





## Third Meeting of the CGIAR Interim Executive Council

October 29, 2001

Washington DC

### 2002 CGIAR Financing Plan

*At its meeting in **September 2001**, the IEC reviewed the 2002 plans (summarized in the document titled “Financing of the 2002 CGIAR Research Agenda” which is available on the CGIAR website) and requested the Centers to reexamine them. Center revisions were received on October 15, 2001. This paper presents a summary of the revised plans and proposes the approval of the 2002 CGIAR financing plan requiring \$340 million in funding. The IEC is requested to review the proposal and recommend its approval to the CGIAR at AGM01.*

***At MTM01** the Group approved the programmatic thrust of the 2002 – 2004 Medium -Term Plans of the Centers, as well as the 2002 Research Agenda (summarized in the document titled “2002-2004 Research Agenda and Funding Requirements”, Document No. MTM01/06 dated April 24, 2001. This document, and a description of the projects underpinning the Agenda, are also available on the CGIAR website). In approving the 2002 Agenda, the Group took cognizance of the financing prospects in 2002, and recommended that Centers prepare their financing plans with an overall funding target of about \$340 million.*

*The paper is organized in three sections: the first section lays out the process for reviewing and approving the 2002 CGIAR financing plan (page 2). The second section summarizes the revised financing plans submitted by Centers (pages 3 – 4). The final section describes the proposed 2002 financing plan, taking into consideration a number of funding uncertainties (pages 5 – 6).*

## **Section I**

### **Calendar of events in planning and implementation of the 2002 Research Agenda**

#### **October 2000**

- The Group commissioned the preparation of the 2002 research agenda and financing plans.

#### **February – April 2001**

- Centers updated their medium term plans to 2002-2004 by “rolling forward” previously approved 2001-2003 plans, and amending them as necessary.
- Secretariat consolidated the plans for approval by the Group at MTM01.
- TAC reviewed the plans and provided commentaries on the plans.

#### **May**

- The Group approved programmatic thrust of 2002-2004 Medium - Term Plans, and set a target of \$340 million funding for 2002.

#### **June**

- Centers were requested to prepare 2002 financing plans with the following elements:
  - \$340 million aggregate funding target
  - 2000 actual funding as baseline
  - 10 percent World Bank matching ratio

#### **July – August**

- Centers interacted with investors and prepared financing plans totaling prospective funding of \$362 million.

#### **September <sup>1</sup>**

- Working group of TAC commented on proposed financing plans.
- IEC reviewed a summary of the center financing plans.
- IEC requested centers to reconfirm their plans.

#### **October**

- Centers resubmitted revised plans consolidated by the Secretariat in this document.
- *The IEC reviews and endorses the proposed CGIAR financing plan [Proposed Action]*
- *Group approves the 2002 CGIAR Financing Plan [Proposed Action]*

#### **January 2002**

- Investors begin disbursement of funds
- Centers begin implementation of Approved Research Agenda

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<sup>1</sup> Following deliberations at MTM01 which saw the incorporation of the functions of the former Finance Committee into the Interim Executive Council (IEC), the Secretariat, together with TAC, adjusted the decision-making calendar with regard to the 2002 research agenda.

## **Section II**

### **Summary of Revised Center Proposals**

As shown in Table 1 Centers have now proposed a financing plan requiring \$347 million in investor funding. Included in this amount is approximately \$32 million of matching funds from the World Bank. Inclusion of the remaining \$13 million, out of a total World Bank contribution of \$45 million, results in aggregate investor funding of \$360 million in 2002, compared with a target of \$340 million suggested in the financing plan guidelines.

Details of the 2002 investment by CGIAR output, as well as its financing by center are shown below in Table 1.

**Table 1: 2002 Financing Plan: Investments by CGIAR Output and Financing by Source**  
(in \$ million)

	Allocation by CGIAR Outputs						Financed by:									
	Gemp- lasm Improvment	Gemp- lasm Collection	Sustain- able Production	Policy	Enhanc- ing NARS	Program Total	Funding from Investor Groups:							Total Funding	Center Income	Reserves <sup>1/</sup>
							Europe	North America	Pacific Rim	Developing Countries	International Institutions & Foundations	Multidonors & Non- Members	Unidenti- fied			
CIAT	8.9	4.7	10.9	1.5	5.3	31.2	10.7	4.8	4.1	3.0	5.5	1.5	0.3	29.9	0.9	0.4
CFOR		2.4	6.6	3.2	1.8	14.0	7.9	1.5	1.5	0.3	1.8	0.5	0.1	13.6	0.4	
CIMMYT	12.0	5.5	9.9	1.7	8.5	37.5	10.5	6.8	3.6	1.9	7.2	6.8	0.5	37.3		0.2
CIP	5.9	1.4	8.7	1.1	4.0	21.1	10.1	2.6	2.2	0.3	2.0	1.4		18.6	1.1	1.4
ICARDA	3.9	3.3	10.0	1.0	3.2	21.4	6.4	2.0	1.3	3.5	6.0	1.7	0.2	21.1	0.3	
ICLARM	0.9	0.2	6.6	4.5	2.2	14.3	6.8	2.4	1.5	0.4	2.3		0.7	14.1	0.2	
ICRAF	0.7	1.1	12.4	3.6	7.8	25.6	12.4	4.9	1.1	0.0	5.1		1.4	24.9	0.6	0.1
ICRISAT	4.9	2.8	6.7	3.9	3.7	22.0	7.9	4.8	2.8	0.5	4.0	0.8		20.7	1.4	
IFPRI			1.7	13.2	7.1	22.0	8.6	3.5	1.6	0.8	3.9	1.6	1.4	21.4	0.6	0.0
ITA	9.8	1.4	13.1	2.7	7.1	34.1	8.9	11.3	3.3	1.1	5.4	0.9	0.6	31.4	1.7	0.9
ILRI	2.6	2.1	18.0	2.9	4.5	30.1	13.1	3.9	1.1	0.6	5.4	1.5	2.4	28.0	1.3	0.8
IPGRI	4.3	7.2	3.0	2.5	7.5	24.5	10.6	1.4	2.1	0.7	5.5	1.9	1.8	24.0	0.3	0.2
IRRI	10.7	2.7	10.4	4.3	5.9	34.0	10.9	5.6	6.7	1.2	4.7		0.4	29.4	2.0	2.7
ISNAR				2.1	7.1	9.1	4.1	0.8	0.6	0.5	1.9	0.3	0.6	8.8	0.2	0.1
MMI			5.7	5.0	3.6	14.3	6.9	1.4	1.1	0.4	3.3	0.8		14.0	0.4	
WARDA	2.3	1.1	4.5	1.2	1.8	10.9	4.3	1.1	1.9	0.3	2.2	0.3		10.2	0.4	0.3
<b>TOTAL</b>	<b>67</b>	<b>36</b>	<b>128</b>	<b>54</b>	<b>81</b>	<b>366</b>	<b>140</b>	<b>59</b>	<b>36</b>	<b>16</b>	<b>66</b>	<b>20</b>	<b>10</b>	<b>347</b>	<b>12</b>	<b>7</b>
% of Total	18%	10%	35%	15%	22%	100%										

