

**Minutes of the International
Centers Directors' Meeting Held at
the World Bank Building
Washington, D. C.
September 9-10, 1977**

MINUTES OF THE INTERNATIONAL AGRICULTURAL RESEARCH CENTERS

DIRECTORS' MEETING HELD AT THE WORLD BANK BUILDING

WASHINGTON, D. C. - SEPTEMBER 9-10, 1977

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The meeting was attended by the following International Centers representatives:

AVRDC	James C. Moomaw
CIAT	John L. Nickel Alexander Grobman
CIMMYT	Haldore Hanson Keith Finlay
CIP	Richard L. Sawyer Orville Page
ICARDA	Harry Darling
ICRISAT	Leslie D. Swindale
IITA	William K. Gamble
ILCA	David Pratt
ILRAD	James B. Henson
IRRI	Nyle C. Brady

Also, participating as observers were Richard Demuth (IBPGR), Donald McCune (IFDC) and Jacques Diouf (WARDA).

The meeting started at 8:30 a.m. in Room E1056. Dr. Nickel acted as Chairman and Dr. Grobman recorded the proceedings.

Friday, September 9

1. The Directors approved the minutes of the meetings held at CIAT, Cali, Colombia, May 30 - June 2, 1977.

2. A tentative agenda was introduced and approved.

3. Tax issues

a. Report on Counsel recommendations.

Dr. Nickel informed that the counsel retained by the Center, Mr. Robert M. Penoyer was of the opinion that IIE was trying to mend their own past errors of interpretation of U.S. legislation, and that they should be pressed to come up with a solution to the Centers' query on the Taxation problem.

After some discussion on the various implications to this issue, Dr. Nickel was authorized to continue retaining the services of Mr. Penoyer on behalf of the Centers. So far, \$10,000 have been spent on counsel fees, indicated Dr. Nickel, a sum which will be pro-rated among the Centers. Mr. Penoyer's future fees will be \$75/hour, up to a maximum of \$3,500. The question of filing an Annual Report: Form 6033 with IRS for each Center was brought up. It was the impression that there was no possibility of exemption in filing that report, and that at any rate IRS was slow in drawing new regulations, prior to which no exemptions were likely to be granted.

b. Tax equalization report.

Drs. Finlay and Nickel had been asked at the previous meeting to prepare a document on this subject. After discussing this problem over the phone, they had agreed that since the Board of Trustees of CIMMYT had commissioned its management to prepare a proposal on tax equalization at CIMMM, that document would serve the purpose asked of them at last Directors' meeting.

Dr. Finlay explained that such a document was prepared, incorporating into it pertinent information from the World Bank. Its base is the inclusion of an equal net take-home payment for equal responsibility irrespective of nationalities. He added that CIMMYT's proposal being of internal use and applicable only to CIMMYT's case would not be circulated in the group.

Information was then presented on the World Bank's tax equalization approach. Dr. Nickel signaled that if joint implementation by the Centers was agreed, then the details of the Bank's system would be studied.

Both Drs. Darling and Brady felt that a document on the subject of tax equalization ought to be drafted for joint study.

At this juncture, Drs. Baum of the World Bank, and LeJeune of the CGIAR Secretariat, entered at 9:30 a.m., and were greeted by the Director. The discussion of the tax issues were postponed, in order to allow Mr. Baum to give the following report.

4. Financing of the CGIAR system of IARCs

Mr. Baum indicated that there ~~would not~~ be any problems in ~~finan~~cing the system within the next budget exercise. Problems would arise, ~~however~~, most likely in the next two budget years.

A major question ~~mark~~ is presented in the new management of AID, as there are no clear indications as yet on the views of the new Administrator and his Deputy on the CG system. Another problem is that IDB is going through a ~~major~~ transition in funding policies. An expectation is open of increased ~~support~~ of the International Fund for Agricultural Development. However, Iran and Saudi Arabia have shown to be fragile options, as their already pledged contributions have not been made effective.

The message was that financial preoccupations exist. Also, that the growth phase of the Centers is now over. Financial management of the Centers is uneven. The World Bank, expressed Mr. Baum, will be glad to support the Centers with management counsel.

