million in 1990 to \$8.2 million in 1998, attributable mainly to InterAmerican Development Bank pullback, with an exception of the six-fold increased contribution of the Asian Development Bank from \$0.6 million in 1990 to \$3.8 million in 1998.
- Five DAC countries provided aid at lower levels in 1998 than in 1990: Canada, Finland, Italy, the United States and the UK, which was only slightly lower.
- Ten DAC countries at least doubled aid between 1990 and 1998, and one, Denmark, contributed approximately six times its 1990 support in 1998.¹²

As can be seen, despite overall declines in ODA, the CGIAR contribution has remained relatively stable, benefiting from substantial residual good will from the DAC countries, the byproduct of long years of interaction, high value product, and the important role that the CGIAR is seen to play in protecting the international public goods nature of agricultural research.

This stability has cushioned the overall system from major funding shocks, although several Centers have already experienced funding volatility and reduced support. If ODA continues to decline as predicted, this volatility will surely spread to the system as a whole. For the purposes of strategic planning, the Finance Committee has projected modest nominal growth for the coming decade but close to zero growth in real terms. However, this assessment may be negatively impacted by

- steeper than anticipated declines of ODA as a function of public support for foreign aid;
- decreasing public investment in agricultural R&D in both North and South;
- unanticipated shortfalls, such as those experienced in 1999, as a result of donor drop-out;
- competition for funds from new organizations in closely related fields; and
- new developments such as the current negotiations on plant genetic resources which could have a profound impact on CGIAR funding.

Conversely, it may be positively impacted by:

- the enhanced ability of CGIAR to project an image of relevance and to appeal to donors' sense of enlightened self-interest, including tapping non-ODA and in-kind support, e.g., scientific exchange of scientists and materials; and
- success in encouraging donors to contribute a greater percentage of GNP to ODA and a greater percentage of ODA to agricultural research.

In either case, ODA support is uncertain and is likely to be volatile.

B. Other Issues that may impact on CGIAR Funding

The nature of funding is also changing. During the four-year period from 1993 to 1997, premium unrestricted funding declined as a proportion of the System total from 68 percent to 45 percent, restricted attribution funding increased from 15 to nearly 19 percent, and funding with a specific restriction increased from 17 percent to nearly 37 percent.¹³ While restricted support for projects can be advantageous, it also poses new challenges. The cost of securing and reporting on this funding is often higher; it pays insufficient overhead; it makes it more difficult to meet the TAC

¹¹ Ibid.

¹² Ibid.

¹³ Jock R. Anderson and Dana G Dalrymple, *The World Bank, the Grant Program and the CGIAR: A Retrospective Review*, OED Working Paper Series No.1 (Washington, D.C.: OED, March 1999), p. 63.

recommendations for allocation of research funds by program area; and it hampers the development of multi-center initiatives.¹⁴

The World Bank has been the largest contributor of funds for the operation of the CGIAR System and has been the leading donor for its core. Even more importantly, it provides the majority of the premium unrestricted funding, essential for strategic flexibility of the System. Other donors are able to show their constituencies that their funds go directly to support the research and not overhead because of The Bank's continued support of all Secretariat costs. The task of the Development Grant Facility (DGF) that administers the Bank grants is to rationalize its funding strategy and make their grant funds more competitive. Bank leadership continues explicitly to voice its support of the work of the CGIAR and to pledge its commitment for the coming two years. However, observers note that "the future outlook for CGIAR funding within the DGF facility may be one of increasing difficulty and decreasing stability."¹⁵

Finally, external events may have a profound impact on the CGIAR. International negotiations on genetic resources have progressed very slowly since they were initiated following the adoption of the Convention on Biological Diversity (CBD) in 1992. Many feel that the slow pace of negotiations and potential stalemate may pose a serious threat to the continuation of current international activities aimed at conserving and utilizing the genetic resources for agricultural purposes. The CGIAR is currently the depository of the largest collection of plant genetic stock in the world. To many, the most important activity at the CG Centers is germplasm improvement, which is dependent on the free and open use of these genetic resources for the production of international public goods. Restrictions on the use and circulation of germplasm strikes at the heart of the CGIAR and could seriously threaten its very existence.¹⁶

C. Insurance for the Future – Diversified Funding

To some, the above may seem like a worst-case scenario. We hope it is an analysis of current trends, and the CGIAR has been able to buck the trends in the past. However, we all buy insurance to help weather the rough patches. Whatever else the future may bring, concrete assurances of long-term funding from the public sector is not among them. The CGIAR cannot afford to be complacent. A diversified funding base is the best insurance policy to maintain a vibrant and growing CGIAR and to protect it from the vagaries of funding.

The CGIAR can position itself to weather the uncertainties of ODA support by developing and implementing innovative strategies to solidify the support of traditional donors and to tap into new sources of funds, both public and private. These strategies must include communicating a clear and compelling case for the CGIAR's value in achieving a world without hunger. If the developing countries along with the traditional supporters in the North perceive the financial threat and act accordingly, a crisis can be averted and a base laid for expanded funding comprising public and private resources.

What are the potential sources of new support? How can the CGIAR position itself to be competitive for private sector support? Moreover, how does the CGIAR balance its critical role as a producer of international public goods for agriculture and its core mission of poverty alleviation with this new need to be competitive for private sector funds?

¹⁴ Ibid.

¹⁵ Ibid., p. 66

¹⁶ Michael Petit *et al.*, *Why Governments Can't Make Policy: The Case of Plant Genetic Resources in the International Arena*, draft report (Washington, D.C.: BWI, March, 2000).

III. RESOURCE MOBILIZATION: WHERE IS THE MONEY?

A. Overview

The Conservation Company (TCC) report entitled "Towards a Long-Range Financing Strategy" presented at ICW 1999 contained research findings regarding the potential support of CGIAR work by currently untapped sources, namely private and corporate philanthropy. TCC has continued to refine and confirm these initial findings and expand the perspective to include the public sector, philanthropy in the US, Europe, Latin America and Asia; and innovative relationships with the growing cohort of the newly wealthy and the corporate community. The attached matrix (Appendix E) summarizes our scan of the environment and illustrates the potential growth areas for resource mobilization and key strategies. There are potential growth areas for the CGIAR in both the public and private sector, North and South. *However, there are no readily apparent untapped pockets of funds that in the short term can or will replace current public sector support.* What can be expected is incremental growth as inroads are made into these new environments. With appropriate targeted material and skilled staff to cultivate new relationships, these funding sources, in time, have the potential to become important supporters of the CGIAR system. Partnerships will characterize the philanthropic relationships of the future. What is not anticipated in these assessments is whether a significant threat to the sustainability of the System might inspire other donors, particularly from the developing countries, to increase substantially their support in order to preserve the System.

The next step in quantifying the potential from all of these sources is the more detailed planning and piloting of targeted activities under the guidance of professional fundraisers.

B. Strategic Elements of a Long-term Financing Plan

1. The Public Sector

Increased targeted public awareness activities may develop new constituencies and help maintain or even grow current support. The public sector does not offer potential for great expansion but remains the major source of revenue to the System and offers the best potential for continued support for public goods research. The very size of public sector support for the CGIAR, \$308 million in 1999, makes it unlikely that substitute sources of support will be available in the coming decade.

1.1. ODA

ODA must be maintained and, where possible, nurtured by identifying the areas of priority overlap and by appealing to a sense of enlightened self-interest. The CGIAR System must continue to provide the results of its scientific research to help the poor – if not, the justification for its existence is threatened. The CG faces the dilemma in that focussing on the needs of the very poor and marginal farmer may mean choosing less "sexy" areas of research that are least likely to attract the investment of the private sector. The CG will need public sector support to continue research that is in the public good, while the private sector may be more interested in focusing on the commercially exploitable sectors of agricultural enterprise.

Only four DAC countries currently meet the recommended standard for ODA of 0.7 percent of GNP.¹⁷ The gap between current giving and recommended giving is, in many cases, significant. In addition, the agricultural sector as a portion of bilateral ODA has fallen by 29 percent between 1990-98 and now comprises only 9 percent of the total.¹⁸ How can the CGIAR convince donors

¹⁷ See Appendix B

¹⁸ Organisation for Economic Co-operation and Development, *The DAC Journal; Development Co-operation, 1999 Report* (Paris: Organisation for Economic Co-operation and Development, 2000).

to scale up their giving to close both the gap in GNP contributions and the decline in agricultural ODA?

Governments all over the world are being challenged by their constituencies to justify their foreign aid contributions on two levels: the charitable and the pragmatic. They must be sensitive to the needs and perceptions of the public. On the charitable level, there is still a will to respond to disasters, hunger, and disease. However, contributions that do not show immediate impact but foster longer term social and economic improvement are often less understandable to the public and, therefore, harder to justify. People expect some correlation between international support and their own lives. Governments expect linkage between what they fund and national priorities. Capturing the “flow-back” in concrete terms is essential. In “Hidden Harvest: US Benefits from International Research Aid,” Philip Pardey and Julian Alston measure the benefit realized by the US economy due to CGIAR research by tracking the development and use of higher-yielding, improved varieties of rice and wheat developed by IRRI, CIMMYT and US breeders and identifying the yield attributable to these new varieties. Astonishingly, the benefit-cost ratio for US government support of CIMMYT is as high as 190 to 1.¹⁹ Some credit this information with shoring up the contributions to the CGIAR from the U.S. at the time of its publication. Similar exercises for Europe and the developing world would contribute to building support for the System.

Many international NGOs have found it necessary to create development education programs that heighten public awareness of the “flow-backs” to their own systems from international activities. For the CGIAR one way of developing national constituencies is through the active support of and partnering with national support organizations (NSOs) that have access both to private and public sectors. Where NSOs exist, they are a ready-made vehicle to translate the CGIAR message to national interests. In countries where there are no NSOs, the CGIAR would have to develop a mechanism, either through partnerships with other organizations with similar concerns, by supporting the creation of an NSO, or by contracting staff in-country. Communicating a message of national relevance will support the CGIAR’s arguments for further and future funding.

1.2. Non-ODA

Non-ODA sources of support may yield support for discrete activities. Agriculture and non-agriculture (e.g. environmental, population, health and nutrition) sectors are potential sources for non-ODA support. However, access to these funds requires making the linkage between CGIAR research and their priorities. To date this strategy has met with only limited success. Unfortunately, not all increases in non-ODA support will add to the resource base of the System. Non-ODA support may increase as ODA of a given country decreases and is substituted for by research partnerships and science exchanges on a value added basis, at times linked with private sector and university research. Collaborative projects between CG Centers and non-ODA agencies may augment or substitute for financial support in some cases. NSOs may assist in developing or strengthening various types of linkages.

