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Document No:	MTM/00/04
Distribution:	General
Date:	April 16, 2000

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

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

**FINANCIAL REQUIREMENTS OF THE
2001 CGIAR Research Agenda**

The CGIAR's financing arrangements call for Group consideration of the research agenda and its financing requirements for the following year, at each Mid-Term Meeting. The Group is now requested to review and approve the proposed 2001 research agenda as well as the extension of the 2000-2002 medium term plans, approved at MTM99, to 2001-2003. Upon approval by the Group, the 2001 research agenda will form the basis for the preparation of the 2001 CGIAR financing plan for Group approval at International Centers Week (ICW00) later this year.

The attached document summarizes the financial requirements, totaling \$379 million, for the 2001 research programs proposed by the CGIAR centers. These requirements represent an increase of 7 percent over the 2000 approved financing plan level, and 9 percent over the actual 1999 expenditures. The Technical Advisory Committee's observations on these programs are contained in a companion document entitled, "**2001 CGIAR Research Agenda and Initial Proposals for 2003**", (SDR/TAC:IAR/00/16). Documents on the 2001-2003 proposed programs, circulated by the individual centers, provide further elaboration.

Financial Requirements of the 2001 CGIAR Research Agenda

1. Introduction

The CGIAR adopted a forward planning horizon of three years, starting in 1998, through the preparation of medium term plans (MTPs) which are rolled forward each year. An initial MTP for the period 1998-2000 was approved by the Group at MTM97, based on priorities recommended by TAC, and adopted by the CGIAR.

A major improvement for the new MTP was the development of projects as the underlying unit of Centers' research operations. Centers now describe their part of the CGIAR Research Agenda in terms of their project portfolio. In the current planning cycle (2001 – 2003), the CGIAR is progressing with the transition to the Logical Framework (logframe)¹ for planning, financing, monitoring and evaluating its work. This transition involves moving from the activity/input to a project/output format in describing the project portfolio. The logframe was introduced last year following approval of the concept at ICW98. This year centers presented the standard information in their 2001 – 2003 MTP documents in both the activity/undertaking as well as in project/output formats. (Logical Framework is defined in "Box 2: Financial concepts and Terminology").

The planning exercise² provides the opportunity for introducing annual adjustments into the planning horizon. Thus the research agenda is reviewed each year not only in the context of current developments and strategies, but also in the context of future requirements and opportunities - the new "third year", which also is elaborated at the time the annual agenda is prepared. CGIAR centers, like most research organizations, maintain (and continually update) a long-term planning horizon. Thus, the MTP is a relatively short-term forecast within the context of a longer-term research endeavor.

Earlier this year the CGIAR, under TAC's guidance, launched a new vision exercise (the 2010 Vision and Strategy) intended to further clarify its goals in the context of changing options and opportunities, set priorities and devise a strategy for achieving those goals. This exercise is ongoing, and its outcome could well affect implementation of the current center MTPs.

The resource allocation process involves two principal steps.³ The first is the preparation, review, and approval of the CGIAR research agenda. For this, general directions of the future research agenda are introduced by TAC at ICW. Planning thus begins approximately 14 months prior to the start of activity, and involves refreshing the original proposals made in the Medium Term Plan, taking into account current activity, changes in the research environment, and subsequent modifications which may be introduced in the new third year of the MTP. The preparation by centers of the research agenda is followed by an interaction between the centers and TAC. TAC then presents the agenda at MTM for approval by the Group.

The second part of the resource allocation process is development of the financing plan, approved at International Centers Week (ICW). Centers prepare their plans based on bilateral exchanges with members. TAC examines the consistency of the emerging center programs with the approved agenda. These are reviewed by the Finance Committee prior to ICW. The main

¹ The CGIAR Logical Framework is discussed in "CGIAR Resource Allocation, Developing and Financing the CGIAR Research Agenda", Financial Guidelines Series No. 4 (revised December 1999), Attachment 2.

² The resource allocation process is described in the Financial Guidelines Series No. 4.

³ The details of the two-step process, and the timetable, are available in Financial Guidelines Series, No. 4, pages 1-2.

purpose of the review is to examine whether the agreed programs are fully financed. Steps are taken to ensure their financing if they are not, or adjustments to the program are requested if there remains a major funding gap.

TAC reviewed the program content of each center's 2001 proposal and their 2003 perspective at TAC78 in Paris, 27 – 31 March, 2000. The overall financial implications of the aggregated center proposals and TAC's commentary⁴ will be examined by the FC prior to MTM99, and both TAC's and FC's observations will be available to the Group as it assesses 2001 proposals and 2003 perspectives.

In this paper, along with an emphasis on 2001 to 2003, we summarize 1999 outcomes, the prospects for 2000, and outline the overall financial requirements for the proposals made by the centers for 2001 and 2003, comparing the aggregated results with those approved at MTM97. Attachments I and II provide summary financial information in various resource dimensions. Annex I of this paper provides center level resource information for 1996-2003 and project information for 1999-2003. Systemwide programs and initiatives included in the 2001 proposals by the convening centers are listed in Annex 2.

2. Process

Box 1 below outlines the CGIAR financial decision-making calendar. Box 2, on page 11 defines the financial terminology and concepts used in the CGIAR.

Box 1: CGIAR Annual Financial Decisionmaking Process & Schedule

Setting the Agenda (MTM - May)

At the Mid-Term Meeting, TAC reviews the research agenda proposed by the centers for the following year based on interaction with the Centers. Center proposals are based on research directions agreed upon during a triennial consideration of center Medium Term Plans. The Group discusses TAC's findings, taking into consideration advice from the Finance Committee (FC) on funding prospects. The Group endorses changes in the proposed Research Agenda and the resource allocations, with or without modification. After MTM, centers solicit financing indications from Members.