Mr. LeJeune informed that a representative from Venezuela (Dr. Hugo Gonzalez) will be present at the general CG meetings, and efforts should be made to acquaint him with the system,

At this point Dr. Nickel invited comments. A question on Japan's participation in financing the system was responded by Mr. LeJeune, in the sense that a contribution of \$3.5 million would be asked for 1978.

The EEC contribution would maintain its present level next year. Possibilities lie in tapping new Latin American sources. Australia is also supporting the system, especially the TAC. An Australian delegation will visit the CG Secretariat.

Dr. Gamble felt that the U.S. contribution of 25% towards the budget of the Centers could hold for the next 3 years. Mr. LeJeune warned that a legal position has surged indicating that the U.S. contribution to the IDB should be counted towards the U.S. contribution. Dr. Baum manifested that AID support in the past has been firm and enthusiastic, and that a concerted effort should be mounted to maintain that same attitude in the future. In this context enrollment of BIFAD's support is very important.

5. TAC Quinquennial Reviews.

Mr. Baum went on joining in what he called a growing concern that the TAC Reviews are not accomplishing their purpose. They are not hitting with sufficient criticisms the deficiencies of the Centers, leaving in the process a dissatisfaction among the donors. Criticism - he indicated - is not a sign of weakness. If the

donors, don't feel that the reviews serve their purpose, they may **relax their** support to the system. As a consequence, new ideas are being presented and discussed with Dr. Ralph Cummings, Chairman of the TAC on the review system,

Also of concern, is how the TAC redommendations are implemented at **the** Centers. The Directors and Board **views** in this latter respect, should be also of primary importance.

Comments on this subject were the following.

There is a feeling that the reviews are narrow in scope in some cases and that sometimes they don't relate to the Center's cohtext within the system,

Additional comments were directed at the choice of people for the TAC reviews in reference to the broadness of their experience (Brady). In order to obtain depth, time limitations should be removed (Sawyer). While internal reviews might be more critical, external reviews are needed for credibility, perhaps more time and less people should be involved (Baum). Details take much of the time of the review committees, and the terms of reference may be too broad (Swindale). Directors should send direct suggestions to the TAC (Baum). Criticism from European donors in regard to commodity orientation is being aimed at ICARDA. A review of systems orientation of the Centers should be made by the CGIAR Secretariat (Darling).

Dr. Nickel interrupted the discussion to welcome the following members of BIFAD and its committees: JRC and JCAD. Woods Thomas (Executive Secretary, BIFAD), Fred Hutchinson (Chairman, JRC), Sherwood Beng, Chairman JCAD), Glenn Beck (BIFAD staff), and **Lowell** Hardin (CGIAR representative on the JRC).

Mr. Thomas presented a review of the first year of activities .of BIFAD under the provisions of Title **XII** of U.S. legislation. Their Board in that period tried to establish ground rules for work with AID both on policies and budget. **It** recommends to AID actions to be taken, as it is not empowered to adopt actions in this area on its own. Parameters for funding have been selected,

A roster has been made of Universities, both **Sea-Grant** and Land-Grant eligible for participation in Title **XII projects**. At this time **64** Universities are in roster of eligible institutions. Other 25 institutions might be found eligible also later on.

The Joint Research Committee (JRC) with 21 members and the Joint Committee on Agricultural Development (JCAD) with 22 members, respond to the Board.

The Board is responsible for submitting Annual Reports to Congress. It also revises Agricultural Bilateral Systems Programs. Interactions of the Board with the University **community** are expected to be cultivated with care. Two meetings with the **community**, one at VPI and one at Minnesota were held last year. Significant **inputs** have been made by the Board on how funds should be allocated, by **suggesting** a "Formula Funding" system to AID.

The interaction of the Board with the Centers is germane to this meeting, and ways and **mechanisms** for such interaction need to be searched.

Dr. Beck discussed JCAD's activities in Agricultural Development. At present it is working together with AID's 4 regional bureaus in identifying and assessing country problems. Their approach is to develop long term country relationships on a programatic rather on a project basis. The programs will involve contracting institutions, such as Universities. Where assessing country problems, and proposing action programs, comprehensive approaches will be used involving the application and development of resources, and institutions. In designing Title XII programs at the country level, AID local offices will be involved, as well as single universities, teams of universities or consortiae. As understanding of operating procedures is unfolded, work mechanisms will be taken to JCAD for approval.