A recent initiative that illustrates the potential of making the linkage between agricultural research and health issues is the CGIAR Micronutrients Project. Begun in 1994 as a joint project of IFPRI, CIMMYT, CIAT, IRRI, USDA and the University of Adelaide in Australia, it was conceived as a prebreeding study to develop the tools necessary for breeding iron, zinc and betacarotene dense varieties of rice, wheat, maize, beans and cassava. Initial steps involved screening CGIAR germplasm banks for genotype variation, testing for genotype-by-environment interactions and laboratory tests of the bioavailability of micronutrients. At first glance, it seems the ideal crossover project linking plant breeding, nutrition and health. It is also a good partnership model: the CGIAR centers and the National Agricultural Research Systems (NARS) had the germplasm,

¹⁹ Philip G. Pardey *et al.*, *Hidden Harvest; US Benefits form International Research AID*, Food Policy Report (Washington, D.C: The International Food Policy Research Institute, 1996), p 13.

and the USDA and University of Adelaide laboratories had the experience and equipment in doing research on trace minerals. However, the program ran into difficulties almost immediately. The plant breeders were wary; concerned that breeding for nutrition would negatively impact on yield, as was the initial case with quality protein maize (QPM). The CGIAR would not contribute substantial funding. Danida provided core support with small contributions from USAID and ACIAR. Despite the lack of substantial initial support, the project was launched. Discovery of a high-yielding, high-iron rice was the first success. Project proponents publicized their success, placed articles in journals and held the CGIAR Conference on Human Nutrition, where donors, nutritionists and plant breeders were invited to hear about the project. Equipped now with a strong case and evidence of success, the project was able to attract new donors. Danida and USAID have contributed additional funds, and the Asian Development Bank requested a \$1.3 million proposal.

Although a singular example, the CGIAR Micronutrient Project is a likely model for future attempts to reach out to the non-ODA community and potentially to the philanthropic and corporate communities as well.

1.3. The South

Enhancing Southern ownership of the System will increase legitimacy and value of the CGIAR to all donors. Since the Lucerne meeting in 1995, there has been a concerted effort on the part of the Secretariat and the Chairman to attract new members from the Southern countries and to increase participation of current members. From four developing nations at the beginning of the decade, membership grew to 18 by 1998, with a commensurate increase in total contributions from these nations over that period from \$1.1 million to \$13.2 million. In 1990, developing country contributions accounted for 0.07 percent of the total budget, while by 1998 those contributions represented roughly 3 percent of the total budget.²⁰

While this strategy will yield some financial returns, the valuable non-financial benefits cannot be underestimated. Higher visible buy-in of the South to the mission of the CGIAR by becoming members, reaffirms the legitimacy of the System and in so doing, enhances donor (existing and new) perception of the value of the system. As the primary beneficiaries of the System, the Southern members must assume true ownership of the CGIAR if it is to survive in the end. The immense importance of having the developing countries see themselves, and be perceived to be, the legitimate owners of the System merits greater attention to free rider issues and other obstacles to membership. NSOs or less formal “friends of NARS and the CGIAR” may be useful in strengthening support in some developing countries. Collaboration with Northern NSOs may reinforce these efforts.

For Southern countries, membership must also have clear benefits for national agricultural programs that cannot be derived independently. Most of the current Southern members of the CGIAR are represented by their Ministries of Agriculture, and undoubtedly some of the funding that is contributed to the CGIAR comes from the Ministry of Agriculture budgets, meaning less available funds for the national agricultural research system (NARS) programs. The CGIAR relationship must be understood to add value to the national agricultural program by focusing on areas that are not cost-effective for the national organizations, such as biotechnology and genetic research, and on areas that focus on supplementing their current capacity. In countries with weaker NARS, partnerships that transfer technology and empower and enable national research capabilities may encourage government support, even to the extent of being willing to apply for long-term loans and thereby incur additional debt. This type of relationship may also encourage support from regional funding sources, such as the regional development banks, interested in strengthening regional capacity in agricultural research. A secondary benefit may be that over time these relationships could promote greater rationalization of the work of the CGIAR by allowing it to concentrate on areas of comparative advantage while the NARS focus on national

²⁰ See Appendix C

and regional priorities. While strengthening the NARS has been an explicit objective of the CGIAR, there is tension between the needs of the region and the priorities of the regionally more agro-ecologically based CGIAR centers. In the case of Latin America, the tensions led to the creation of FONTAGRO (see Section II.C.2) a vehicle created to ensure high-quality research that serves the needs of the region. The perceived benefits to the NARS from the CGIAR will play a large role in the decisions of the Southern countries to participate actively in the CGIAR.

1.3.1. Assessing Potential New Members

The challenge for the CGIAR is to understand how best to attract new members to the CGIAR. Clearly, the value of participating in decision making affecting billions of dollars in agricultural research is a heady draw – however, it may not be enough. Many countries that enjoy extensive benefits from CGIAR activities have not chosen to be members. An effort to quantify the benefits of the System to the South and disseminate this information broadly through a Southern based PA strategy will help national governments justify increased contributions to the System and be one step in making the case.

TCC in collaboration with the CGIAR Secretariat developed a set of high-potential prospective members consisting of 39 non-member countries including the Gulf countries and others in all regions of the developing world. The intention is to conduct in-depth interviews with a small subset of five non-member countries currently involved in membership discussions with the CGIAR. The interviews will gather information on the considerations for a country when contemplating membership such as

- What are the gains that a country perceives to receive from joining if there is open access to research for the public good?
- How do they value the work of the CGIAR in the longer term?
- Would they be willing to incur debt for membership, perhaps in combination with expanded support of the NARS?
- Is the contribution level of \$500,000 too high, and would a sliding scale membership be more helpful?
- Would potential funding come through the Ministry of Agriculture, or would there be other potential sources of support?
- What is the relationship between their NARS and the CGIAR?
- What do the NARS stand to gain from the relationship?
- What is the potential for expanded loans and grants from regional banks, and are there other innovative funding mechanisms in the region that might support agricultural research?
- How might they be tapped?

This “opportunity set” of countries was chosen from among those that fell into specific ranges within a set of criteria that included

- GDP
- GNP per capita
- Size of agricultural sector
- World Bank-designated income group
- World Bank-designated region
- IBRD/IDA loan and credit eligibility
- Population
- Location of CGIAR headquarters and regional offices worldwide.²¹

Unfortunately, the tight schedules of the various interviewees have precluded concluding these discussions for this report. In Appendix D, we outline the methodology used to arrive at the candidate group of 39 out of 211 countries and the five countries believed to have the highest potential to be new members. In addition to discussions with potential new members, we suggest

²¹ The methodology for selecting the opportunity set of five countries is more fully described in Appendix D.

contacting a small sample of new members to assess why they became members and whether there are lessons to be learned from these recent negotiations.

1.4. Expanding Membership to regional and multilateral organizations

In addition to campaigning actively to increase the number of Southern country members and to nurturing support within the existing mix of institutional members, there are a number of organizations with congruent missions that might bring added value to the network. These linkages might enhance support of the System or of individual Centers through joint ventures, collaborations or even project specific financial support. The WHO, UNICEF and PAHO are examples of such organizations. Other potential partners might include NGOs with national or regional presence and complimentary missions. Actively involving NARS and country-based NGOs in bringing new partners to the table would extend the reach of the CGIAR and bring greater diversity.

For current multi-lateral member organizations, such as the World Bank, the CGIAR should actively strive to increase their awareness of the value of the System and to build internal constituencies.

1.5. Strategies for the CGIAR in the Public Sector

- Identify priority focus areas in donor countries for both ODA and Non-ODA
- Develop tailored advocacy programs at national level
- Mobilize NSOs where available and investigate creating them where they do not already exist
- Focus on increasing Southern membership and participation
- Document “flow-backs” to the beneficiary countries
- Consider incentive packages for membership
- Expand membership to regional and multi-lateral organizations
- Analyze alternative regional research funding models such as FONTAGRO and others proposed by SAARC
- Focus on improving relationship with NARS

2. The Private Sector

This sector offers the greatest potential for resource expansion and for developing creative win/win partnerships with the business community. However, the majority of private sector funding is likely to be restricted to specific projects or activities, creating new management challenges for the CGIAR.

**2.1. Private and Corporate Philanthropy **

Philanthropy such as that associated with private and corporate foundations may yield support in discrete areas. The philanthropic sector has historically played a significant role in the CGIAR. Both the Rockefeller Foundation and the Ford Foundation have played seminal and unique roles over the years with regard to both financial and intellectual capital, which have been invaluable. CGIAR Centers currently tap private and corporate foundations modestly, approximately 3.5 percent of the CGIAR’s income, but with an increasing interest and attention. Foundations and corporations have invested unevenly across the CGIAR. Among major private foundations, Kellogg and MacArthur have contributed to specific initiatives that fit their priorities. A number of Centers have tapped other major funders for limited support. The foundations of Agri-Business companies have provided larger levels of support to select centers where advantageous relationships exist.

In 1999, TCC conducted a survey of Centers that yielded the following impressions:

- Centers reported a 60 percent success rate of funding requests to corporations, foundations, international organizations, NGOs, research institutions and individuals (sample size was small).
- Support from prestigious foundations or corporations helps to draw support from other donors.

The low number of overall foundation proposals reported (68 over a seven year period) highlights the small role “non-traditional” donors have played in Center resource mobilization. Yet, the relatively high level of success those requests met with seems to indicate an area for future development. The picture does seem to be changing in that several Centers are preparing strategic marketing plans that target the foundation community. In addition, Centers are hiring or retaining consultants with expertise in foundation fundraising. The perceived trend is that funding from private foundations and other grantmaking institutions is growing slowly but steadily. It is too soon to tell what the impact of these recent developments will be.

With support from The Ford Foundation, TCC has been actively involved in assessing the potential of the expanding foundation community in supporting the CGIAR research agenda. In addition to research conducted last year on the United States and Europe, TCC has broadened the net this year to include Asia and Latin America, on the assumption that the growth of philanthropic institutions in the South could be of particular relevance to the CGIAR. This section provides both a sobering read of that potential and the factors involved. It also draws from the insights gained and suggests counteractions and approaches that the CGIAR might take in gaining increased support from the philanthropic sector.

Despite the challenges of “breaking into” the private philanthropy arena, the size and scope of this sector make it impossible to overlook. Currently, total Asian philanthropy is estimated at \$3.9 billion, Latin America at \$1.3 billion, and US combined corporate and private philanthropy at \$26 billion. The 15 percent estimated for agricultural and sustainable development would leave \$4.68 billion in a CGIAR compatible area – without counting Europe! Still a significant amount, and the potential is much greater.

In the United States alone, The Government Survey of Consumer Finances conservatively estimates the intergenerational transfer of wealth at \$10 trillion dollars by the year 2040.²² Other estimates place this figure at \$41-120 trillion between 1998-2052.²³ Even conservative estimates assume that the portion of this wealth that will pass to philanthropy will double foundation assets over the coming decade. New private foundations – a majority, family foundations – are being developed at a fast pace. Of the 55,000 foundations extant in the U.S. at the end of the 1990s, perhaps as many as 35 percent were formed in the same decade.²⁴

2.1.1. Factors impacting on the potential for foundation support of the CGIAR:

Europe and the United States:

Findings and recommendations presented below are the result of research and interviews with private and corporate foundations in Europe and the United States.²⁵

Despite low levels of awareness about the CGIAR among the largest U.S. and European foundations focusing on sustainable development (including environment, population, conflict resolution, resource conservation and management, and governance), there exists an interest to

²² Nielson, *Inside American Philanthropy*, University of Oklahoma Press, Norman, Oklahoma 1996

²³ Havens and Schervish, *Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy*, Boston College, Boston 1999.

²⁴ *Staking out CGIAR's Claim*, The Philanthropic Initiative, Inc.

²⁵ Appendix H is available upon request

learn more about the System and its work. This interest signifies potential for future interactions *when the CGIAR is able to make itself and its work better known.*

- **Low levels of awareness about the CGIAR: “The CGIAR is not well known outside of the insiders.”**

Out of the thirteen corporate foundations interviewed, only two were familiar with the CGIAR and its work. Almost all of the interviewees commented that the CGIAR is in need of a strong publicity campaign and development of a brand image.