Preparation of Financing Plans (June - September)

The Secretariat sends out guidelines to centers for preparing their financing plans for the following year. Centers prepare their financing plans based on information solicited through bilateral contacts with Members and past trends. World Bank funding is included on a percentage basis of funding secured by Centers – 11.5 percent in 1999 and 12 percent in 2000. The FC will recommend the 2001 formula for allocating the Bank's contribution at ICW00.

Confirmation of Program Content (mid-September)

Centers indicate to TAC and the CGIAR Secretariat the changes in the research agenda allocations resulting from interactions with Members, and their implications for the Research Agenda. TAC reviews the program content and highlights any significant changes from the endorsed allocations for action by the Group at ICW.

Review of Financing Plans (end-September and October)

Following the confirmation of program content by TAC, the FC reviews center financing plans, including the contribution of the World.

Approval of the Research Agenda and Financing Plan (ICW - October)

At ICW, the Group considers the finalized Research Agenda and financing plan for the following year, leading to the Group's approval of its financing and implementation.

Disbursement and Implementation (January - December)

Following approval by the Group at ICW (in the previous year) of the Research Agenda and financing plan, centers commence implementation of the Agenda on January 1 of the current year, and Members disburse funds to the Centers. Of the World Bank funds, about 90 percent are distributed in January. The remaining 10 percent are disbursed in June, following a review at the MTM by the Finance Committee of updated center financing plans.

⁴ 2001 CGIAR Research Agenda and Initial Proposals for 2003 (SDR/TAC: IAR/00/07, MTM00).

Accountability (Year-end)

At the end of the year, centers prepare financial statements showing the use of funds received in support of the Research Agenda. As well, centers confirm the use of matching funds provided by the World Bank and refund any overcommitted funds to the Bank.

3. 1999 in Retrospect

Research agenda funding in 1999 was \$330 million, 3 percent lower than the 1998 level (\$340 million), and also lower than the level approved in the financing plan by the same magnitude. Center income was \$12.5 million, about 17 percent lower than the \$15 million level predicted in the financing plan. Total agenda support, therefore, was \$343 million. Throughout 1999, monitoring reports (at MTM99 and ICW99) projected that, in the aggregate, the funding target approved in the financing plan would be achieved. However, towards the end of the year the European Commission announced that, for administrative reasons, it would be unable to meet its 1999 commitments of \$16 million. Furthermore, 1999 funding was depressed by exchange losses on contributions from European members. These decreases were only partially offset by exchange gains on Japan's contribution, and increases resulting from faster implementation of projects supported by several international and regional organizations. As in the previous year, all member support received by centers in 1999 was channeled into the research agenda.

Net expenditures (investments) reported by centers in 1999 amounted to \$347 million, about \$11 million (3 percent) lower than the financing plan level, the result of lower than expected member funding, as explained above. The result, at the aggregate level, was an excess of expenditures over income of \$4 million. This compares with an outcome of an excess of income over expenditures in 1998. However, this aggregate result masks some significant expenditure variances - in both directions - from the financing plan at different centers. The most significant increase was reported by IITA (\$4.2 million, or 15 percent) while decreases from the plan level were by CIAT (\$5.3 million, or 15 percent), ILRI (\$4.9 million, or 16%) and ICARDA (\$2.3 million, or 9 percent). The various center resource tables in this paper provide additional information.

4. 2000 Prospects

At MTM99 the Group approved the 2000 agenda investments of \$386 million, requiring about \$372 million of member funding. At ICW99, following presentation by centers of draft financing plans, and based on the advice of TAC, the Finance Committee recommended, and the Group approved, a 2000 Financing Plan requiring member funding of \$340 million to support investments in the research agenda totaling about \$355 million,⁵ (the balance coming from centers' earned income). Centers now (as of late March 2000) estimate 2000 investments at \$367 million, a 3 percent increase over the approved aggregate financing plan level. To finance the higher level of investments, centers are estimating \$352 million in member funding, to be supplemented by about \$15 million in earned income. The funding estimate also represents a 4 percent increase over the financing plan level. (The current estimates by centers of 2000 investments and member funding of \$367 million and \$352 million, respectively, are used as the 2000 figures in the discussion and tables of this paper).

These changes in investments and financing estimates are discussed in more detail in a monitoring report⁶, but the highlights are noted below:

- Five centers estimate that 2000 investments will increase over the financing plan value. The increase is large enough to increase CGIAR investment shares for only two of the five centers

⁵ Center plans, however, called for total 2000 investment of \$366 million, the same level as they now estimate.

⁶ 2000 CGIAR Monitoring Report (forthcoming in May 2000), CGIAR Secretariat.

(CIFOR and CIP). Shares of the other three (CIMMYT, IITA and IRRI) remain virtually the same.

- Three centers (ICRAF, IPGRI and ISNAR) estimate decreases in their 2000 investment compared to their financing plan levels with the result that shares of two (ICRAF and ISNAR) are significantly lower than in the financing plan.
- The remaining eight centers estimate that 2000 investments will remain unchanged from the financing plan value.
- The current estimate of funding of \$352 million is shown by center in Table 1 (third column from the right). As is the case with investments, the **majority** of centers now estimate higher member funding than in the approved financing plan.
- In context of the 1999 actual experience, the current 2000 estimates also represent increases: 6 percent in the case of investments (\$347 million in 1999 versus \$367 million in 2000), and 7 percent in the case of member funding (\$330 million versus \$352 million).