JCAD works with the BIFAD staff in evaluating specific University capabilities, resources, and will apply them in **international** agricultural research and development. If found existant, what strengthening factors should be applied to their involvement?

Fred Hutchinson (U. of Maine) discussed JRC. This committee has had monthly meetings of its 21 **members** (5 from AID, 3 from USDA, 9 from Universities, 1 from TAC, 1 from industry, others non-identified). They first presented operational guidelines to the Board through which both Committees work. They have then elaborated a Collaborative Support Research Program. They have contributed opinions on funding of research. The job of scrutinizing the IARC's has been assigned to the JRC, and its full meaning still is in need of clarification. Personally, he interprets it as just the responsibility of awareness of projects going on at the IARCs and adequate review procedures already being applied.

The Board instructed JRC to **look** carefully into up to 10 projects, of which 3 (Sorghum and millets, Small Ruminants and Fisheries) went to the Board in June 1977. All three are under way at present. Non-consortium participating institutions, clearly without conflicts of interest were assigned to examine the feasibility of the **projects**. U. of Missouri is handling the sorghum-millets project, while the other two projects went to private institutes (small ruminants, for example to Research Triangle Institute).

The model for JRC operation in project assessment is the following:

- a. The project analysis is assigned to a non-participating university, to work on assessment of state of the art.
- b. The proposal is circulated to all interested universities,
- c. The Committee selects who should carry on the proposal.
- d. Planning is subsequently done on the project by selected institutions.

The timing of a full cycle for the above model is one year.

Additional areas in second priority for the JRC consideration are:

Hemoparasitic diseases
Tropical soils
Marginal human nutrition
Peanuts

The Committee while having primarily selected a commodity approach is **not** going through that road entirely. It will insist in comprehensive **approach** to the solution of problems in each program, involving areas such as nutrition-al, socio-economic, farming systems approaches in relation to a given commodity.

The educational aspects, including graduate research are being included in the Committee planning.

Although centrally funded research at Universities will continue, ~~as~~ will single-university research, by far the majority of the funding in the future will **most** likely be assigned to university consortiae. These in turn may experiment with subcontracts.

A question and answer and comment period followed. Samples:

Q. Federal procurement manual will be needed? (Swindale).

A. Do not know.

Q. Will ~~new requests~~ be necessarily non-centrally funded?

A. There ~~will be~~ **options** available including centrally-funded research (Hutchinson).

Q. **How** will AID reorganization affect JRC procedures?

A. Some issues are subject to AID reorganization (Thomas).

Q. What is the level of Title XII resources?

A. US\$ 3 million for 1977 and US\$ 6 for 1978 for collaborative support research programs (Thomas).

Q. Which countries would be eligible?

A. About 40 countries appear to be eligible (Beck).

The Board has responsibility for developing a roster of eligible countries. (Thomas),

The new strategy paper "Growth with Equity" states the new AID strategy, which exhibits no restrictions on countries but emphasizes applicability to the poor farmer.

Concerning sources of funds information was advanced that Section 103 funds - "Food and Nutrition" could be applied to Title XII projects.

Q. How does the Board receive inputs from the IARCs for funding projects related to their own projects?

A. This is an issue for discussion (Thomas).

The loss of some former AID mechanisms such as TAB will require substitutions (Thomas).

Mr. Beck explained that contacts with Government officials and sectorial planning officers would be needed in order to effect initially Planning Grants at the country level. For such a process to take place, invitations would need to be placed by the countries.

Q. Are discussions going on at the Board on involvement of IARCs in Title XII? (Sawyer).

A. Yes, JRC is interested in meeting with each one of the Directors. Information from the centers needs to be fed into BIFAD (Hutchinson).

Face to face meetings of Centers Directors with BIFAD are needed (Sawyer).

A strong recommendation for such contacts was made by Drs. Rigney and Watts (Beck).