- **Complex relationship with sustainable development**

Recent foundation and corporate interviews in the United States and Europe confirm that the environment and related issues, such as natural resource management, biodiversity, and water management are of most interest. Other areas of interest mentioned by corporations included sustainable agriculture, land use, transfer of technology and economics and ethics. It is also important to reaffirm that the link between sustainable development and its crucial role in solving the world's hunger crises is not as clear as it should be to this community. One interviewee stated that the CGIAR needs to take the initiative in defining these issues for funders (something Future Harvest is addressing with its excellent research papers). The issues or “links” need to be clear, focused and descriptive, as some felt that funding the field of agricultural research was too general.

- **Research within the context of social or economic change**

Further research conducted confirms that contextualizing scientific research within a social or economic framework would make supporting research more effective in reaching its goals, as well as appealing for brand-building purposes. Interviewees noted that the CGIAR could better educate businesses about its research and results, as well as create and define the link between CGIAR's research and poverty alleviation, hunger, food security and conflict resolution.

- **Fear of biotechnology**

Recent public scares over Mad Cow Disease and Transgenic Maize have brought the issue of genetically modified organisms (GMOs) into the public spotlight, especially in Europe. Media and consumer protection groups have vigorously focused on government mishandling of the scare and corporate abuse of safety regulations. Consequently, consumer confidence in the safety and value of food and crops containing GMOs is at an all-time low. The mood is also worsening in the United States. This concern may spill over to the work of the CGIAR and impact on the willingness of donors to risk association with the System.

- **Cost of complexity**

The differences in EU members' tax codes and the diversity of grantmaking organizations would make it difficult and resource intensive for the CGIAR to establish relationships at the national level. The CGIAR may need to consider establishing a relationship at the supranational level and work directly with the EU. However, working with the EU presents serious challenges; it is a long-term process, one in which the CGIAR will have to build relationships with key players. In addition, the political volatility of issues related to the work of CGIAR (e.g., biotechnology) may hinder national governments' willingness to cede authority over these types of relationships to the EU.

Asia and Latin America:

The public sector is still the dominant actor in funding and implementing research in both Asia and Latin America, although other players – mainly private corporations – are beginning to invest in agricultural research.

▪ Cost of complexity

Ideally, it would be possible for the CGIAR to establish a small number of deep relationships with large foundations or corporations in Asia and Latin America. Given the scale of many of the grantmaking organizations in Asia and Latin America, it is unlikely that any one organization would contribute more than a small percent of a CGIAR Center's annual budget. This means that the CGIAR will face the prospect of establishing relationships with a number of organizations, each with its own program priorities, reporting requirements and so on. This can be costly and time-intensive.

▪ Perceived unimportance of agricultural research

One issue in strengthening funding prospects for agricultural research in both regions will be to educate private funders and emphasize its significance in contributing to sustainable development, poverty alleviation and other program areas in their purview. From the review of program and geographic priorities, we can deduce that agricultural research is not considered a priority to many foundations and corporate funders in Asia and Latin America, as the public sector has traditionally supported this field.

2.1.2. Summary of Philanthropic Environments: DAC Countries, Asia, and Latin America.^{26, 27}

▪ Factors affecting amount of giving in Asia, Latin America and DAC Countries

Four primary structural and institutional characteristics explain the differences in the amount and type of giving across Asian, Latin American and DAC economies:²⁸

- a. The cultural context, including the traditions and history of philanthropy and the attitude of the business sector to the concept of "social responsibility."
- b. The relationship between foundations and government, including the regulatory environment and the direct or statutory involvement of government in providing funds for foundations.
- c. The growth of intermediary organizations that promote awareness of philanthropy.
- d. The effects of the regional financial crises on philanthropic activities.

Sensitivity and understanding of these factors will facilitate the CGIAR's attempt to forge new relationships with the various philanthropic communities.

▪ Latin America's and Europe's nascent philanthropy

²⁶ The full report Researching the potential of Philanthropic Support for the CGIAR in Asia and Latin America is found in Asia Profiles, Appendix I, available upon request

²⁷ The full report update on North America and European Private and Corporate Philanthropy is found in Appendix G, available upon request.

²⁸ Ibid.

The strength of the social welfare state in Europe has caused philanthropy to emerge later than in the US. Dearth of information about the sector and legislation that only recently recognizes foundations are characteristic of a nascent sector. However, one advantage for the CGIAR is that the possibility of gaining early entry into this field exists. The CGIAR can participate in these early stages of this sector's development and educate the sector on its work. Alliances with respected organizations such as the Prince of Wales Business Leaders Forum can facilitate this emerging relationship. A recent planning session with a group of corporate leaders in London reinforced both the complexities and potential interest.

Domestic philanthropy in Latin America is relatively weak and insignificant in terms of financial resources in many of this region's countries. This is due to a lack of a tradition of indigenous philanthropy and to the strong tradition of charitable giving linked to church groups, families and individuals. Lack of legal incentives for individual donations, misunderstandings about the use of funds as investments, and lack of credible and experienced organizations that could stimulate the circulation of local resources contribute to the relatively low levels of philanthropic activity.²⁹ Because most private foundations in Latin America are operating their own programs, they represent a possible alternative mechanism for collaborating and/or conducting agricultural research and transferring technology.

▪ **Government-funded foundations in Asia**

A significant proportion of the total amount of giving in Asia occurs because governments have chosen to fund foundations either directly or indirectly. In order to tap into this funding, the CGIAR would have to meet two challenges. First, particularly for foundations that are directly government funded, it would have to demonstrate a clear link between specific research projects and the national interest. Second, since the majority of CGIAR's funding is from public allocations already, it would have to convince the government that it was not attempting to "double dip" that country's public funds.

▪ **Amount of Giving**

So far, there have been few attempts to quantify the total amount of philanthropic giving in Asia. Nevertheless, by aggregating country-based estimates, it is possible to estimate the total annual giving in nine Asian economies at about \$3.9 billion. Japan dominates Asian philanthropy; its foundations and corporations donate about \$2.7 billion annually, more than 70 percent of the total. Significant amounts of giving also exist in Australia.

In Latin America and the Caribbean, individual and business philanthropy has been traditionally weak, with donations supporting charities instead of civil society or sustainable development programs. There are difficulties with conducting an accurate environmental scan of philanthropy in Latin America.³⁰ The information available is extremely limited, and few studies have been conducted on the impact of private foundations. However, Latin American estimated total giving is \$1.3 billion. Although some foundations have existed for decades, most Latin American foundations are relatively young with an average age of 15 years.

By way of comparison, the American Association of Fund Raising Counsel estimated that foundations and corporations in the U.S. gave about \$17 billion and \$9 billion respectively in 1998. As a percent of GNP, foundations and corporations in the United States also give more than Latin America as a region.

²⁹ Fundacion Arias para La Paz y el Progreso Humano. *Conferencia sobre la Filantropia Transformadora en Latinoamerica*, 1994.

³⁰ Correspondence with Andres Thompson (Kellogg Foundation-Argentina), Shari Turitz (Synergos Institute), Regina List and Wojciech Sokolowski (Johns Hopkins University Comparative Nonprofit Sector Project), and Analia Bettoni (ICD, Uruguay).

▪ Program and geographic priorities

Culture, education and social welfare are among the most common program priorities of foundations and corporate donors in Asia. In Japan, foundations and corporations tend to be fairly specialized, focusing on either operations or grantmaking, but typically not both. Most foundations focus on their immediate geographic region, though there are notable exceptions, such as the Nippon Foundation. Of the 475 largest identified private and corporate foundations in Asia, 37 report that they fund research related to agriculture or sustainable development (although the program priorities of a further 110 donors are unknown at this stage). These 37 donors represent about \$185 million of annual giving, or 5 percent of the Asian total. The Asian Rice Foundation is one ongoing attempt to appeal to Asian funders directly on the basis of their inclusion in the pervasive "rice culture."

According to a representative sample of 45 foundations in Latin America, education, environment, health, employment, rural community development, urban community development and microcredit are the most common program priorities of private and corporate foundations. These foundations most often invest in communities in which they operate.³¹ The great majority of foundations (about 90 percent of the total) in Latin America are a hybrid of operating and grant-making foundations. While funding for agricultural research or sustainable development still primarily flows from the public sector, private and corporate funders account for approximately 15 percent of total resources invested in this area. However, it is estimated that private foundations support less than 1 percent of agricultural GDP (as opposed to 4 percent in Australia and 2-3 percent in the United States).³²

Information regarding common priority areas for European foundations in the United Kingdom, France and Germany is very limited. The information available suggests that in the United Kingdom, about 70 percent of trusts and foundations give in the health and social welfare fields. In Germany, private foundation priority areas include education, research, and arts and culture.³³ For all three countries, corporate program priority areas are education and research, health, social services, and culture and recreation.³⁴ Interestingly, the field that receives most of its revenue from private giving is "international."³⁵

▪ Conclusion

The continued growth of private and corporate philanthropy in all parts of the globe present an opportunity for the CGIAR Centers in their attempts to diversify their support bases. However, as the research indicates, this resource will be limited and will require a structured targeted effort to promote initiatives consistent with the funder's priorities. Where there is a clear intersection between the goals of a philanthropic institution and the Centers, there is a potential for success. Nurturing nascent philanthropic sectors in Asia and Latin America, over time, may lead to new partnerships for the Centers in those regions. However, the CGIAR currently is hampered by low name recognition, minimal understanding of the import of its work and low priority of agricultural research. Improved outreach and public awareness activities will help identify the CGIAR to the regional and national donors. Most foundations, however, are unlikely sources of longer-term funding.

³¹ Ioschpe, Evelyn, "Strengthening Philanthropy in Latin America." Workshop jointly sponsored by the Hauser Center for Nonprofit Organizations and the David Rockefeller Center for Latin American Studies. February 12, 1999.

³² Echeverria, Ruben. The World Bank, Telephone Interview. February 2000.

³³ Toepfer, 1996

³⁴ Passey, 1995.

³⁵ Archambault, Edith. *The NonProfit Sector in France*. Johns Hopkins Series, Manchester: Manchester University Press, 1997.

2.2. Strategies for the CGIAR with Private and Corporate Philanthropy

- Work to educate audiences on the meaning and importance of sustainable development and the role of the CGIAR in the various elements of sustainable development (particularly those in which the foundation or corporation is involved). Specific strategies could include developing targeted study tours for foundations to learn more about how the work of the Centers has a direct impact on their grantees and areas of interest. Similar tours could be designed for corporations with presence in CGIAR priority areas.
- Build awareness about the CGIAR through intermediary organizations such as the Council on Foundations, the Prince of Wales Business Leaders Forum, Asian Pacific Philanthropic Consortium and Centro Mexicano para la Filantropia, AC (CEMEFI). Specific strategies include CGIAR information exchanges, visits, study tours and briefing sessions.
- Develop creative approaches to make research and related activities attractive to non-traditional donors. Because of the difficulty of capitalizing on long-term research results, consider framing research with cutting-edge economic/social issues of interest to corporations and funders with short-term results. Approaches could include highlighting certain research thrusts, especially those relevant to capacity building and policy implementation.
- Increase opportunities for donor visibility in CGIAR initiatives. Possible strategies include adopting proactive marketing tactics for research initiatives and involving academics or alumni of the CGIAR System in disseminating research results.

