

Consultative Group on International Agricultural Research

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Launching the CGIAR

Report of the Fourth Finance Committee Meeting, September 15-16, 1994

The following connected meetings were held in August and September in preparation for ICW94: a Study Panel on governance and finance (August 22-24 and September 11-12), a Stakeholder Panel (September 13-14), a panel on Intellectual Property Rights (September 15), the Oversight and Finance Committees (September 15-16) and the Steering Committee (September 15-16).

The purpose of the meetings was to maintain the momentum for change that grew out of the 1994 Mid-Term Meeting by reviewing and analyzing major issues and distilling them for discussion and decision by the Group. Reports from all these meetings will be distributed as ICW94 documents and will form the background for discussion of agenda items under the rubric, "Launching the New CGIAR."

A report on the fourth meeting of the Finance Committee is attached. The primary task of the meeting was to review the status of 1994 Stabilization Program, examine the 1995 Funding Requirements and discuss the operational implications of the proposed new financing arrangements.

Time has been provided for all reports and suggestions concerning the launch of the new CGIAR to be comprehensively discussed and to be re-visited on the final day of ICW94 before decisions are reached on the next steps to be taken.

Attachment

Distribution:

CGIAR Members
Center Board Chairs
Center Directors
TAC Chair, Members, Secretariat
Observers

CGIAR FINANCE COMMITTEE MEETING

September 15-16, 1994

Summary of proceedings

The Finance Committee met during September 15-16 in two sessions. The following summarizes, by agenda item, the Committee's deliberations and the resulting recommendations for the CGIAR.

1. *1994 Financial status and allocations*

Based on a report by the Secretariat, the Finance Committee:

- stressed the success of the Stabilization Program launched at MTM94 in meeting the requirements of the \$270 m agenda: Donors provided \$12 million of new funds and redirected \$6 million from complementary to core; the World Bank matched with an additional \$9 million (see annex 1).¹
- reaffirmed the priorities agreed at MTM94 for allocating additional funds (first priority: 1994 budget of \$229 m and second priority: \$270 m agenda).
- endorsed the resulting allocation of World Bank funds to Centers. Funds available include a reserve of \$2 m from the original \$40 million available for 1994 in addition to the \$9 million of matching funds triggered by donors' increased contributions and reallocations (see annexes 2 and 3).¹

2. *1995 funding requirements and tentative financing plan*

Based on the draft CGIAR document on 1995 Funding Requirements and Tentative Financing Plans made available by the Secretariat, the Finance Committee:

- endorsed the Center proposals, for a 1995 program of work requiring \$268.5 m as recommended by TAC. These requirements are consistent with the \$270 m agenda and reflect a lower than planned level of systemwide initiatives. The proposed level, however, does not include projects under preparation and TAC may propose additional initiatives during the course of 1995.
- examined the tentative results of applying the new financing matrix to 1994 and 1995 programs and funding.
- encouraged the Secretariat to complete the funding matrix as early as possible in order to facilitate FC review of the preliminary financing plan for 1995 at the next meeting.

¹ Tables updated subsequent to the meeting to reflect the status as of September 30, 1994.

3. *New financing arrangements (procedures from January 1996)*

The Finance Committee discussions were based on the CGIAR document on the New Financing Arrangements, a presentation by the CGIAR Chairman and the Committee's earlier deliberations. The Finance Committee identified a range of issues in implementing the new approach for further discussion. Issues requiring resolution in the near future are:

- the process for resolving differences between the requirements and the allocation by donors to the cells of the matrix.
- principles for reaching closure on the financing plan (whether to ask donors to redirect funding or reduce programs).
- possible mechanisms for ensuring that unrestricted donors are not forced to make the most adjustments due to the flexible nature of their funding.
- organization and format of the process of negotiation to fully finance all cells of the matrix and approaches for resolving differences.
- the implication of the differences in funding approval cycles in the donor agencies for developing a firm and coherent financing plan for the following year by Centers Week.
- maximizing the contributions in the "south-east" corner of the matrix (denoting contributions earmarked for the system as a whole) by possibly requiring all donors to contribute a small portion of their contribution to the system.
- potential for changes in donor behavior; in particular ensuring that unrestricted donors do not restrict their contributions.
- methodology for defining the fixed cost and unconstrained research columns as well as the overheads to be included in each cell of the matrix in a practical and transparent fashion.
- definition of the program elements of the matrix; their linkages to the research agenda as well as center management structures.
- finalizing the schedule for agenda setting, work program development and financing plan outlined in the Winkel report and elaborated further during the Steering Committee meeting.