<sup>1/</sup> In order to implement their programs, some centers plan to draw down reserves to finance budget gaps while others plan deficit spending.

### **Section III – Proposed Financing Plan**

CGIAR's financial procedures permit each investor to pledge and disburse contributions to the recipient in accordance with their own financial calendar. In many instances, therefore, investors are not in a position to make formal financial commitments at AGM01. Hence, overall CGIAR financial planning must proceed on the basis of conservative financial assumptions.

For 2002, the funding forecasts by the Centers are somewhat vulnerable as two investors, Austria and Japan, have signaled that their support will be significantly below the levels projected by the Centers. Furthermore, sources have yet to be identified for about \$10 million of the projected funding. Finally, based on disbursements and pledges to date, it seems likely that the outcome for 2001 will be about \$330 million, the actual funding level in 2000.

The Secretariat, therefore, recommends that the overall 2002 CGIAR financing plan be set at about \$340 million, \$20 million below the Center proposals outlined in the previous section, and in line with the funding target approved at MTM01. If realized, this support level will represent a modest increase of about 3% over the 2001 outcome, the minimum necessary to maintain the 2001 program in real terms. Centers will continue to refine their actual plans as additional information becomes available. Table 2 on the next page provides a summary overview of the proposed financing plan.

As noted before, the World Bank's contribution of \$45 million for CGIAR programs, is included in the above total. Based on the indications provided by the World Bank, about \$28-30 million will be provided on a matching basis, representing 10% of contributions provided by other CGIAR investors to individual CGIAR centers. At MTM01, the World Bank had indicated that the bulk of the remaining amount would be set aside to support the Challenge Programs. However, to address the new funding uncertainties, the World Bank has decided that it would be prepared to re-deploy a portion of this allocation to cushion the impact of the reductions, were they to materialize, by Austria and Japan.

### **Conclusion**

The decision taken by the AGM01 on the 2002 financing plan will serve as an indicative framework, and not as a budgetary ceiling, to guide the actual operating plans of individual centers. Center management and Center Board of Trustees are responsible for putting in place actual plans for implementing their 2002 work programs. Hence, this guidance does not ask the centers to reduce their current plans by across the board. It does, however, set a threshold for the system in assessing the outcome for 2002 during the year.

Members are requested to note the fact that the overall financing has been constant for the past three years and has already forced the Centers to severely limit opportunities for cost reduction through economies and consolidation. Unless the financing plan is fully realized, further staff retrenchment and liquidation of reserves is likely in 2002.

**Table 2: Proposed 2002 CGIAR Financing Plan**

	1999	2000	2001 Estimate	2002 Proposed
<b>A. <u>CGIAR Contributions (in \$m)</u></b>	<b>330</b>	<b>331</b>	<b>331</b>	<b>340</b>
Europe	126	128	125	132
North America	52	53	55	55
Pacific Rim	48	44	39	32
Developing Countries	17	17	17	17
Foundations & International Institutions	74	73	74	80
Multi-donor and non-members	13	16	21	23
<b>B. <u>Expenditures</u></b>				
<u>Expenditure Profile by CGIAR Output (%)</u>				
Germplasm Improvement	18%	18%	19%	18%
Germplasm Collection	10%	10%	9%	10%
Policy	10%	14%	15%	15%
Sustainable Production	36%	35%	35%	35%
Enhancing NARS	21%	22%	22%	22%
<u>Expenditure Profile by Region (%)</u>				
Sub-Saharan Africa (SSA)	42%	42%	43%	44%
Asia	32%	32%	31%	32%
Latin America and the Caribbean (LAC)	17%	17%	16%	15%
West Asia and North Africa (WANA)	9%	9%	9%	9%
<u>Expenditure Profile by Object of Exp. (%)</u>				
Personnel	50%	49%	48%	48%
Supplies/Services	38%	39%	40%	40%
Travel	7%	7%	7%	7%
Depreciation	5%	5%	5%	5%
 <u>Memo Notes:</u>				
Centers' Cost Deflator (2000=1.00)	0.997	1.00	1.02	1.04