2.3. Venture Philanthropy and the New Wealth

Donors from both the corporate and private foundation world engaging in venture philanthropy view the placement of funding as a long-term investment and expect to see measurable social and/or financial return. The donor is more involved in the activity and often plays a more active role in the design of the work, the management of the project and the monitoring of its results. The donors generally also contribute their expertise in management, marketing, development or other relevant areas as well as financial capital. The focus is on organizational capacity-building and long-term sustainability beyond simply providing funding.

Many of the large private foundations have venture philanthropy funds that allow them to invest in entrepreneurial initiatives at nonprofits that they hope will eventually provide a social good as well as sustainable income for the organization. The philanthropic initiatives of the newly wealthy also increasingly take this approach.

The New Wealth poses the most tantalizing image of easy-to-access money. The competition for these funds is fierce. The philanthropy of these newly wealthy is non-traditional, interactive and entrepreneurial. This area is high yield with a highly intensive investment. Research suggests that a well-orchestrated plan to cultivate strong relationships with this wealthy entrepreneurial class will yield results.

TCC commissioned The Philanthropic Initiative, Inc (TPI) to assess the potential for the CGIAR of forming relationships with the growing cohort of individuals whose new wealth derives from new technology arenas and who have been dubbed the “New Wealth.”³⁶ The picture that emerges

³⁶ The section on New Wealth is drawn from *Staking out CGIAR’s Claim*, a commissioned report by The Philanthropic Initiative, Inc. supported by The Ford Foundation. See Appendix J for full report, available upon request.

from this analysis is of a growing and vibrant community that practices philanthropy much the way they do business.

This is a time of unprecedented wealth and wealth-accumulation around the world. In the United States alone, data from various sources, including the Social Welfare Research Institute at Boston College, suggest that between now and 2050, at least \$40 trillion will pass from one generation to another – approximately \$14 trillion of that over the next fifteen years. According to the Federal Reserve Bank, the wealthiest 1 percent hold over 40 percent of this wealth. Although overall giving has remained somewhat flat at 2 percent of GDP, there have been dramatic changes in the world of organized philanthropy.

Only a short time ago, demographers predicted that at the turn of the century there would be 3.5 million American households with a net worth of over \$1 million. It turns out they were short by 1.5 million! That does not begin to tell the story. Of the 5 million American households at this level, there are well over 400,000 worth over \$10 million, and the billionaires have taken over the Forbes 400. Is there any doubt that the Baby Busters will be an influence in philanthropy?

TPI confirms some of the prevailing assumptions about the New Wealth. It is younger, it moves fast, and it thinks big. It does not like a lot of process, and it seems drawn to certain kinds of collective action (such as giving circles), while at the same time remaining fiercely independent. The New Wealth is results- and impact-oriented, has a kind of impatience that wants things done and is less susceptible to donor cultivation, stroking and even recognition. Lastly, and importantly for CGIAR, the New Wealth operates in a shrinking world, and therefore its interests and concerns tend to be more global.

In 1998, TPI conducted a survey of very high net worth individuals for Bankers Trust. When asked what would motivate them to be more generous, the first answer was “confidence the money would be used wisely,” which was not a surprise based on the lack of trust in not-for-profit organizations. The second answer was a surprise – “finding a passion.” The best way found to help people find their passion is to give them the knowledge and experience they need to understand how they can make a difference. Donors want to be engaged in their philanthropy, and that typically means leading with their hearts, developing a clear focus, setting goals that can be measured and staying involved over the long haul.

This is what is called the “philanthropy of engagement.”

CGIAR is an institution with a scientific as well as an overarching social and humanitarian mission. It has the credentials for entering into significant and profitable discussion with these shapers of the postgenomics world.

In its analysis, TPI “**strongly recommends**” that CGIAR organize strategically to make itself known to the shakers and movers in these communities of wealth. This audience doesn’t need to be persuaded about the value of science, it understands the critical importance of research, and it certainly is aware of the changing nature of the world we live in. There is a strong readiness to hear a direct and coherent case for support once you have their ears.”

2.4. Strategies for the CGIAR with the New Wealth

- ***For the CGIAR the best prospects will be found within the converging biotech, pharmaceutical and hi-tech communities.*** This coming together of the hardware/software industry with biotechnology is being called “bioinformatics,” and the partnering among herds of start-up companies is being funded and mentored by the same venture capital firms that bankrolled Apple, Intel, Microsoft and AOL.

- TPI's wise advice: share your problems, challenges and opportunities with the entrepreneurs, who are in the business of solutions. You do not have to have all the answers. Let them get their teeth into it. Intrigue them with the challenge of finding new ways to solve old problems. Talk about partnerships and how their gifts can leverage other sources of funding. Most of all make it personal, because they are living, breathing models of the axiom that people give to people.
- The key to effective philanthropic marketing is to make giving as simple and direct as possible. Clear messages and straight talk connected to tangible programs: this is the time-tested formula for making a case that stimulates the philanthropic impulse. Clearly describe a problem and the solution to that problem, and if the donor accepts your proposition, then show the donor how his or her gift will make a difference.
- The challenge is to get prospective donors to the real work of the Centers. The people and programs in the Centers that make up your "informal association" are working on some of the most critical issues the world is facing. Field visits to research sites and farmers' fields can make an enormous impact.
- The strategic emphasis must be on engagement. Beware of intermediary structures that get in the way of connecting to the donor. If CGIAR is serious about building a base of significant donors, then the channels have to be wide open to the centers.
- The CGIAR has a strong case for scientific endeavor and grass roots engagement that takes the humanitarian high ground. The cogent argument for biotechnology and its importance in the developing world by IFPRI's director general, Per Pinstrup-Andersen, in the *Washington Post* is a muscular and intellectual illustration of this "third way."
- This authentic work is a powerful way to conscientize³⁷ and recruit donors to the challenge: to preserve the gene bank, to support sustainable agriculture, to fight poverty, to feed the world. Imagine the power that could come, for example, if American contributors could see how their support could directly extend the vital work of the International Rice Research Institute to materially strengthen the health of half the world's population by enhancing the nutritional quality of rice!

But what if your cause or organization is not on their screens? This is meant to be a sobering notion, not a discouraging one: to connect with even a small percentage of these potential donors is a profound challenge to an organization like CGIAR that has been, for all intents and purposes, a well-kept secret. CGIAR's climb into awareness will not be swift or easy. But it can be done.

CGIAR's fundamental strength: it enters the US market with decades of practical results and major accomplishments in the field of sustainable agriculture. Most of its competition in this country for gift support would be with private voluntary agencies, the majority of which rely heavily on disaster relief and child sponsorship programs heavily laden with sectarianism.

CGIAR's areas of strong resonance with prospective donors – its innovative research, the practical application of science in empowering individual farmers and their families, building food security and ending hunger – are capable of striking strong chords, especially with those donor prospects who have centered their lives around science and technology. It is possible to build solid, long-term relationships with key individual donors out of this synchronicity.

³⁷ Paulo Friere's concept: the process of conscientization involves identifying contradictions in experience through dialogue and becoming a "subject" with other oppressed subjects – that is, becoming part of the process of changing the world.

Based on TPI's collective judgment and accrued experience in working with individual and family donors, they feel that a significant number of major donors could be recruited to support CGIAR's mission. It is much too early, however, to estimate the depth of this potential; a fundraising survey of likely prospects should be undertaken and is essential in setting long range development goals and objectives.

2.5. Strategic Corporate Philanthropy

Corporate philanthropy is not going away, but it is becoming only one of many ways that companies interact with the nonprofit sector. One of the clearest changes in corporate philanthropy is that it is becoming more strategic. This means that the donations that companies make to social causes have become intimately linked to its business strategy. Rather, the nonprofit needs to prove to the company that investing in its cause will also further the corporate interests.

How does this work? Some examples include the following: the nonprofit can provide research that is valuable to the company. The nonprofit can link the company to markets where it wants to expand. The nonprofit's cause can be a priority issue to the company's main customer base. The organization can provide services that are needed in the community where the company operates.

2.5.1. Partnerships with the business community

Partnerships with the business community herald the future. Private investment in agricultural research has overtaken public sector investment. The CGIAR has natural affinities with many corporate communities engaged in agriculture and agriculture related activities. The challenge is how to bridge the corporate culture with a culture of public good and poverty alleviation. Social marketing (joint marketing ventures between Future Harvest/Centers and business) may be a first step in developing these new partnerships; joint ventures, which commercialize Center research and other products, may be a later initiative. Future Harvest and several Centers are considering a number of social marketing ventures for piloting. The present read is that this strategy offers considerable potential.³⁸In addition, several Centers have already developed valuable partnerships with agri-business companies. Rough estimates suggest a considerable potential for these contractual relationships, albeit limited to a select number of Centers.³⁹

³⁸ *A Corporate Partnership Strategy for CGIAR/Future Harvest* was presented by AddVenture Network, Inc. at ICW 99. This report is available from The Conservation Company

³⁹ The full report of *The Case for Non-Traditional Resource Mobilization: Trends, Statistics and Demonstrative Cases* can be found in Appendix K, available upon request.

Corporations, in their ever-changing strategies to remain competitive, are increasingly relying not only on corporate philanthropy, but also on other mechanisms to increase their brand value, such as cause-related marketing. Marketing deals benefiting causes grew dramatically in the 1990s, with the amount spent by companies on joint marketing deals with charities increasing from \$75 million in 1988 to more than \$1 billion in 1999, according to a 1999 study in the *Chronicle of Philanthropy*.⁴⁰ Business and social sector organizations are reinventing themselves by forming alliances.⁴¹ Good corporate citizenship – defined by socially responsible business practices (including extensive philanthropy) is becoming more important to shareholders and to corporate leadership itself. A large part of becoming a good corporate citizen is engaging with organizations that promote economic or environmental sustainable development in their countries of operation (that are usually lesser-developed countries). Business as the chief mover of financial and other resources in the global economy recognizes that it cannot remain removed from the efforts to have stronger societies and educated, healthy populations. Companies realize that to make profits in today's troubled society, corporations must be responsible citizens and "good neighbors."

Why should a corporation positioned in a highly competitive international marketplace choose to partner with CGIAR?

- a series of measurable business benefits, key opportunities and strategic competitive advantages;
- access to a social issue alleviating poverty while promoting economic and environmental sustainability – important to consumers based on international trends research; and
- a rationale that links business with powerful ethical and economic considerations.⁴²

What could the CGIAR expect from such an alliance? The first goal is to raise the profile of the CGIAR and increase awareness of its social-economic-environmental mission among the broadest range of constituents. This includes linking appreciation for the mission with personal involvement by individual citizen consumers in CGIAR/Future Harvest programs. The second goal is to create a sustainable stream of income for the organization, creating a larger budget for agricultural research and establishing a more secure and diversified system of resource mobilization.⁴³

Virtually all consumers would prefer to know that their choice to buy particular products is helping to alleviate poverty and protect the earth. The CGIAR/Future Harvest marketing strategy to the corporate sector would highlight the variety of ways this type of contribution does good in the world by emphasizing the economic and social benefits of contributing to the work of the Centers.

What do these new potential sources of revenue really look like? Here is a brief description of several of the new approaches being used by nonprofits to raise income through market-based corporate-nonprofit collaboration.