4. *Resource mobilization (PARC report and presentation by Downes Ryan International (DRI))*

The Finance Committee discussions were based on a report of PARC activities, a presentation by DRI on the feasibility of fund raising by the CGIAR, observations by the Winkel Panel and earlier deliberations of the Committee. The Finance Committee:

- welcomed the activities of the PARC as reported by the Finance Committee representative at the most recent PARC meeting in August.
- requested the FC Chair further explore the initiatives proposed by PARC at the next PARC meeting.
- strongly endorsed the high priority given by the Winkel Panel for impact assessment and evaluation. Welcomed the PARC initiative in setting up an impact assessment task force.
- reaffirmed the need to ensure that public awareness activities are undertaken by stakeholders of the system and expressed support for such activities by PARC and others.
- noted the need for a structured approach to resource mobilization proposed in the report of DRI, a professional fund raising firm engaged to conduct a feasibility study of funding potential.
- requested that PARC further examine the proposal in the DRI report for setting up a CGIAR foundation.
- reaffirmed its awareness that the CGIAR expects the Finance Committee to ensure that resource mobilization is given high priority within the Group as a whole.

5. *Multi-year financing*

- reviewed the recent initiatives (Sweden, Australia, UK, Switzerland) regarding multi-year commitments in context of the donor survey conducted last year on this topic.
- reaffirmed the validity of multi-year commitments as an important element of providing stability to CGIAR finances.
- encouraged all donors to continue to explore multi-year financing recognizing that internal procedures may preclude some donors from making commitments beyond one year.

6. *Next meeting*

- The Finance Committee will meet in Washington prior to ICW94 for either two days October 20-21 or preferably only October 21. The FC Chair will confirm the schedule. There may also be a need for a short meeting during ICW.

SUMMARY OF 1994 FUNDING ESTIMATE
(in \$ millions)

<u>Agreed Research Agenda (\$270 m)</u>		
Funding Advisory of April 1994		215
World Bank hold back ("Safety net")	2.1	
Subtotal		<u>217</u>
Additional contributions to support		
the Stabilization Program	11.6	
Matching World Bank funds	<u>5.8</u>	
	17.4	
Subtotal		<u>234</u>
Complementary funding supporting the		
agreed research agenda	18.6	
Subtotal		<u>252</u>
Funding redirected to the agreed agenda		
	7.5	
Matching World Bank funds	<u>3.8</u>	
	11.3	
TOTAL support for the \$270 m agenda		<u>263</u>
Estimated Complementary Funding		55
Total system funding		<u>318</u>

In summary, additional contributions since MTM94 are:

<i>a) New contributions</i>	<i>11.6</i>
<i>b) Redirected complementary funds</i>	<i>7.5</i>
<i>c) Matching World Bank funds</i>	<i><u>9.6</u></i>
Total:	<i>28.7</i>