5. 2001 Center Proposals

The centers' 2001 proposals were developed in the context of the initial three-year Medium-Term Plans (1998-2000) approved at MTM97. A summary of the proposals in several dimensions follows:

- Centers **propose 2001 CGIAR investments of \$379 million**, 7% higher than the **\$355 million approved** at ICW99 for 2001, and the 2001 guideline indicative aggregate planning figure of the same order.
- The proposals will require **funding of \$367 million**, an 8% increase over **the \$340 million level in the 2000 financing plan** approved at ICW99. Centers have reported actual funding of **\$330 million** in 1999 and are now estimating 2000 funding of **\$352 million**. In relation to centers' 2000 estimates, therefore, the 2001 proposals represent a more modest rate of growth of 4%.
- Virtually all centers have described their **2001-2003 proposals as an extension** of the 2000-2002 plans presented in March 1999. Even so, differences exist in the degree of consistency with the last MTP. The highest degree of consistency is at those centers where the number of projects in the portfolio and their structure remain unchanged (CIAT, CIFOR, CIMMYT, ICARDA, ICRAF, IITA, IPGRI, IRRI). Slightly more divergent are those cases where the portfolio has been restructured to take into account emerging issues and new realities and opportunities (CIP, ICLARM, ICRISAT, IFPRI, IWMI, ISNAR and WARDA). The only center whose MTP reflects a **new strategy** is ILRI where, following its first EPMP, the Board approved a new strategy to 2010. This has also led to a reduction in the number of projects in ILRI's portfolio.
- With the project-based approach to organizing center research activity now fully adopted by centers, the **number of projects** in the CGIAR portfolio is **stabilizing at about 260**, compared with over 300 in the past.
- Compared to last year's plans centers have made further progress this year in **adopting the Logical Framework** (logframe) for describing their research efforts, away from an activity/input to a project/output focus. All centers prepared their tables in the requested format

and several others (CIFOR, ICLARM, IFPRI, IITA, ILRI and IPGRI), in addition, included both project and center logframes in their submission.

- Overall CGIAR level proposed resource allocation emerging from the current submissions in relation to levels approved at MTM97:
 - At the **undertaking** level, Increasing Productivity continues to be undersubscribed (34% proposed versus 39% approved) with offset higher investment levels in Protecting the Environment and Strengthening NARS. The same divergence can be seen in terms of the new CGIAR **outputs** where Sustainable Production (comprising part of Increasing Productivity and all of Protecting the Environment) is undersubscribed (36% proposed versus 40% approved). The share of Germplasm Improvement and Germplasm Collection are also lower, albeit by smaller amounts. Under the logframe format of describing the agenda Policy and Enhancing NARs show shares that are higher than their approved levels.
 - The **sectoral** balance between crops, livestock, fish and forests continues to diverge from approved levels.
 - **Center** balance: divergences from approved levels are most pronounced in case of CIAT (+), CIMMYT (+), IFPRI (+), IITA (+) and IPGRI (+) on the one hand, and ICRISAT (-), ILRI (-) and ISNAR (-) on the other.
 - **Expenditure** distribution by **line item** shows stable levels of spending on personnel (49% of the total). Capital spending is projected at about \$16 million, mostly accounted for by equipment upgrades.

Table 1 provides the 2001 research agenda matrix and its expected financing.

Table 1. Financial Requirements of the 2001 Research Agenda

(in \$million)

	2001 Financial Requirements														2000 Funding estimate ^{1/}	Funding Change 2001 - 2000	
	Increasing Productivity			Protect Environ.	Saving Biodivers.	Improving Policies	Strengthening NARS					TOTAL AGENDA	Financed by:			Amount	%
	Breeding	Systems	subtotal				Training	Info.	Org & Mgt	Networks	subtotal		Funding	Income			
CIAT	92	4.9	14.0	7.4	4.4	1.8	1.8	1.9	0.6	1.9	6.2	33.9	32.9	1.0	34.4	-1.4	-4%
CIFOR	0.0	3.0	3.0	4.8	1.7	3.2	0.1	1.2	0.0	0.0	1.3	14.0	13.6	0.4	12.8	0.8	6%
CIMMYT	10.3	2.5	12.8	6.8	4.8	1.4	5.1	1.3	1.6	1.4	9.4	35.2	34.3	0.9	33.6	0.7	2%
CIP	5.3	3.7	9.0	5.6	2.3	1.5	1.2	0.4	0.0	2.2	3.8	22.2	21.3	0.9	19.5	1.8	9%
ICARDA	5.1	6.1	11.3	5.6	3.7	1.6	0.9	0.9	1.7	0.4	3.9	26.0	25.0	1.0	24.0	1.0	4%
ICLARM	1.4	2.3	3.7	5.9	0.2	3.4	1.0	0.7	0.0	0.7	2.4	15.6	15.4	0.2	14.5	0.9	7%
ICRAF	1.1	5.8	6.8	5.0	0.9	3.8	4.3	1.5	0.6	0.0	6.4	23.0	22.4	0.6	21.1	1.3	6%
ICRISAT	6.3	4.2	10.5	3.1	3.3	3.9	2.3	1.2	0.0	1.1	4.5	25.2	23.8	1.4	23.9	-0.1	0%
IFPRI	0.0	0.0	0.0	1.3	0.2	13.5	3.9	4.2	0.0	1.2	9.2	24.2	24.1	0.1	23.2	0.9	4%
IITA	9.5	7.3	16.8	5.1	2.0	2.1	2.7	2.0	2.7	2.5	9.8	35.9	33.7	2.2	32.5	1.2	4%
ILRI	2.7	15.3	18.0	3.4	2.0	2.7	1.9	1.4	0.0	1.1	4.4	30.5	29.4	1.1	26.4	3.0	11%
IPGRI	3.5	1.0	4.5	2.5	7.7	2.5	3.0	2.7	0.4	2.3	8.5	25.7	25.4	0.3	23.6	1.8	7%
IRRI	9.2	4.9	14.1	7.1	3.7	4.2	1.7	1.0	3.8	0.4	6.9	35.9	34.5	1.4	34.1	0.4	1%
ISNAR	0.0	0.0	0.0	0.0	0.0	1.1	2.2	1.6	3.0	0.0	6.8	7.8	7.7	0.1	7.9	-0.2	-2%
MMI	0.0	0.0	0.0	5.0	0.0	3.2	0.0	1.6	0.0	1.3	2.9	11.1	10.9	0.2	9.7	1.2	12%
WARDA	2.8	2.1	4.9	2.5	0.9	1.2	1.1	1.0	0.7	0.6	3.5	13.0	12.7	0.3	11.5	1.2	10%
Total	66	63	129	71	38	51	33	25	15	17	90	379	367	12	352	15	4%