2.5.2 A Menu of Opportunities:

Cause Related Marketing (CRM) is a partnership between a company and a nonprofit that is formed to market a product or service for mutual benefit. The traditional arrangement involves the promotion of a particular product or product line in which the company promises to give a portion of the sales to the nonprofit. These alliances work because the consumer has a choice, and consumer research shows that he/she prefers a product that also contributes to a social cause. In addition, in today's highly competitive market environment, companies need to

⁴⁰ Common Interest, Common Good. p19

⁴¹ Ibid

⁴² *A Fulfilling Strategy for Growing Your Business: Strategic Marketing Partnership Proposal*. Prepared by AddVenture, Inc., for The Conservation Company with support of The Ford Foundation.

⁴³ Ibid

distinguish themselves from their competitors. Linking their image with a nonprofit cause is one way to do that. These relationships also build loyalty among customers, staff, retailers and other stakeholders, ultimately increasing sales. There seems to be no doubt that this type of alliance is on an upward trend: e.g., Habitat for Humanity received some \$12 million from marketing arrangements in 1998, up from \$100,000 in 1991.⁴⁴

Some examples of how these deals work include

- Proctor and Gamble (P&G) in Italy launched a campaign with Action Aid for social programs in Ethiopia yielding ten times the expected income for the nonprofit and increasing P&G's product sales.⁴⁵
- World Wildlife Foundation (WWF) joined with Nabisco to create an "endangered" version of its famous animal cracker; each sale generated 5 cents for WWF; WWF earned \$100,000; and sales of the cracker increased by 20 percent.⁴⁶

Market-Based Corporate – Nonprofit Alliances

The most exciting and growing area is market-based corporate - nonprofit alliances. Such alliances are generally premised on the fact that the company and the nonprofit joining together can both raise company profits and nonprofit income as well as enhance the visibility and image of both players. Often such alliances are based on the need for the company to promote a particular brand or increase overall corporate image. It chooses a nonprofit partner because such a partner gives the company enhanced credibility or access to markets that the company wants to influence.

- **Event Sponsorship** is a common type of alliance. Companies typically sponsor events to gain publicity and to give visibility and funding to the nonprofit. They increasingly prefer to sponsor events that also have a nonprofit goal, which further enhances its image among the public. A prominent example is a Reebok sponsored worldwide concert tour organized by Amnesty international to promote the 40th anniversary of the Declaration of Human Rights.⁴⁷
- **Licensing** implies an arrangement in which the company pays for the use of a nonprofit's brand, image or logo to help sell new or existing products and offers the nonprofit a percentage of the sale of that product. The unique image of the product in the market and its feel-good effect on the consumer is what increases sales as well as contributions to the nonprofit. Save the Children earned about \$5 million in 1998 through licensing arrangements of more than two dozen Save the Children products.⁴⁸ One classic example is the Save the Children ties, produced by a tie manufacturer and boasting images drawn by children and of the Save the Children logo. A percentage of all the tie sales goes to Save the Children.⁴⁹
- **Vendor relationships** exist when the nonprofit sells its services or products to a company for its use in production or promotion. Some possible services or products include research, inputs into production, training services, etc. In this case, the company purchases these products or services as they would from any vendor, although the idea of doing a social good as well helps employee morale and corporate image. One example: Merck contracts with the Costa Rican National Institute of Biodiversity to do research on plants and insects with medicinal qualities.⁵⁰

⁴⁴ Gray, Susan and Holly Hall, "Cashing in on Charity's Good Name", Chronicle of Philanthropy, Washington, DC, July 30, 1998.

⁴⁵ Ibid., p. 53.

⁴⁶ Steckel, p. 11.

⁴⁷ Austin, James. *The Collaboration Challenge*. Jossey-Bass Publishers, 2000, p. 4.

⁴⁸ Gray, Susan and Holly Hall, "Cashing in on Charity's Good Name", Chronicle of Philanthropy, Washington, DC, July 30, 1998.

⁴⁹ Steckel, p. 12.

⁵⁰ Ibid., p. 81.

2.5.3 Implications for the CGIAR

Some organizations fear that these types of relationships might frighten traditional donors, but in fact, the Council of Better Business Bureau's philanthropic advisory service found that traditional donors are not driven away by marketing alliances with the private sector; on the contrary, it may enhance their interest.⁵¹ A survey of donor institutions found that only 5 percent of those surveyed would reduce charitable contributions because of the institution's involvement in cause related marketing. Few charities report having lost donors because of cause related marketing since it became popular in the 1980s.⁵²

As can be seen by the case studies in Appendix K, social marketing relationships work because they are mutually beneficial to both participants. However, they require thoughtful consideration of all potential ramifications of the relationship, especially for the nonprofit partner. The CGIAR has a name, a reputation and a mission to protect. Any potential alliance must be thoroughly researched and considered before implementation.

In the last year TCC and AddVenture, Inc. have conducted an initial exploration of the potential of social marketing for Future Harvest and the Centers. To date three Centers, ICRAF, CIMMYT and WARDA have begun to incorporate social marketing into their overall resource mobilization planning. This type of activity requires significant up-front investment, approximately 20 percent of the revenues to be raised. The investment, however, is projected to yield a return ratio of 15:1, with an estimated potential for the Centers of generating between 10-20 percent of operating and project budgets over a five-year period.

2.6. Strategies for the CGIAR with the Business Community

- Proceed with Future Harvest and Center pilot activities
- Study pilots for their impact both on increased public awareness and on revenue generation
- Decide on future commitment of resources based on the initial results of pilots

2.7. Partnerships with Agribusiness

In the report to ICW 99, TCC discussed the potential of partnering – entering into mutually agreeable, productive commercial relationships – with Agribusiness/Life Sciences companies as a viable option for the CGIAR to further explore. While there is growing, but still limited, experience with Centers in developing partnerships with biotechnology companies to further their genetic research in promising areas (and where critical issues such as IPR and other proprietary science concerns can be worked out), substantial benefits to both parties could accrue. There are several reasons – financial, practical and strategic – why the CGIAR cannot afford to ignore the possibility of creating such partnerships. It is time to rethink the interface between private and public research.

First, from experiences within the CGIAR – CIMMYT in particular – we have seen that the financial upside of such commercial partnerships is likely to be significantly greater than partnerships with foundations. This consideration is likely to become increasingly important for public research institutions such as the CGIAR if Official Development Assistance (ODA) continues on its projected downward trend.

Second, for a number of practical reasons it is likely that such partnerships will eventually become inevitable, and the CGIAR will be in a stronger negotiating position if it develops a

⁵¹ Segawa, p. 20.

⁵² Common Interest, Common Good

framework for proactively pursuing partnerships that are in its interests.⁵³ By entering into partnerships, the CGIAR will have access to what would be otherwise proprietary and exclusive technology and processes.

Third, more attention is being focused on innovative mechanisms that use public funding to create incentives for the private sector to provide public goods. The CGIAR has a strategic opportunity to emerge as a leader in creating such mechanisms and a strategic risk of being “left behind” if it does not.

Beyond the potential financial rewards of partnering with a private corporation, these alliances “are critical to ensure that biological and information technologies are adapted in ways that enable resource-poor farmers to benefit from improved agricultural productivity, profitability, and sustainability.”⁵⁴

One Center, CIMMYT, has initiated a dialogue on key issues related to public/private alliances in agricultural research. The dialogue produced The Tlaxcala Statement, a consensus statement that attempts to find the common ground between public and private sectors to maximize benefits for society and help narrow the science and technology gap between rich and poor nations. The Statement outlines

- Strategies and objectives of public and private organizations that might lead to mutually advantageous (“win/win”) alliances to achieve all partners’ goals without working to the detriment of any partner, its mission, or its constituency.
- Prospects for public and private organizations that might direct their efforts toward (for example) separate geographical areas, groups of clients, or types of products.
- Implications of dividing public and private efforts in this way.

There is clearly concern that these relationships may risk the CGIAR’s reputation. However, partnerships with the commercial sector, if pursued appropriately and with due diligence, can prove mutually beneficial to all concerned. IFPRI has taken the step of creating a “check-list” for accepting corporate funds as a means to manage these relationships productively. These include reviewing the following issues:

- How the company is perceived globally and particularly in the country where the research will be carried out;
- The nature of the company’s business activities;
- The company’s record in promoting products that are consistent with objectives of socially-conscious economic development;
- Whether the proposed research work is compatible with IFPRI’s mandate and mission;
- The company’s compliance with the standards of operation in the US and where the research will be undertaken;
- Activities of the company’s subsidiaries or parent company;
- Public relations or communications activities that the company may engage concerning the grant or research results;
- Relationship of the company with other CGIAR centers;
- Language of the legal mechanisms (grant, contract), particularly if the company is a donor, ensuring that the organization will not try to influence research results or the use of funds; and
- Potential information, techniques, and / or products resulting from collaborative efforts that should be protected through patents, intellectual property agreements, grants, letter of agreements, or Memoranda of Understanding (MOUs).

This “check-list” is useful for any Center considering entering a relationship with a commercial venture. CIMMYT has taken the lead for the CGIAR in exploring the potential modalities of

⁵³ Herdt, R.W. “Reflections on keeping Asia’s food baskets full.” *American Journal of Agricultural Economics* 80(5), 969-972, 1998.

⁵⁴ The Tlaxcala Statement on Public/Private Alliances in Agricultural Research, February 2000

interaction. The experience it gains in developing these new relationships will be a model for the System.

C. Creative public and private funding arrangements for agricultural research

1. Using loans and credits to finance contributions:

In recent years, two CGIAR members, Kenya and Brazil, have utilized loans and IDA credits to finance their contribution to the CGIAR. In both cases, the idea for the use of the loan and credits was novel and, in both cases, was met by initial resistance by World Bank officials. However, NARS in both countries believed that the benefits of stronger affiliation with the CGIAR merited incurring debt. Using loan and credit mechanisms to fund contributions may allow countries with constrained budgets to meet their commitments while at the same time meeting national priorities in agricultural research. Despite the unique characteristics of each of these transactions, their success suggests that these mechanisms may be attractive to countries as a means of actively partnering with a Center in an area that is beyond the capacity of the NARS and as an alternative to renegeing on their commitments. In fact, some member countries may prefer mechanisms that give them greater control on the use of the contribution and the ability to target its use to their national agricultural priority areas. Other members, such as India and China, have chosen not to incur debt to finance membership contributions. At best, however, this mechanism can be seen as a non-sustainable transition strategy that offers a country some short-term assistance in meeting its contribution obligations while advancing the work of the NARS.

2. FONTAGRO and other models:

National and regional agricultural research institutions are experimenting with a variety of alternative mechanisms for funding. In Latin America, FONTAGRO was created as a means to fund the sector utilizing a loan-financing scheme. The objective was to create an endowment for agricultural research. With the support of the IDB, countries can designate a portion of its loans as a contribution to FONTAGRO. Contributions to the endowment would build over time thereby assuring sustainability of the fund. The creation of FONTAGRO was meant to empower the regional NARS and give them the capability of negotiating separate agreements with the CG Centers as needed. While the concept was hopeful, the results have been less successful. Contributions to FONTAGRO from the region are far below the target, and there is a new emphasis on reaching out to the larger Northern donors. Despite the difficulties encountered by FONTAGRO and the loss of regional bank funds to the CGIAR, some feel that the model has great potential for regional growth. The expectation is that the NARS will continue to seek partnerships with the CGIAR and in that way will continue to support the System.