Q. How aggressive should the Centers be in bringing problems to the attention of the Board (Brady),

A. The Board needs all the feed-in it may possibly get (Thomas).

Dr. Nickel, at this point gave an explanation of the review procedures at the Centers, including those of the CGIAR, by the TAC: annually and quinquennially;

those made at each Center at Board of Trustees meetings with AID observers participating; U.S. auditing reviews. In the past AID reviews were made through regional bureaus, recently through TAB. It would be interesting if annual board meetings of the IARCs should be attended by BIFAD members as observers.

Dr. Hutchinson brought forward the conception that the image of the IARCs to the Board and the Universities is one of accountability, rather than competition for funding.

In further discussions with the participation of Lowell Hardin, the possibility that the Chairman of the TAC be invited to Board meetings was advanced, as well as the need for prior analysis and digestion of the large amount of information likely to come from the centers for study by the JRC.

Q. Would it be possible to establish tripartite arrangements in the order of University-IARC-Country?

A. Yes, (Thomas)

Funding will go to eligible institution(s), and from there to others linked to a particular Program, such as IARCs and country institutions and other universities (Hutchinson).

Hutchinson explained that a wide scope of considerations was brought to bear on the sorghum/millet project.

Q. Could a center express interest in a given project at an earlier stage than universities? (Finlay).

A. It may be important for center to make such comments even earlier than the Committees or the Board so that priorities may be established. (Hutchinson).

Further discussion centered on IARCs participation in Collaborative Support Programs, and their linkage with U.S. universities,

Dr. Nickel thanked the BIFAD and its Committee members and staff for having attended the Directors meeting, and expressed appreciation to the Director to Lowell Hardin for his efficient representation of the IARCs at the Board.

6. Tax equalization/FICA withholding.

Dr. Nickel informed the Directors that the law firm Belknap, Webb & Tyler, represented by Mr. Pennoyer is asking for a review of accuracy of the statement on the role of IIE as employer, made by Baker and McKenzie, the IIE Attorneys,

by next day, so that a report could be made available for filing by IRS on September 10. He further added that a letter from IIE on FICA ruling was received, and he proceeded to read it. Statements from all Centers on "911 Withholding" have been received, with the exception of ILCA. An ILCA statement is still needed in order to make the position of the Centers unanimous.

Dr. Nickel asked Dr. Hanson to provide the other Centers with a copy of CIMMYT's document on tax equalization, after approval of their Board.

Dr. Hanson explained that CIMMYT's situation was that out of 62 senior scientists, 31 (21 Americans, 10 Mexicans) were paying income tax. A study showed that tax equalization would reach up to 12.5% of the Center's Budget of \$2.5 million. The Board of CIMMYT has given tentative approval for moving towards tax equalization. It is included in the next budget of CIMMYT but not as a line item.

Dr. Swindale signaled that in ICRISAT's case about 10% of the International Staff salary budget would be required for tax equalization.

Dr. McCune explained the procedures adopted at IFDC. They hired IIE as an agent. Take-home pay has been equalized. Other adjustments on perquisites have been made. Salaries have been reduced for non-US employees by renegotiation, as another element in their equalization of take-home pay.

7. Meeting with TAC (September 10).

A meeting of the Center Directors was arranged with members of the TAC.

The following items of joint interest were discussed:

- a. Whether the establishment of an Agricultural Research Service aimed at development activities and coordinating the IARCs would be a suitable concern to the TAC and the CGIAR, as well as its implications.
- b. Centers views on the Service were briefly presented by Dr. Nickel.

8. Meeting with Training officers of the IARCs (September 10)

A meeting was held by the Directors and the Training officers of the Centers, and the TAC for a discussion of the results of the Training officers' meeting held on September 8-9. Dr. F. Fernandez presented a semblance of training analogies and differences among Centers.

Dr. Cummings, Chairman of the TAC, presented a set of questions that the CGIAR might ask on training at the Centers:

- a) Similarities and differences in training at the Centers.
- b) Target groups.
- c) Comparative advantages.
- d) Balance between research and training.
- e) Should the CGIAR system adopt a more active role in training?

He suggested that a stripe analysis on training might be set up in order to adopt general policy guidelines.