^{1/} Estimates provided by Centers in their draft 2001 - 2003 MTP submissions (Table 7), March 2000.

Table 2 summarizes center proposals for 2001 - 2003 in context of 1998 and 1999 actual outcomes, and the current estimates for 2000.

Table 2. 1998-2003 CGIAR Investments

(expenditures in \$million)

	1998 (actual) ^{1/}	1999 (actual) ^{2/}	2000 (finplan) ^{3/}	2000 (est) ^{2/}	2001 (proposal) ^{2/}	2001 (approved) ^{4/}	2002 (plan) ^{2/}	2003 (plan) ^{2/}
CIAT	33.5	30.7	34.1	33.9	33.9	32.7	34.0	34.0
CIFOR	11.1	12.7	12.5	13.5	14.0	16.5	14.5	15.3
CIMMYT	32.2	36.1	34.0	34.5	35.2	35.3	35.9	36.6
CIP	21.7	22.7	19.2	20.9	22.2	24.3	22.4	23.0
ICARDA	23.6	22.8	25.0	25.0	26.0	29.2	27.0	28.1
ICLARM	10.4	12.3	14.9	14.7	15.6	16.8	16.5	17.4
ICRAF	21.1	21.8	23.1	21.7	23.0	24.3	23.7	24.3
ICRISAT	21.8	23.0	24.5	24.5	25.2	30.2	26.0	26.8
IFPRI	18.6	21.2	23.4	23.3	24.2	21.0	25.1	25.9
IITA	29.4	32.7	34.7	35.5	35.9	34.0	35.6	36.3
ILRI	27.7	26.5	28.8	29.1	30.5	37.0	31.6	32.6
IPGRI	21.7	20.6	24.5	24.1	25.7	24.4	26.6	27.5
IRRI	35	34.2	34.6	35.5	35.9	36.2	35.9	35.9
ISNAR	9.9	9.7	9.7	8.0	8.0	12.3	8.2	8.5
IWMI	9.1	8.8	10.3	10.3	11.1	12.3	11.4	11.7
WARDA	9.9	11.0	12.4	12.5	13.0	13.1	13.7	14.2
Total	337	347	366	367	379	400	388	398

1/ Source: 1998 CGIAR Finance Report.

2/ Source: Center 2001 - 2003 MTP submissions (March, 2000).

3/ Source: "Financing the 2000 Research Agenda" (ICW/99). The Group approved a CGIAR Finance Plan of \$355m, lower than the individual center plans shown in this column.

4/ Source: "Financial Requirements of the 1998 Research Agenda" (Doc. MTM 97/14).

6. 2001 Recommendations

TAC's assessment of Center proposals started from the formal endorsement of the Committee's recommendations on the 1998-2000 MTP process at MTM97. In reviewing the 2001 proposals the Committee followed steps outlined below:

- whether new projects or activities (as compared to the 1998-2000 proposals endorsed at MTM97) had been put forward.
 - If center proposals were simply an implementation of what had been agreed in last year's MTP, TAC did not proceed with further analysis.
 - On the other hand, if the proposals included new activities or projects, TAC screened them against the criteria for support by the CGIAR.
- In addition, attention was given to shifts among center activities; where these were relatively large, TAC looked for justification in terms of the CGIAR criteria. It is important to note that TAC focused on programmatic, rather than financial, dimensions. TAC also looked at

conformity with trends endorsed by the Group at MTM97. TAC gave emphasis to the extent to which there was conformity to the trend rather than to the absolute amounts proposed.

In summary, TAC concluded that the 2001 programs proposed by centers, while in some cases deviating from the percentage distribution at the center level, which had been endorsed at MTM97 (as noted below), satisfy CGIAR criteria for support. As well, TAC observed that were all proposals made by centers to be fully funded, there would be significant deviations from the MTM97 endorsed trends in some commodities, sectors, and undertakings. In line with the schedule for the CGIAR's financing arrangements, at TAC79 (Sept. 2000), the Committee will consider the implications of individual financing plans for CGIAR priorities.

7. 2001-2003 Medium Term Plan Shares

The following questions were asked by TAC in determining whether or not the relative shares for 2003 should be changed:

- 2001 Proposals: are there significant changes in centers' 2001 projects (new projects, substantively changed projects, etc.), from the activity described in the 2000-2002 MTP? If so, do the changes justify a shift in system priorities?
- Center Balance: are the 2001 center investments, in percentage terms, broadly consistent with the approved levels and actual results? (Table 4 below).
- System Balance: are the 2001 undertakings, production sectors, and commodity allocations, as well as the five new CGIAR outputs, at the system level consistent with the approved levels? (Attachment 1).
- External Environment: Do any of the center proposals highlight changes in the external environment (new scientific developments/breakthroughs, significant changes in underlying factors such as commodity prices, etc.) which justify changing allocations?

TAC concluded that the answers to the questions above did not justify changing the 2001-2003 plan approved at MTM99 - thus, the 2002 allocation in percentage terms could be extended into 2003.