Other regions such as Africa are also searching for new mechanisms. At a recent Interministerial Meeting on Sustainable Financing of Agricultural Technologies and Natural Resource Management in Central and West Africa, discussions focussed on policy measures, institutional options and financing mechanisms that might be adopted in order to effectively promote the diffusion of technologies in the region and contribute to poverty reduction, economic growth and food security while preserving the natural resource base. Representatives of the African Development Bank (ADB) and the World Bank were brought together under the auspices of Special Program for African Agricultural Research (SPAAR). FONTAGRO was discussed as a model for generating regional funding for competitive grants in agricultural research for development. A range of non-traditional sources was put forth as a means to finance research including commercial resources, taxation and contracting the private sector. These alternative mechanisms may provide new ways to draw resources into the agricultural research system.⁵⁵

⁵⁵ Summary report of the Interministerial Meeting on Sustainable Financing of Agricultural Technologies and Natural Resource Management in Central and West Africa, December 1999.

Work is ongoing on a Sustainable Financing Initiative for agricultural research in Sub-Saharan Africa.

3. Other mechanisms

Other mechanisms that have been discussed but not explored adequately include debt-swaps and use of blocked currencies. There is little current experience in developing these options. Individual CGIAR Centers could benefit by investigating these options at a national level.

4. Endowment:

Creating an endowment may be one of the leading mechanisms for long term sustainability of key components of the System, but it is tricky, requires strong leadership, a well- focused campaign and a winning message. Experts in this field point to the potential yield but stress the need for careful planning and preparation, which will require considerable time and investment.

Universities are especially well versed in the creation of endowments for long-term activities. An endowment assures an institution of a steady stream of support and paves the way for planning and orderly expansion. The rule of thumb is that the corpus will generate approximately 5 percent for annual operations, i.e., to generate \$10 million per year would require a principal of \$200 million. While a substantial sum, it may be within reach if the issue ignites the imagination of the right type of people.

The New Wealth, while often focused on a more interactive relationship with those they support, also are known for using their ability to make substantial contributions to make a difference in an area of particular interest. Traditional philanthropies and even public sector organizations have also been known to make one-time only large contributions towards establishment of endowments to assure the sustainability of special interest programs, especially when these programs appear threatened.

The CGIAR has a number of unique programs whose sustainable funding is essential for future agricultural development. One in particular is the CGIAR System-wide Genetic Resources Programme (SGRP), which includes the conservation and management of the largest agricultural germplasm collections in the world. Eleven CGIAR Centers hold over 500,000 accessions of crop, forage and agroforestry germplasm in trust under Agreements signed with the Food and Agricultural Organization (FAO) in 1994. In addition to making the germplasm and related information available to users, the Centers are committed to ensuring the long-term conservation of the collections. The SGRP is a potential centerpiece of an endowment campaign. The collection is irreplaceable. The Centers have already joined together to develop an investment plan that would include upgrading the genebanks and recurrent costs for maintaining them thereafter at appropriate standards. After the necessary improvements are made, SGRP estimates annual costs of \$7 million for maintaining and properly managing the gene banks. Full funding would require an endowment of approximately \$140 million.⁵⁶

Other uses of special endowment funds include expanded National Resource Management research, perhaps involving marginal lands and support for moving forward new technologies with very high promise for the least developed countries and regions. Depending on the amounts that might be raised, several compelling campaigns might be launched over a period of time.

Those who are expert in endowment campaigns suggest as a first step initial testing of the viability of specific campaign themes prior to embarking on a full-scale campaign. A "blue sky" brainstorming session that brings together key Center professionals and endowment fundraising specialists might yield a number of potential campaign ideas. These could then be tested with

⁵⁶ *Funding the Plant Genetic Resources Collections of the CGIAR*, available upon request

donor audiences to assess the potential for developing one or more into full-blown campaigns. SGRP's leaders have signaled a strong interest in proceeding. The CGIAR Chairman has expressed support and willingness to provide leadership for a well-developed plan.

5. Internet Fundraising

E-commerce/E-philanthropy is the newest trend in market-based fundraising. Nonprofits are taking advantage of the broad audience that the Internet provides them to reach out to more people than ever before at a cost that is significantly lower than traditional fundraising efforts. They are doing this in a number of ways:

- a. asking for money online through their websites or through websites set up to serve a number of nonprofits for this purpose;
- b. selling products on line such as handicrafts, publications, and promotional items such as t-shirts or calendars; and
- c. linking their websites to companies who offer to give a percentage of their sales to the nonprofit. This fact is advertised on the nonprofit and corporate websites and encourages greater sales for the company as well as donations for the NGO.

The Internet is a way of reaching audiences that would be hard to approach any other way. Charities say that the average size of gifts received online were bigger than gifts received with traditional techniques, and the majority of their online gifts came from people who had never previously donated. Also, charities who have been on the Internet for more than a year have seen tremendous growth in their donations from one year to the next. One reason for growth is that people are more comfortable making donations online. The other is the sheer number of additional people with access to the Internet. This growth promises to increase exponentially as Internet use expands. For example, The Hunger Site promises that every time a visitor goes to the site and clicks on the "donate free food" button, the site's corporate advertisers each donate 1/2 cent to the UN foods program. The site raises awareness of international hunger, gives visitors a cost-free way to help and gives exposure to its corporate sponsors. From June 99 - March 00, \$1.9 million was raised.⁵⁷ Future Harvest has recently begun an experiment with e-philanthropy that allows visitors to its website to contribute directly to Future Harvest or to purchase goods from another site with a percentage of sales donated to Future Harvest.

6. Social Enterprise

Social entrepreneurship is a new concept for most nonprofits, but it is growing at a fast pace. Nonprofits are beginning to realize that selling their services and products is not necessarily contrary to their mission. Rather, the sustainability that it promotes helps the organization further its goals. Many groups are involved in some level of social enterprise if only by selling a publication or a training course. However, that is just the beginning. The most entrepreneurial have achieved 100 percent sustainability by creating entire separate businesses that fund the social activities. For example, several Centers are considering marketing research processes, databases and other valuable by-products of their research capabilities.

7. Earned Income

Many nonprofits have identified products and services that they already offer and have been able to either recover some of the cost by charging the end user or by re-marketing the same products and services to an audience that is willing to pay market price for them. Others have created specific products and services with the sole purpose of selling them to raise revenue. Earned income ventures include fee for service, sales of products, consulting contracts, rent of space, equipment or services, publications, conference-organizing, etc.

⁵⁷ Wallace, Nicole. "Hunger Site's Success Inspires Imitators," *Chronicle of Philanthropy*. March 23, 2000.

8. Social Purpose Business

Social Purpose Business takes the earned income idea to another level. The idea is to create wealth by developing separate products and services that can be sold in the market and at the same time serve a social purpose. Although the initiative is run as a business, its underlying purpose is a social cause, whether to train and employ disadvantaged people through the social purpose business or to raise funds that support other types of social programs.

The above discussion provides a sampling of the range of potential revenue sources and the strategies that might work for CGIAR. Initially these strategies might yield discrete infusions of supplemental funds but, over time, may be pivotal for future growth. The very process of diversifying funding may also yield collateral benefits by convincing traditional donors that the System is sustainable over time and that it is resilient, creative and adaptable to new environments. These strategies are seeds for the future. Once planted, they will mature and yield when they are needed most.

IV. BUILDING CAPACITY FOR SUCCESS

As can be seen from the above discussion all of these potential sources, but particularly the private sector, require an intensive development effort and a flexible structure that can operate as comfortably in Silicon Valley as in Uganda. Repeatedly, the message is – know the donors and make yourself known to them. Unlike a university or a typical NGO with a narrowly defined target audience, the CGIAR has the potential to cast its net far outside any single national boundary. Centers should be able to reach out to funding agencies in their home country or region. The System must mobilize for support anywhere in the world.

A. Expanding Public Awareness: Spreading the message and capturing new audiences

As the CGIAR assesses its capacity and potential success in attracting new support from both public and private sectors, the recurring theme is “the message.” The backbone of any resource mobilization effort is the ability to share a message that resonates with key constituencies and creates a clear link between their priorities and interests and the work of the CGIAR. However, as noted by The Philanthropic Initiative, “to connect with even a small percentage of these potential donors is a profound challenge to an organization like CGIAR that has had no presence nor access and, for all intents and purposes, is virtually a well-kept secret.”⁵⁸ CGIAR’s climb into awareness will not be swift or easy. It can be done. The creation of Future Harvest by the Centers in 1997 has been an enormous boon to the public awareness (PA) effort. Its goals are two fold: to raise awareness of and support for international agricultural research for global peace, prosperity, environmental renewal, health and population. In the few short years since its inception, Future Harvest, incorporated as a 501(c)(3) organization in the United States and reporting to a Board comprising two Center Directors and two external members, has made impressive progress in crafting a new image of the CGIAR and in nurturing a collaborative spirit among the Centers.

The CGIAR can lay claim to decades of success in agricultural research. These successes can be captured and used to create a fresh new image for the Centers that carries it into the future. NSOs, linked to Future Harvest, can provide local refinement of global or regional mechanisms and specific messages for key national constituencies. The time is ripe to launch an expanded resource mobilization/public awareness effort to capitalize on the work of Future Harvest and to

⁵⁸ “Staking out CGIAR’s Claim,” prepared for The Conservation Company by The Philanthropic Initiative, Inc., April 2000 and supported by a grant from The Ford Foundation.

assure that new funding sources are in place when they are most needed. Resource mobilization must be coupled with a global public awareness effort, with the primary focus of translating the work of the CGIAR to national audiences and to the donor community, both public and private. The CGIAR scientists and its PA staff must find a way to harmonize their message and convey its power to the public. An expanded initiative will require the strong commitment of the Centers and senior leadership. Its impact will depend on a targeted business plan, resources, capacity and a transnational structure that is flexible to the needs of the Centers, responsive to national priorities and interests and yet takes advantage of the global nature of the System.

The first steps have been taken in organizing for such an effort. Future Harvest has focused on cultivating the interest and goodwill of influential individuals (the Ambassadors) and organizations; getting media attention for agricultural research; and expanding the circle of public and private donors. It has launched an innovative website and experimented successfully with e-philanthropy (web-based marketing) and other marketing approaches. Encouragingly, all of the Centers have provided a fixed percentage of their annual budgets for the Future Harvest program. Efforts have also been made to strengthen synergies between the Secretariat, Public Awareness and Resources Committee (PARC), the Public Awareness Association (PAA) and Future Harvest. The growth of the Story Development Initiative (SDI) – an effort to directly help Centers get their compelling stories in the media – is another indicator of much needed progress. Future Harvest has developed a close working relationship with SDI established by the PARC/CDC in response to donor concerns about the need for better public awareness materials from the Centers. In the coming year, at least two inter-center initiatives are being planned that will take advantage of the link between story development and fund raising. Linkages with NSOs and outreach efforts to the United Kingdom are also underway.⁵⁹ Much has been accomplished in two short years. It is an excellent beginning for the difficult task ahead. Now Future Harvest's capacity must be expanded to achieve higher levels of awareness – in the South and North – and to undertake enhanced resource mobilization efforts over the coming years.