1994 Financial Support to the Agreed Research Agenda

	Funding at \$215 m			\$229 m budget		\$270 m budget		Estimated Outcome a/ as of September 1994 Funding in relation		
	Funds from Other Donors	World Bank	Total	Approved Budget	Funding Gap	\$270 m Vector	Funding Gap \$270 m vs \$229 m	1994 Funding	to: \$229 m	to: \$270 m
IFPRI	7.1	1.0	8.1	8.1		9.5	1.4	9.2	114%	97%
ICLARM	4.4	0.4	4.8	4.4	-0.4	4.8	0.4	4.8	109%	100%
INIBAP	1.8	0.2	1.9	1.7	-0.2	1.8	0.1	1.9	112%	106%
IBPGR	7.9	0.8	8.7	8.6	-0.1	9.2	0.6	9.0	104%	97%
ICRAF	10.9	1.0	11.9	11.9		14.0	2.1	15.2	127%	108%
WARDA	4.1	0.7	4.8	5.1	0.3	5.8	0.7	7.6	149%	131%
CIP	12.1	1.8	13.9	14.3	0.4	14.3	0.0	17.1	119%	119%
CIFOR	4.7	0.5	5.2	5.3	0.1	7.6	2.3	5.4	102%	71%
IRRI	22.4	2.6	25.0	25.5	0.5	29.3	3.8	27.3	107%	93%
ISNAR	4.3	1.2	5.5	6.1	0.6	6.8	0.7	6.5	107%	96%
ILCA	8.7	2.4	11.1	12.1	1.0	14.0	1.9	13.1	108%	94%
ILRAD	6.8	2.0	8.8	9.9	1.1	11.1	1.2	9.9	100%	89%
IIMI	4.0	1.3	5.3	6.6	1.3	7.6	1.0	7.6	115%	100%
CIMMYT	17.3	4.6	21.9	23.3	1.4	26.5	3.2	25.2	108%	95%
ICARDA	9.1	2.8	11.8	13.8	2.0	17.6	3.8	16.0	116%	91%
ICRISAT	18.5	4.7	23.2	25.4	2.2	26.9	1.5	26.9	106%	100%
IITA	14.5	4.2	18.6	20.8	2.2	23.3	2.5	23.3	112%	100%
CIAT	17.8	5.0	22.8	25.0	2.2	27.5	2.5	27.5	110%	100%
Center Total	176.3	37.1	213.4	227.9	14.5	257.7	29.8	253.4	111%	98%
CIP provision		0.8	0.8	1.0				0.8		
Safety net		2.1	2.1							
Unallocated/ Systemwide						11.0		9.2		83%
TOTAL	176.3	40.0	216.3	228.9	14.5	268.7	29.8	263.4	115%	98%

a/ Details shown in Annex 3.

Allocation of Additional World Bank Funds

	Funding gap in relation to:		Additional funding from donors other than the World Bank			Unfunded Gap \$270 m program	Funding of the gap (first priority) by the World Bank			Results			
	\$229 m program	\$270 m vs \$229m	Compl/Core Support	New/Redir Funds	Total additional		WB 1:2 Premium	\$229 m Gap	Total World Bank	1994 Funding	Funding Ratio		Remaining Gap
											\$270 m Program	1993 Funding	
IFPRI		1.4	1.1		1.1	0.3				9.2	97%	114%	0.3
ICLARM	-0.4	0.4								4.8	100%	127%	
INIBAP	-0.2	0.1				-0.1				1.9	106%	106%	
IBPGR	-0.1	0.6	0.3		0.3	0.2				9.0	97%	104%	0.2
ICRAF		2.1	3.3		3.3	-1.2				15.2	108%	135%	
WARDA	0.3	0.7	2.8		2.8	-1.8				7.6	131%	141%	
CIP	0.4		0.9	2.2	3.1	-2.7				17.1	119%	116%	
CIFOR	0.1	2.3		0.1	0.1	2.4	0.0	0.1	0.1	5.4	71%	105%	2.2
IRRI	0.5	3.8	1.8		1.8	2.5		0.5	0.5	27.3	93%	104%	2.1
ISNAR	0.6	0.7	0.1	0.3	0.4	0.9	0.1	0.5	0.6	6.5	96%	107%	0.3
ILCA		1.9		1.0	1.0	1.9	0.5	0.5	1.0	13.1	94%	111%	0.9
ILRAD	1.1	1.2				2.3		1.1	1.1	9.9	89%	96%	1.2
IIMI	1.3	1.0	1.0	1.0	2.0	0.3	0.3		0.3	7.6	100%	125%	
CIMMYT	1.4	3.2	0.9	1.1	2.0	2.6	0.6	0.8	1.4	25.2	95%	109%	1.2
ICARDA	2.0	3.8	2.2		2.2	3.6		2.0	2.0	16.0	91%	99%	1.6
ICRISAT	2.2	1.5	1.7	0.5	2.1	1.5	0.2	1.3	1.5	26.9	100%	103%	
ITA	2.2	2.5	1.1	2.0	3.0	1.6	1.0	0.6	1.6	23.3	100%	112%	
CIAT	2.2	2.5	1.4	2.3	3.7	1.0	1.0		1.0	27.5	100%	109%	
Center Total	14.5	29.8	18.6	10.4	28.9	15.4	3.8	7.4	11.1	253.4	98%		10.1
CIP provision										0.8			
Safety net													
Unallocated/				8.7	8.7				0.5	9.2			
Systemwide TOTAL	14.5	29.8	18.6	19.1	37.6	15.4	3.8	7.4	11.6	263.4	98%		10.1