Table 3 below compares the current 2001 proposals (March 2000) with the levels previously recommended in the MTPs (last year and at MTM97). In aggregate terms, there is a 6 percent deviation (decrease) at the CGIAR level (\$379 million now requested for 2001 compared with \$400 million approved in last year's MTP and at MTM97). It shows that, in financial terms, all centers propose investment levels for 2001 that are at, or lower than, their 2001 proposals in last year's MTP (the only exception is IRRI with a relatively insignificant increase of \$0.7 million). The most significant decreases (\$1 million or more) are proposed by CIAT, CIFOR, CIP, ICARDA, ICRISAT, ILRI and ISNAR. The changes in CGIAR investment shares resulting from these financial changes are most pronounced at CIP (which decreases from 7.1 percent last year to 5.9 percent this year) and ISNAR (from 2.9 to 2.1 percent). On the other hand, the proposals of IITA and IRRI, although not substantially different from last year's in financial terms, result in significant increases in investment shares (from 9 to 9.5 percent and from 8.8 to 9.5 percent, respectively).

Table 3. 2001 CGIAR Investments

(percentage shares of the annual total and amounts in \$millions)

	2001 Percentage shares at:			Proposed v. Approved	2001 \$Amounts at:		
	March 2000	March 1999	Approved MTM97 ^{1/}		March 2000	March 1999	Approved MTM97 ^{1/}
CIAT	8.9%	9.0%	8.2%	+	33.9	36.0	32.7
CIFOR	3.7%	3.8%	4.1%	-	14.0	15.1	16.5
CIMMYT	9.3%	8.9%	8.8%	+	35.2	35.7	35.3
CIP	5.9%	7.1%	6.1%	-	22.2	28.3	24.3
ICARDA	6.9%	6.9%	7.3%	-	26.0	27.6	29.2
ICLARM	4.1%	4.0%	4.2%	-	15.6	16.1	16.8
ICRAF	6.1%	5.9%	6.1%	=	23.0	23.5	24.3
ICRISAT	6.7%	6.9%	7.6%	-	25.2	27.6	30.2
IFPRI	6.4%	6.1%	5.2%	+	24.2	24.4	21.0
IITA	9.5%	9.0%	8.5%	+	35.9	35.9	34.0
ILRI	8.0%	7.9%	9.3%	-	30.5	31.6	37.0
IPGRI	6.8%	6.6%	6.1%	+	25.7	26.6	24.4
IRRI	9.5%	8.8%	9.1%	+	35.9	35.2	36.2
ISNAR	2.1%	2.9%	3.1%	-	8.0	11.8	12.3
IWMI	2.9%	2.9%	3.2%	-	11.1	11.6	12.3
WARDA	3.4%	3.3%	3.3%	+	13.0	13.1	13.1
Total	100%	100%	100%		379	400	400

1/ Source: "Financial Requirements of the 1998 CGIAR Agenda" (Doc. MTM1997/14).

The 1999 – 2003 trends in CGIAR investment shares by center are seen below in Table 4.

Table 4. 1999-2003 CGIAR Investments

(percentage shares of the annual total)

	1999 (actual)	2000 (finplan)	2000 (est)	2001 (proposal)	2002 (plan)	2003 (plan)	MTM97 Approved
CIAT	8.8%	9.3%	9.2%	8.9%	8.8%	8.5%	8.2%
CIFOR	3.7%	3.4%	3.7%	3.7%	3.7%	3.8%	4.1%
CIMMYT	10.4%	9.3%	9.4%	9.3%	9.2%	9.2%	8.8%
CIP	6.5%	5.3%	5.7%	5.9%	5.8%	5.8%	6.1%
ICARDA	6.6%	6.8%	6.8%	6.9%	7.0%	7.1%	7.3%
ICLARM	3.5%	4.1%	4.0%	4.1%	4.2%	4.4%	4.2%
ICRAF	6.3%	6.3%	5.9%	6.1%	6.1%	6.1%	6.1%
ICRISAT	6.6%	6.7%	6.7%	6.7%	6.7%	6.7%	7.6%
IFPRI	6.1%	6.4%	6.3%	6.4%	6.5%	6.5%	5.2%
IITA	9.4%	9.5%	9.7%	9.5%	9.2%	9.1%	8.5%
ILRI	7.6%	7.9%	7.9%	8.0%	8.1%	8.2%	9.3%
IPGRI	5.9%	6.7%	6.6%	6.8%	6.9%	6.9%	6.1%
IRRI	9.9%	9.5%	9.7%	9.5%	9.3%	9.0%	9.1%
ISNAR	2.8%	2.7%	2.2%	2.1%	2.1%	2.1%	3.1%
IWMI	2.6%	2.8%	2.8%	2.9%	2.9%	2.9%	3.2%
WARDA	3.2%	3.4%	3.4%	3.4%	3.5%	3.6%	3.3%
Total	100%	100%	100%	100%	100%	100%	100%

8. Regional and Line Item Investments

Virtually no regional investment change is proposed by centers during the plan years. The only shift is in 2003, where there is a one percentage point increase in the proposed expenditure in West Asia and North Africa, to 10 percent, the result of a similar shift from Latin America and the Caribbean. Table 5 below illustrates.

Region	1999 (actual)	2000 (estimate)	2001 (proposal)	2002 (plan)	2003 (plan)
Sub-Saharan Africa (SSA)	42%	43%	43%	43%	43%
Asia	32%	32%	32%	32%	32%
Latin America and the Caribbean (LAC)	17%	16%	16%	16%	15%
West Asia and North Africa (WANA)	9%	9%	9%	9%	10%
TOTAL	100%	100%	100%	100%	100%

Expenditure distribution by line item shows stable levels of spending on personnel, averaging about 49% during the 2001 – 2003 period, as seen in table 6. Expenditures for supplies and services include rental costs for centers that rent their premises (ICLARM, IFPRI, IIMI, IPGRI and ISNAR).