Despite these impressive beginnings and system-wide investments in PA, efforts remain weak in most Centers and vulnerable to budget and personnel cuts. A 1998 audit of the Centers reveals

- a lack of reporters/writers who can craft research reports into professional PA products;
- that five Centers reported reductions in their PA levels, while four reported increases;
- that six Centers reported reductions in their PA budgets with cuts ranging from 5 percent-71 percent;⁶⁰
- that more than 50 percent of the centers might be called “non-performers” in PA;
- a lack of personal contact between center staff and members of the media;
- a lack of interaction between PA and RM activities; and
- an unwillingness to participate in system-wide activities, seeing them as “ineffective, too costly, too time-consuming, little benefit for our center.”⁶¹

And despite voiced support of Future Harvest, three Centers reported zero time spent on Future Harvest related activities; six reported between 1-5 percent; and one reported between 6-10 percent.⁶² Additionally, eight Centers reported spending between 1-10 percent, one reported 0 percent, and one reported 21-40 percent time spent on “system level” PA each year.⁶³ As resources tighten, there is a risk that Centers will rely too heavily on the centralized Future Harvest mechanism at the expense of strengthening Center capacity.

⁵⁹ Minutes of the PARC Meeting, October 19, 1999. Washington, D.C

⁶⁰ Public Awareness Capabilities of CGIAR Centers: A follow up to the 1996 Public Awareness Audit. October 1998, The CGIAR Public Awareness and Resources Committee

⁶¹ Ibid.

⁶² Figures are drawn from a “quick and dirty” poll of the 12 Centers represented at the PAA meeting in 1999.

⁶³ Ibid

While many of the key elements for an expanded PA/RM initiative are in place within Future Harvest and other System and Center PA/RM activities, they must be dramatically expanded and consolidated to achieve impact in mobilizing global resources. As one member noted “business as usual in PA and RM [is] just not acceptable.”⁶⁴ However, there is no clear consensus as to how best to grow this initiative.

While there is strong Center support for the activities of Future Harvest, there exists a tension between the needs of the System and those of the individual Centers. In a survey administered by TCC, 10 centers listed other centers as their primary competitors in fundraising, four centers listed each other as potential partners in fundraising, and 3 said they had no partners in fundraising.⁶⁵ The Centers understandably are concerned that over-centralization of PA and RM activities may damage their individual ability to raise funds and would add layers of costly bureaucracy. Yet, without an enhanced effort that draws on the whole network and that can claim the value-added of being part of a network, it is unlikely that the CGIAR will be competitive in the funding world. Senior management has not adequately assimilated either the centrality of PA to future sustainability or the necessity of an overt connection to RM efforts. This understanding is an essential first step in making and sustaining the changes needed for the system.

The bold new future vision of the CGIAR is made up of two essential elements: a revitalizing of the scientific structure and a recasting of its image to the world. The proposed expanded PA/RM initiative would build on the success of Future Harvest in public awareness and marry it with a targeted resource mobilization strategy. Minimally, the expanded initiative would augment current Future Harvest and Center activities; have communications and fundraising capacity in each region of the world; support and work with national efforts such as NSOs; support Center efforts through an expanded Story Development Initiative; and, over time, create a much higher profile for the system and its critical work. It would raise funds wherever it was legally established and disburse them globally. It would be entrepreneurial, professional and non-political. It would be an advocate for the CGIAR; a matchmaker between donors and Center initiatives; and an agent for getting the Center’s message to the public. Currently, each CG Center has some fund raising capacity, which can be developed further for an expanded and intensified resource mobilization effort. Center staff is familiar with the priorities of the donors and, in their own institutional environment, are experienced fund-raisers. However, some of the innovative efforts described in this document (especially new partnerships with business and the new wealth) will require skills that currently do not exist in the CGIAR. With the development of capacity on how best to approach and build relationships with new sources of support, many of the Centers could reach out to new markets as an extension of current fund-raising activities. The parallel development of both System and Center expertise will assure capacity at all levels to maximize outreach.

B. What can a Public Awareness /Resource Mobilization Effort do for CGIAR?

- Reach new audiences with messages about the impact of CGIAR work
- Create new constituencies
- Allow for growth in the System
- Diversify the funding base so as to minimize vulnerability to single donor fluctuations
- Create stability for future planning
- Enhance image with current donors by highlighting sustainability and value of the System
- Increase flexibility of Centers to market activities to a broader network

C. Partners and Friends for Development: National and Regional Support Organization

As the CGIAR/Future Harvest embarks on a global PA/RM effort, forming linkages with groups with similar interests and goals will amplify its own efforts. NSOs and NSO-like organizations

⁶⁴ Ibid.

⁶⁵ Survey information gathered under a grant from The Ford Foundation

would be natural partners in this effort. The concept behind the NSO is to develop national constituencies in support of CGIAR and agricultural research activities. This concept has been previously advanced within the CGIAR but did not take root in many places due to a variety of factors including lack of formal affiliation with the CGIAR. The Canadian CGIAR Network Initiative (CCNI) and the Crawford Fund in Australia are currently the only two examples of NSOs in the North (Belgium is considering establishing one). Yet, even this small group has great variation. However, the NSO concept has considerable relevance for the future of the CGIAR, and development of national NSOs may be an important element of the PA/RM strategy. NSOs could provide a national knowledge base that would be difficult to replicate. Moreover they could also provide a national legal entity able to raise funds for their own activities and the CGIAR's. NSOs have the potential to play a significant role on a variety of levels including

- raising awareness and advocating wider government support for international agricultural research (affiliated formally or informally with Future Harvest);
- being advocates for agricultural research to their home government with a potential impact on levels of ODA as well as non-ODA funding;
- developing national constituencies by creating appropriate partnerships with local institutions;
- translating the message in ways that are appropriate to the culture;
- working in concert with CGIAR/Future Harvest for public awareness and development outreach;
- identifying potential contributors and facilitating contact by the CGIAR /Future Harvest; and
- tapping private sector support for the CGIAR by identifying charitable foundations and major corporations in their home countries who have a vested interest in food security and nutrition, world peace and security or other global interests corresponding to the vision and mission of the CGIAR.

In the South, the only example of an NSO-like organization is the Asia Rice Foundation created under IRRI's sponsorship in the Philippines to establish an endowment fund that would generate sufficient earning to finance rice research programs throughout Asia. While not an NSO in the sense of the Crawford Fund or the CCNI, it is a potential partner. If there was identified potential, other regional Southern NSOs could be developed. Recently SPAAR's Sustainable Funding Initiative in Africa acknowledged the need for heightened national awareness of the need for agricultural research. A variety of partners might be considered for playing this critical role, including local NGOs.

While the CGIAR might benefit from the utilization of the NSO networks, affiliation of the NSOs with the CGIAR/Future Harvest would lend credibility and standing to the NSOs and help them gain new expertise in outreach. Information and capacity sharing would be mutually supportive. The NSOs, however, are independent entities, and as such will need to develop their own funding base as well. The CGIAR would have to work out a *modus vivendi* with the NSOs to limit competition and assure benefits for all partners.

Regardless of whether the NSOs prove to be the appropriate vehicle for reaching the public of the donor nations, the CGIAR/Future Harvest will need to find mechanisms for advocacy, public awareness and resource development throughout the world.

D. Organization: Creating the structures to support the System

The process by which a successful, sustainable fund raising strategy is developed must be inclusive and participatory, involving a broad array of traditional and potential new stakeholders. Such an effort will require a substantial investment of resources in recruiting top-flight personnel, developing essential skills and mounting a communications effort. Investment levels must be commensurate with the expected return. An estimate of costs to adequately staff and provide an operating budget and consulting support for a start-up nonprofit is approximately \$1.5 to \$2 million a year but may vary depending on the country of location. This amount is approximately three times the current budget of \$693,000 of Future Harvest and is comparable to the administrative, communication and fundraising expenses of a nonprofit of modest size in the

United States.⁶⁶ This would assume a central office with a five-person professional staff, including professional fundraisers, communication experts and writers. The creation of regional nodes or hubs and partial support of Center PA/RM staff would increase costs by approximately \$1 million, bringing the total initial investment to \$2.5 to \$3 million. It has been suggested that a more modest or incremental approach be taken, but it would simply have too small an impact. However, given the size and complexity of the CGIAR, the need for heightened public awareness as a precursor to fundraising success and the need to raise substantial sums, a significant effort is necessary. Marginal investment will yield only modest results.

For accessing the New Wealth today, many of the large universities routinely position their development staff to be “near the money.” Larger institutions, particularly colleges and medical centers, have been swift to respond to the challenge. With such an enormous growth in income at the upper levels, the mission *du jour* in development offices across the land has been to reach and involve the mega wealthy. Harvard University, for example, now has two West Coast offices where centers of New Wealth are located: a five-person staff in L.A. and seven major gifts officers in Silicon Valley. Finding ways to engage with and recruit support from major donors is a labor-intensive process, very much like panning for gold. The analogy is apt. *There is a gold rush on.* Those with the better equipment and more bodies are going to be able to stake larger claims upstream.⁶⁷

The Nature Conservancy (TNC) is an example of an organization investing in development profitably. In 1990, TNC embarked on a resource mobilization effort that focused on creating corporate partnerships. In order to take advantage of this new strategy, TNC had to create new internal capabilities. It needed greater institutional flexibility and the ability to attract new skills into the institution to respond to these opportunities. A cause-marketing department was created in 1990. It grew, as the partnerships did, to a staff of nine people in 1999 who work solely on marketing arrangements. TNC hired a Harvard MBA graduate to manage the department. TNC has assigned staff (account managers) to each of the key partnerships. The partnerships that have been created are incredibly varied. TNC increased its marketing revenue from less than \$200,000 in 1990 to nearly \$5 million in 1997. In 1999, TNC received up to 15 percent of its annual revenue from corporations.⁶⁸

The required intensity of investment in specific strategies will depend on the likelihood of success as assessed by professionals in the field. Realistically, this effort might take two to three years to be fully up and running, but once there and tapping into new sources of funding, it may generate five to eight times the investment.⁶⁹

The proposed CGIAR/Future Harvest organization would have three primary functional areas:

1. **Marketing:** public relations, awareness building, communications. This would include
 - expanding appropriate communication vehicles (newsletters, websites, etc.);
 - developing and implementing an expanded media strategy in all regions of the world – North and South;
 - preparing appropriate material to share within the World Bank, co-sponsors, NGOs and the private sector;
 - continuously communicating all information about sources of public support and new ventures to the CGIAR membership and Centers; and
 - collaborating with NSOs and national and local supporters.

⁶⁶ “Staking out CGIAR’s Claim,” prepared for The Conservation Company by The Philanthropic Initiative, Inc., April 2000 and supported by a grant from The Ford Foundation.

⁶⁷ Ibid.

⁶⁸ Case study of The Nature Conservancy prepared for The Conservation Company. See Appendix K for full description, available upon request.

⁶⁹ Ibid.

2. **Fundraising:** research, cultivation and negotiation with prospective donors. This would include
 - Interacting with current investors/members to better understand their priorities and devising strategies to communicate effectively the value of their investments in the CGIAR;
 - Identifying new potential sources of public and private support and determining the conditions necessary to interest them in collaborative ventures with the CGIAR;
 - Convening and facilitating interactions between potential donors and appropriate representatives of the CGIAR.
3. **Training:**
 - Training of Center Director Generals (DGs), senior managers, PA and RM staff, and trustees to build effective capacity to engage in the new RM efforts.