Some of the opinions expressed on training by TAC members follow:

Hardin said he would like to know whether there were funding constraints in training, especially core funds.

Ruttan was concerned that training was a residual claimant, and even so directed at serving Centers validation of technology purposes, and not to independent research.

Joshi talked of the triangle: research, training, development. He advocated for balanced training in research and development.

Abu Khaled favors a stripe review of training at Centers.

Ajibola-Taylor submitted that training should be directed to form the kind of manpower really needed by the countries.

Madhamba favored a reliable data base in assessing training needs.

9. Tax equalization.

The meeting was continued on September 10 afternoon. It was agreed that plans would be devised at each Center for consideration by the respective Boards, following the principle of equal take-home pay, with formulas based on estimated taxes for both local and non-local senior staff; allowances would be included in the calculations. Plans devised should be as simple as possible and not aim at 100% equalization. Maximum exchange of information on this subject among the Centers was asked for, so that each of them would know about their respective type of proposals to their Board. CIMMYT reported that their Board had just met and agreed a plan which reimburse about 2/3 of taxes on salary and some allowances, resulting in about 1/2 reimbursement of total salary and allowances.

10. On the IIE.

The Counsel retained by the Centers will try to improve the wording on the statement issued by the IIE counsel.

11. Discussions on Social Security (FICA) for U.S. citizen employees.

Dr. Swindale submitted that Center staff that were U.S. citizens who were entitled to benefits before 1976, should continue to enjoy such benefits because payments were made in good faith.

Dr. Nickel said he will find out whether refunds are due on those payments.

Dr. Finlay asked if the document of IIE Counsel applied to all employees or only to U.S. citizens.

Dr. Nickel explained that the ruling being asked is basically for American citizens on FICA.

Dr. Swindale thought that the ruling would not apply to non-U.S. citizens as funding for their salaries came from multiple foreign sources.

12. Soils Meeting.

After Dr. Brady and Dr. Swindale informed that an initiative had generated at a meeting of soil scientists sponsored by USDA and the Ford Foundation for the creation of a Center on Water and Soils, particularly on tropical soils, and that an International Conference of Soil Scientists had been proposed, the Directors agreed to authorize Drs. Brady and Swindale to establish the necessary contacts to foster the proposed International Tropical Soil Conference. Dr. Nickel clarified that it would not be a Centers' meeting but a large international meeting.

13. Off-Shore retirement benefits.

Dr. Nickel informed that a management committee proposed to supervise AIRCO was not assembled, and had not met. CIAT's controller had requested information on AIRCO, and their performance seemed to be good. An agreement was adopted in the sense that Norman Caulder (ICARDA) and Andrew Urquhart (CIAT) would meet with the standing committee of IIE and ask questions on AIRCO when they come next week, or else establish some contact with AIRCO next week about a future joint meeting.

14. Pulse Germplasm.

A proposal was advanced by ICRISAT to have help from all Centers in the collection and propagation of pulse germplasm in each part of the World.

ICARDA and CIAT expressed interest in participating at a meeting on Pulse Germplasm to take place in January 1978. Invitations for the meeting at ICRISAT will be made by the Director to other Directors.

15. International Testing Collaboration.

As it became known to all Directors their respective interests in bringing together the International Testing Groups of the Centers to a joint meeting, it was agreed that CIMMYT would organize either in November 1977 or sometime in 1978 such a meeting, preferably in a date neighboring that of the Annual American Society of Agronomy meeting.

16. Items to be brought up for attention of the CGIAR Secretariat.

- a. Tax equalization.
- b. Report on training.
- c. Criticism on TAC reviews of Centers.
- d. Overlapping functions of CG Secretariat and Boards of Trustees (decided not to be taken up later)
- e. Involvement of Center Directors in the new Research Service International Agency.

17. The Directors decided that they would hold their next meeting at ILRAD in Nairobi, Kenya in June 1978.

Dr. James B. Henson was designated as the new Chairman. His tenure will begin immediately after the 1977 Centers Week.

Dr. John L. Nickel will represent the Directors at a future BIFAD or JRC meeting.

The meeting was adjourned at 6 p.m., Saturday September 10, 1977.