Table 6. CGIAR Investments By Object, 1999 - 2003

(in percentages)

OBJECT OF EXPENDITURE	1999 (actual)	2000 (est)	2001 (proposal)	2002 (plan)	2003 (plan)
Personnel	50%	49%	49%	49%	49%
Supplies and Services	38%	41%	40%	40%	40%
Operational Travel	7%	7%	7%	7%	7%
Depreciation	5%	4%	4%	4%	4%
TOTAL	100%	100%	100%	100%	100%

Capital investments in the CGIAR are financed from the capital fund which accumulates through annual depreciation charges. As seen in table 7 below these investments have been primarily to renew capital assets used in centers' operations. In the aggregate, the capital fund will be sufficient to finance asset renewal in the CGIAR during the new MTP period.

The revised CGIAR Accounting policies (effective July 1999) are expected to result in lower depreciation charges as buildings and similar "immovable assets" will no longer be subject to depreciation accounting.

Table 7: 1999 - 2003 Capital Investment and Capital Fund
(in \$million)

CAPITAL INVESTMENTS	1999 (actual)	2000 (estimate)	2001 (proposal)	2002 (plan)	2003 (plan)
Physical Facilities					
Research	1.91	2.52	0.73	0.76	0.73
Training	0.78	0.07	0.07	0.07	0.07
Administration	0.10	0.13	0.13	0.13	0.13
Housing	0.05	0.02	0.02	0.02	0.02
Auxiliary Units	0.00	0.00	0.00	0.00	0.00
sub-total	2.84	2.74	0.95	0.98	0.95
Infrastructure & Leasehold					
	1.13	1.26	0.51	0.36	0.46
Furnishing & Equipment					
Farming	0.72	1.24	0.95	0.91	1.05
Laboratory & Scientific	3.82	5.45	5.40	5.50	5.70
Office	0.73	0.97	0.68	0.96	0.77
Housing	0.08	0.29	0.29	0.29	0.29
Auxiliary Units	0.06	0.20	0.20	0.20	0.20
Computers	4.62	3.57	3.01	3.58	3.41
Vehicles	4.33	3.26	3.53	3.55	3.69
Aircraft	0.00	0.00	0.00	0.00	0.00
sub-total	14.36	14.97	14.05	14.98	15.11
TOTAL	18.34	18.98	15.51	16.32	16.52
CAPITAL FUND CASH RECONCILIATION					
	1999 (actual)	2000 (estimate)	2001 (proposal)	2002 (plan)	2003 (plan)
Balance, January 1	43.46	46.30	43.71	44.72	45.29
plus: annual depreciation charge	17.86	16.05	16.20	16.57	16.66
plus / minus: disposal gains/(losses)	1.58	0.32	0.30	0.30	0.30
plus / minus: other	1.74	0.02	0.02	0.02	0.02
minus: asset acquisition costs	-18.34	-18.98	-15.51	-16.32	-16.52
equals: Balance, December 31	46.30	43.71	44.72	45.29	45.76

9. Monitoring of 2001 Programs

As the CGIAR project portfolio stabilizes and centers incorporate the project and logframe approach in their management systems, monitoring of 2001 programs will be enhanced at the center level. Furthermore, progress on a new project financial database at the system level aimed at taking advantage of the latest technology tools should also enhance monitoring at the system level.

Box 2: Financial Concepts and Terminology

The Research Agenda: Comprises the bulk of CGIAR center projects and activities. Components may be executed by one or more centers, and/or jointly with National Agricultural Research Systems (NARS), Advanced Research Organizations (AROs), and Non-Governmental Organizations (NGOs). The Technical Advisory Committee (TAC) develops the Agenda in collaboration with centers and recommends appropriate work programs for CGIAR financing. Projects included in the Agenda must meet four criteria. They must:

- be aimed at producing research or research-related (including training) international public goods (IPG);
- be of high priority in terms of accomplishing the CGIAR's goals and objectives;
- have acceptable probabilities of success; and,
- have no alternative producers or sources of supply with suitable costs or reliability.

Non-Agenda is activity which does not meet all of the criteria for inclusion in the Agenda.

Financing the Agenda: Once endorsed by the Group, the Agenda is eligible for Member financing, including the World Bank. The financial requirements are approved on the understanding of their being the minimum needed to implement the Agenda. All centers and partners should seek to maximize financing, and there is no disincentive to do so. Mechanisms to ensure that the Agenda is fully financed, have evolved from earlier unsuccessful attempts to "guarantee" full financing solely using World Bank funds. Over the last several years, changes have been made in the financing arrangements whereby Members, instead of the World Bank alone, can act to collectively fill financial gaps arising in the course of the year. Most Members now channel all their support to the Agenda. This is likely to lead to a more competitive search for resources, but also higher overall funding.

Financing modalities: Centers are primarily financed by annual support provided by CGIAR Members. In the last few years about 1 - 2 percent of grant support received by centers has come from private and public sector organizations that are not CGIAR Members. A modest amount also comes from centers' annual miscellaneous income. The nature of financing does not determine whether a project is part of the Agenda. Member financing may be directed to the CGIAR, centers, programs and projects with different degrees of specificity:

- to the CGIAR with flexibility regarding their allocation based on CGIAR priorities,
- to centers without any restrictions (with or without attribution requirements), and
- targeted to specific center project/sub-project/activity as defined in a contractual agreement.