The management of additional functions that are integral to soliciting and managing private sector contributions will require further consideration with regard to key functions of the CGIAR. These include

1. **Fund management:** investment management of endowment funds and private sector grant funds;
2. **Fund disbursement:** administration of payments of central contributions to intended CGIAR Centers and project grantees;
4. **Reporting:** administration of the organization's reporting to private sector grantmakers and endowment donors; and
5. **Quality Control and Oversight:** review of PA and PR materials and proposals to assure appropriate quality and consistency in presentation and to flag potential conflict-of-interest issues.

Currently, PA, PR and RM functions are inadequately integrated. A new structure would seek to maximize synergies among these functions while maintaining their individual objectives. Moreover, these functions reside in a number of locations: the office of the Chairman, the Secretariat, Future Harvest and the Centers. The Chairman is actively engaged in promoting the CGIAR but is not linked to the overall strategy. The occasion of the creation of an expanded PA/RM initiative lends itself to a reevaluation of the PA/RM functions of the Secretariat and a rethinking of the role of the Chairman and the Secretariat in furthering these efforts.

Among the activities that must be harmonized with an enlarged effort are

- Media launches by the Chairman and his representational function;
- High profile public awareness activities;
- Publications, including newsletters, public service announcements, press releases, etc.;
- Outreach to the donor community, including liaison with the World Bank; and
- Responses to myriad requests for information addressed to the CGIAR.

Given these functions, the key issue is simply what type of structure best facilitates the development of new relationships with both public and private donor communities that make up the new and traditional philanthropies in every region of the world. Moreover, what structure allows for innovative partnerships with the corporate community? For the CGIAR, these questions are complicated by a complex global structure consisting of sixteen individual centers, fifty-eight members, and a Secretariat with overlapping and independent agendas. The proposed CGIAR/Future Harvest organization will be intertwined with the System structure – each drawing on the other for maximum impact.

As a result, the design of the new entity will be guided by the need

- **to create a governance structure that allows ownership of the initiative by the Centers and other key stakeholders and yet values an external perspective;**
- **to develop a relationship between the Secretariat and the proposed organization that maximizes beneficial linkages while maintaining independence;**

- to rationalize the division of PA and PR functions between the Secretariat and the proposed CGIAR/Future Harvest;
- to balance Center and System-wide PA/RM efforts in a way that assures collaboration and facilitates development of trained staff at all levels; and
- to meet the legal requirements of raising funds in a variety of countries and develop partnerships with NSOs to maximize efficiency and capacity.

As seen in the attached graphics (Appendix L), the options of structures to implement such an initiative range from highly centralized unitary models, to confederations of equal elements, to loose federations of autonomous organizations – and a variety of hybrids that incorporate elements of each. CARE International, The US Fund for UNICEF, International Planned Parenthood Federation and the Carnegie Endowment for International Peace are examples of organizations that have evolved international structures to address similar functions.⁷⁰

E. Funding the CGIAR/Future Harvest Organization

As overall funding tightens for the system, undertaking a resource intensive initiative may seem counter-intuitive. Spending on non-programmatic activities may seem to some a non-affordable luxury. Although initial support most likely will need to come from the CGIAR and Center budgets, the support of such an effort may usefully be developed into its own initiative. Foundations that may have no interest in agricultural research may be interested in organizational sustainability and capacity building issues. These sources are being explored.

V. POTENTIAL REVENUE IMPLICATIONS FOR CGIAR AS A RESULT OF AN ENHANCED PA/RM STRATEGY

The potential implications for CGIAR revenues (2000-2010) are presented below. This chart represents the underlying conclusions regarding the potential of resource diversification as a result of an enhanced PA/RM strategy. This strategy is projected to be fully operational within 2-3 years and would yield between 30-50 percent of the CGIAR budget by 2010. We have presented a range to reflect probable variations in outcome. The projections are estimates based on an assessment of each financing strategy's environment.

⁷⁰ Lindenberg, M., and J.P. Dobel. "The challenges of globalization for northern international relief and development NGOs," *Nonprofit and Voluntary Sector Quarterly*, 28, 4-25, 1999.

A. Implications of Funding Trends and Strategies on CGIAR Revenues

	Current (%)	5 Years (%)*	10 Years (%)*	Notes
ODA	90	80 / 70	70 / 50	<ul style="list-style-type: none"> ▪ In the event that ODA does not drop significantly, maintaining current levels would contribute to growth in total revenues
Non ODA	–	3 / 5	8 / 6	<ul style="list-style-type: none"> ▪ Non-ODA reflects stronger buy-in and national support in lieu of ODA
Developing Country Members (“South”)	4	5 / 3	7 / 5	<ul style="list-style-type: none"> ▪ Could be funded in part by grants, loans and other financing approaches
Philanthropy	2	3 / 5	3 / 7	<ul style="list-style-type: none"> ▪ A sustainable target; could be exceeded if Centers tap New Wealth opportunities effectively
Business Partnerships/ Non CGIAR Donors	4	9 / 15	10 / 24	<ul style="list-style-type: none"> ▪ Fundraising experts believe this area (Agribusiness and other companies) has highest potential. Some revenues could be unrestricted; requires major investment
Endowment	–	0 / 2	2 / 8	<ul style="list-style-type: none"> ▪ A challenge, but worth testing, focusing on specific campaign. Anticipates a US \$320 to \$640 million endowment; potential target is US \$1 billion
Total	100 <i>(US\$340 million)</i>	100 / 100 <i>(US\$370 million)</i>	100 / 100 <i>(US\$400 million)</i>	

* These are suggested upper and lower ranges.

Comments:

- ODA remains an essential element of support for the CGIAR. Trends show decreasing amounts of ODA available. Current ODA is approximately \$300 million or 90 percent of the total budget. Using the TAC’s projection of zero growth for ODA, but assuming that the CGIAR will grow by approximately 20 percent over the next ten years, ODA would contribute approximately 70 percent of the budget, with some movement between ODA and non-ODA support making up the balance of 5 percent. In the event of some declines in ODA, that figure might drop to 50 percent. In the event that ODA experiences real growth, this would contribute to growth in total revenues.
- Non-ODA support growth represents the success in making the case for both agricultural and non-agricultural support. It may also represent some shifts between ODA and non-ODA, if governments calculate scientific exchanges and/or in-kind contributions as part of their overall contribution.
- Southern members’ contributions would continue to grow as a result of effective appeals and innovative financing mechanisms including loans, grants, joint ventures and other approaches.
- Philanthropic contributions grow to approximately \$28 million. Although the percentage of total is between 3–7 percent, the net amount is a considerable sum in sustainable philanthropic giving. This could be exceeded by targeted funding of specific programs or by

major influxes of funds from the New Wealth. The likelihood is that this funding would be restricted.

- Business partnerships of all sorts would grow to between \$40–96 million (up from the current 13.6 million) over the span of the decade. Some of these revenues, particularly those generated from social marketing activities, might be unrestricted.
- The endowment funds represent the interest on the corpus of the endowment that can be used for programs. The source of these funds may be from public and private sources. We assume that the endowment campaign will not compete with other resource mobilization activities, as it would be issue specific. To generate between \$8–32 million would require an endowment of approximately \$160-640 million. This is a substantial sum, but given the compelling issues at the center of a campaign, this might not be an unrealistic target.

What can be seen is incremental growth as the CGIAR gains experience in working in these new environments. With expert consultation, appropriate targeted material and skilled staff to cultivate new relationships, these new funding sources, over time, decrease the vulnerability to ODA shortfalls and become a critical component of System funding.

B. Unintended Consequences of Successful Fundraising

A number of thoughtful observers have raised the concern that increased funding from philanthropy and the corporate sector would provide a rationale for certain countries to reduce their public commitments to the CGIAR. This issue deserves careful and ongoing consideration. However, there are some indications, and more experience from other fields, that traditional support for the CGIAR might be enhanced with successful diversification of financing.

The experience of other nonprofit organizations suggests that existing primary funders are concerned with the sustainability of the organizations they support. Successfully tapping other resources, learning to collaborate with the business sector and developing a business plan which uses a variety of resources for strategically differentiated purposes; all contribute to a more viable, secure organization capable of carrying out a vital mission over time. The keys are to have a strong rationale for each funding source and to demonstrate impact through rigorous assessment.

Of even more immediate note, the Administrative Manager of the World Bank's grantmaking vehicle, (the Development Grant Facility) noted that the Bank's major interest going forward is to ensure that its limited grant funds achieve results and effectively leverage additional resources. It must be admitted that moving from an overwhelmingly public-funded enterprise to successfully attract private, even entrepreneurial, support is not an easy task. It is critical that each funder understands how their support contributes to the whole enterprise – whether as highly designated project funding or as core support.

A specific example is the targeted use of endowment funding. Some fear that an endowment campaign will compete directly with other fundraising, and because endowments yield only 5 percent earnings on the corpus, large sums must be raised with limited “yield.” This argument has merit unless the endowment campaign is for a very clear purpose that makes a strong case for funding into perpetuity. Achieving sustainable financing for the CGIAR germplasm collections is one example of a targeted strategy well suited to the need and purpose.

VI. CONCLUSION

There is potential for growing support for the CGIAR in both the public and private sectors. None will result in an immediate influx of sizable new unrestricted support, but they will yield significant contributions to the System over time. The question that the CGIAR membership must ask itself is where it wants to be five years from now. If the image that comes to mind is of a growing, dynamic organization, then to get there, you must start now. The success of the System in mobilizing new support is dependent on its ability to project an image of vitality and change and a commitment to support a freestanding, innovative CGIAR/Future Harvest organization devoted to raising public awareness of the Centers' work and to cultivating new sources of support. This effort will require professional skills, resources and time.

This effort must also be complemented by a number of other critical factors. Among these are effective expansion of the South's role and financial involvement and the Centers stepping up their efforts by shifting resources to communications and fundraising efforts. It will also be important to become more familiar and comfortable with engaging the private sector as research and financial partners. Finally, the system must be prepared to make a significant investment over the next five years in order to achieve benefits over the longer term.

Clearly, the initiative cannot be fully launched until there is a new vision for the CGIAR for the 21st Century. However, there are steps that the CGIAR can take now to pilot new ideas and build capacity that will ready the network to move forward as soon and as efficiently as possible.

The interim steps that the CGIAR can launch following the Mid-Term Meeting in Dresden are

- Immediately increase resources for Future Harvest's work by strengthening capacity at its core, and posting media/communications professionals in key locations.
- Increase the expectations that Centers will devote more of their own resources to an integrated PA and RM effort and adopt strategic marketing plans that feature new, collaborative partnerships and ventures among Centers and their partners.
- Work toward expanded Center Board involvement and encourage recruiting to Boards persons who can further the PA and RM objectives.
- Hire consultants with specific fundraising and communications expertise to help develop and implement plans.
- Begin to pilot promising, high priority alternative financing initiatives to gain experience and test their feasibility for CGIAR application.
- Work with TAC and Center Directors to begin identifying high-profile activities that lend themselves to funding through new sources.
- Prepare a business plan identifying resources required.
- Develop consensus among key constituencies for a CGIAR/Future Harvest organization plan and structure to fully implement these new initiatives.

The proposed goal by International Centers Week 2000 would be to have moved significantly forward in all the above areas.

The CGIAR continues to have a significant impact on improving food security, alleviating hunger, contributing to natural resource management and rural development. A CGIAR that can effectively tell this story to the right audiences will ultimately enjoy a more diverse and sustainable funding base.