All Members are expected to provide the full cost of operations including a proportionate share of administrative costs. The World Bank financing is always made available as general CGIAR support, and Members are encouraged to provide their support in a similar manner. Members disburse funds based on their financial procedures, directly to centers throughout the year. The CGIAR Secretariat provides disbursement services, through the World Bank, to Members who prefer to make a single disbursement to the CGIAR.

CGIAR Agenda Matrix: The distribution of financial resources is presented as the CGIAR Agenda matrix, with centers comprising the rows and CGIAR activities the columns. Activities are aggregated into groups -- the five CGIAR undertakings. With the adoption of the Logical Framework (for planning, financing, monitoring and evaluation of CGIAR research), activities can also now be mapped into the five new **CGIAR Outputs: germplasm improvement, germplasm collection, sustainable production, policy, and enhancing NARS.** The matrix is constructed by fully allocating center projects, the basic center unit of activity with objectives, outcomes and milestones, to the CGIAR activities. (A CGIAR project portfolio, with common definitions and concepts used by all centers, has been in effect since 1997. The portfolio is now stabilizing at about 260 projects from an initial size of over 300). The CGIAR has identified several thematic areas as systemwide programs to respond to specific challenges and to foster collaboration among centers and deepen it with other partners.

CGIAR Logical Framework: Adoption of the Logical Framework in the CGIAR reflects a paradigmatic shift from an input/activity approach to an output/project format in research planning, financing, monitoring and evaluation. The basic tenet of the logical framework is that the proposed terminology will apply to all logframes, whether at the project, center or CGIAR level. Each logframe is a hierarchy of objectives comprised of goals, intermediate goals, purposes and outputs, each level in the hierarchy having explicit indicators for assessing and evaluating progress (indicators in project logframes are referred to as

milestones). Goals, purposes and outputs when aggregated at the center level result in a center logframe while a similar aggregation at the center level results in the CGIAR logframe.

Implementation: Centers often implement the Agenda in a partnership mode -- i.e. joint ventures with advanced institutions, NGO's, and NARS. The joint venture may involve shared tasks at different points on the research continuum, i.e. upstream laboratory-based research as well as applied field-level experimentation. Funding of such joint ventures is included in financing for the CGIAR Research Agenda.

CGIAR Financial Policies: Financial practices at the CGIAR Centers are guided by a framework of policies ("CGIAR Financial Guidelines Series") developed by the CGIAR Secretariat. These guidelines, which are in line with accepted international professional practices, are developed in close consultation with Centers, and vetted by external experts. There are four guidelines in the series, covering financial management, accounting practices and reporting, auditing, and resource allocation. The guidelines are regularly updated to stay current with developments in the CGIAR and international professional practices.

System Balance

- The distribution of CGIAR resources by activity and undertaking for 2001 is consistent with the levels indicated by the centers last year as shown in table I - 1a below.
- Consequently, the emerging distribution continues to deviate significantly from the approved levels only in the Increasing Productivity undertaking. The proposals imply a 5 percentage share shortfall of investments from the approved level of 39 percent (three-fifths of which is attributed to Germplasm Enhancement and Breeding). The under investment is offset by a 4 percent increase in the investment in Strengthening NARS (half of which is attributed to investment in Networks and the other half to that in Documentation and Information). The one percentage increase in Protecting the Environment is offset by a corresponding decrease in the investment in Saving Biodiversity.
- The divergence from approved levels can also be seen in the logical framework format in table I – 1b. Investment in Sustainable Production is 4 percent lower than approved (36% versus 40%), as is investment in Germplasm Improvement which is under subscribed by one percent (19% versus 20%). The five percent decrease in investment in these two outputs is offset by increases in investment in Germplasm Collection (1 percent), and investment in Policy and Enhancing NARS (2 percent each).

Table I-1a: CGIAR Investments - by Activity/Undertaking
1999 - 2003
% distribution

	1999 (actual)	2000 (est)	2001 (proposal)	2002 (plan)	2003 (plan)	MTM97 (approved)
Increasing Productivity	34%	34%	34%	34%	34%	39%
<i>of which:</i>						
Germplasm Enhancement & Breeding	18%	18%	17%	17%	17%	20%
Production Systems Dev. & Mgmt	16%	17%	17%	17%	17%	19%
Protecting the Environment	20%	19%	19%	19%	19%	18%
Saving Biodiversity	10%	10%	10%	10%	10%	11%
Improving Policies	13%	13%	13%	13%	13%	12%
Strengthening NARS	23%	23%	24%	24%	24%	20%
<i>of which:</i>						
Training & Professional Development	9%	8%	9%	9%	9%	9%
Documentation, Publications, Info. Dissem.	6%	6%	7%	6%	6%	5%
Organization & Management Counselling	4%	4%	4%	4%	4%	3%
Networks	4%	4%	5%	4%	4%	3%
TOTAL	100%	100%	100%	100%	100%	100%

Table I-1b: CGIAR Investments - by Output
Logical Framework Format

	1999 (actual)	2000 (est)	2001 (proposal)	2002 (plan)	2003 (plan)	MTM97 (approved)
Outputs						
Germplasm Improvement	19%	19%	19%	18%	18%	20%
Germplasm Collection	10%	10%	10%	10%	10%	11%
Sustainable Production	36%	37%	36%	36%	37%	40%
Policy	14%	14%	14%	14%	14%	12%
Enhancing NARS	21%	21%	22%	22%	22%	17%
TOTAL	100%	100%	100%	100%	100%	100%

Legend for Crosswalking CGIAR Undertakings into CGIAR Outputs:

Activity/Undertaking	=	Output ^{1/}
Germplasm Enhancement & Breeding	=	Germplasm Improvement
Saving Biodiversity	=	Germplasm Collection
Production Systems Dev. & Mgmt, and Protecting the Environment	=	Sustainable Production
Improving Policies	=	Policy
Strengthening NARS (all activities plus Networks, if appropriate)	=	Enhancing NARS

^{1/} The activity "Networks" is mapped to the appropriate Output.

CGIAR Sector and Commodity Investments, 1999-2003:

Divergence from approved levels is also evident at the level of sectors and commodities, as illustrated in Table I-2. Crops as a whole would continue to be oversubscribed (by three percentage points) at the expense of livestock. However, among the commodities there are also deviations from the approved shares. While, cowpea, pigeonpea, potato, rice, and wheat are oversubscribed, banana/plantain, chickpea, groundnut and millet are under invested.⁷

Table I-2: 1999-2003 CGIAR Investments by Sector and Commodity

(in \$million and percentages)

	Selected Years					(% of total sector/commodity investment)						Congruence 2/ Prop. vs. Approved
	1999 actual	2000 estimate	2001 proposal	2002 plan	2003 plan	1999 actual	2000 estimate	2001 proposal	2002 plan	2003 plan	MTM971/ Approved	
Crops												
Banana/Plantain	8.7	8.8	9.1	9.0	9.3	3.0%	2.9%	2.9%	2.8%	2.8%	3.9%	-
Barley	4.3	4.9	5.1	5.7	5.5	1.5%	1.6%	1.6%	1.8%	1.7%	1.2%	+
Bean	12.8	13.6	13.6	13.7	13.7	4.4%	4.5%	4.3%	4.2%	4.2%	4.6%	-
Cassava	15.8	19.1	19.3	19.1	19.3	5.4%	6.3%	6.1%	5.9%	5.9%	5.7%	+
Chickpea ^{3/}	5.2	4.9	5.1	5.6	5.5	1.8%	1.6%	1.6%	1.7%	1.7%	2.2%	-
Coconut	0.5	0.6	0.6	0.8	0.7	0.2%	0.2%	0.2%	0.2%	0.2%	0.8%	-
Cowpea	6.2	6.1	6.2	6.2	6.3	2.1%	2.0%	2.0%	1.9%	1.9%	1.1%	+
Groundnut	6.1	6.7	6.9	7.1	7.3	2.1%	2.2%	2.2%	2.2%	2.2%	2.8%	-
Legume (soya)	1.7	1.5	1.5	1.5	1.5	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	-
Lentils	3.8	3.7	3.9	4.3	4.2	1.3%	1.2%	1.2%	1.3%	1.3%	0.8%	+
Maize	22.3	21.6	22.0	22.2	22.7	7.7%	7.1%	7.0%	6.9%	6.9%	7.1%	-
Millet	5.2	6.5	6.7	6.9	7.1	1.8%	2.1%	2.1%	2.1%	2.2%	2.5%	-
Pigeonpea	2.8	4.1	4.2	4.3	4.5	1.0%	1.3%	1.3%	1.3%	1.4%	0.8%	+
Potato	16.1	14.8	15.7	15.9	14.4	5.6%	4.9%	5.0%	4.9%	4.4%	4.5%	+
Rice	51.1	54.5	55.4	56.1	56.6	17.7%	17.9%	17.6%	17.4%	17.2%	15.9%	+
Sorghum	6.8	5.4	5.5	5.7	5.9	2.3%	1.8%	1.8%	1.8%	1.8%	2.1%	-
Sweetpotato	6.6	6.1	6.5	6.5	8.6	2.3%	2.0%	2.1%	2.0%	2.6%	1.8%	+
Wheat	25.9	25.0	25.7	26.9	26.9	8.9%	8.2%	8.2%	8.3%	8.2%	6.6%	+
Yam	3.3	4.1	4.1	4.1	4.2	1.2%	1.3%	1.3%	1.3%	1.3%	1.4%	-
Total Crops	205.2	212.0	217.0	221.6	224.3	71%	69%	69%	69%	68%	66%	+
Fish	12.3	14.7	15.6	16.5	17.4	4%	5%	5%	5%	5%	5%	+
Livestock	37.3	42.4	44.0	45.91	46.7	13%	14%	14%	14%	14%	17%	-
Trees	34.7	35.3	37.2	38.5	39.8	12%	12%	12%	12%	12%	12%	-
Total Sectors	289.5	304.4	313.9	322.5	328.2	100%	100%	100%	100%	100%	100%	
Memo: Water	8.8	10.3	11.1	11.4	11.7	2.5%	2.8%	2.9%	2.9%	2.9%	3.0%	-

1/ CGIAR Priorities and Strategies for Resource Allocation During 1998-2000, (SDR/TAC: IAR/96/6.2, pp 66-67).

2/ Variance indicates only directional change from approved share.

3/ TAC recognized earlier the need to rebalance the weight given to chickpeas. This will be done in conjunction with FAO's current assessment of production data.

⁷ It should be noted that the dollar values are below the CGIAR total investment level since not all centers have sector /commodity expenditures (e.g. IFPRI, IWMI, ISNAR, & most of IPGRI). On the other hand, the important CGIAR investments in water management (IWMI) are shown in table I-2, and this highlights the developments in that area.

ANNEX 1

Center Program and Resource Highlights, 1996-2003 Center Research Agenda Project Cost Summary, 1999-2003

Annex 1a:	CIAT
Annex 1b:	CIFOR
Annex 1c:	CIMMYT
Annex 1d:	CIP
Annex 1e:	ICARDA
Annex 1f:	ICLARM
Annex 1g:	ICRAF
Annex 1h:	ICRISAT
Annex 1i:	IFPRI
Annex 1j:	IITA
Annex 1k:	ILRI
Annex 1l:	IPGRI
Annex 1m:	IRRI
Annex 1n:	ISNAR
Annex 1o:	IWMI
Annex 1p:	WARDA