



CGIAR Annual General Meeting 2001

BUSINESS MEETING - Washington DC, USA, November 1, 2001

AGENDA ITEM: 3 – CGIAR Financing Plans **a) Financing Plan for 2002**

Issue(s):

TAC reviewed the 2002 financing plans prepared by the 16 CGIAR Centres. The Committee assessed the programmatic implications of the plans, particularly their consistency with the Centre Medium-Terms Plans, their conformity with the 2002 Research Agenda approved by the Group at MTM'01, and the programmatic implications of potential funding gaps. The outcome of TAC's analysis provides an overview of the nature of congruency between resource allocation and the CGIAR priorities in the context of the new CGIAR vision and strategy.

Supporting Document(s): Report from TAC (SDR/TACIAR/01/19 Rev.1) on its review of the 2002 Centre financing plans, together with the transmittal letter from the TAC Chair to the Chairman of CGIAR.

PURPOSE OF THIS COMMUNICATION

<input type="checkbox"/>	Information
<input type="checkbox"/>	Discussion
<input checked="" type="checkbox"/>	Decision

OUTCOME

<input type="checkbox"/>	No further action required
<input type="checkbox"/>	Approved/accepted
<input type="checkbox"/>	Additional information required
<input type="checkbox"/>	Referred to the next meeting
<input type="checkbox"/>	See comments below

COMMENTS

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CONSULTATIVE GROUP ON INTERNATIONAL AGRICULTURAL RESEARCH
TECHNICAL ADVISORY COMMITTEE

2002 Centre Financing Plans

TAC SECRETARIAT
FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS
September 2001

Consultative Group on International Agricultural Research (CGIAR)

TECHNICAL ADVISORY COMMITTEE

Emil Q. Javier, Chairman

4 September 2001

Dear Ian,

It is my pleasure to transmit to you for discussion by the Interim Executive Council, TAC's comments on the Centre financing plans for 2002. TAC's observations have been facilitated by programmatic narratives from the Centres highlighting shifts since the MTPs were presented to the Committee in March 2001. Systemwide programmes were also considered. The financial analysis by the CGIAR Secretariat was helpful.

TAC focussed its attention on the programmatic implications of the financing plans where significant shortfalls in resources would warrant adjustments of the 2002 Research Agenda endorsed at MTM'01. The outcome of TAC's analysis provides an overview of the nature of congruency between resource allocation and CGIAR priorities in terms of sectors, commodities, undertakings and outputs.

TAC certifies that the 2002 financing plans for all Centres are broadly congruent with the Research Agenda endorsed by the Group at MTM'01.

This year, for the first time, the review process was conducted in a virtual mode. I wish to thank the Centres, TAC Members, and CGIAR and TAC Secretariats for their timely effort and cooperation in the preparation of this report.

Sincerely yours,

Emil Q. Javier

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Second Meeting of the CGIAR Interim Executive Council

7-8 September 2001, Bonn, Germany

2002 Financing Plan – TAC Comments

TAC SECRETARIAT

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

September 2001

REPORT FROM TAC ON ITS REVIEW OF THE 2002 CENTRE FINANCING PLANS

1. Introduction

TAC reviewed the 2002 financing plans prepared by the CGIAR Centres. Most Centres submitted their financing plans to the CGIAR and TAC Secretariats by the 17 August 2001 deadline. Financial analyses of the plans were then compiled and synthesized by the CGIAR Secretariat and made available to TAC.¹ The Committee assessed the programmatic implications of the plans, particularly their consistency with the Centre Medium-Term Plans (MTPs), their conformity with the 2002 Research Agenda approved by the Group at MTM'01, and the programmatic implications of potential financing gaps. Given that the CGIAR adopted a new vision and strategy in 2000, TAC also observes to which extent changes in funding plans reflect the goals - especially poverty reduction and food security.

2. Overall Resource Allocation

TAC found that while there is broad congruence between the centres' financing plans and the Research Agenda endorsed by the Group at MTM'01, some centres face potentially significant financing gaps. The following changes from the MTM'01 approved allocations are apparent:

In terms of *Centres*, financing shares of the CGIAR Research Agenda proposed by CIP, ICRISAT, ICARDA and WARDA are notably below Group-approved levels while those of ICRAF and ISNAR are slightly higher.

For *Undertakings*, compared to the approved levels, the centres' financing plans imply relatively higher investment for Improving Policies and Strengthening NARS, congruence for Protecting the Environment, and lower investment for Increased Productivity and Saving Biodiversity.

In terms of the CGIAR *Logframe Outputs*, there is relatively higher than agreed level of investment for Policy and Enhancing NARS and lower investment for Germplasm Improvement, Germplasm Collection and Sustainable Production.

The analysis by *Sector* indicates that, compared to the approved levels, the 2002 financing plans imply relatively higher investment in Crops, Trees and Water, lower investment in Livestock, and congruence for Fish.

For *Commodities*, within the Crops sector, financing plans imply the following resource allocation trends:

¹ See "Financing of the 2002 CGIAR Research Agenda". CGIAR Secretariat, August 2001

- barley and sweet potato are on target;
- cassava, cowpea, soybean, lentil, maize, pigeonpea, potato, rice² and wheat are above approved levels;
- banana/plantain, bean, chickpea, coconut, groundnut, millet, sorghum and yam are below approved levels.

Finally, planned financing of Systemwide activities, taken together, is 94% of approved level. Most of the difference is accounted for by the financing shortfall faced by the Systemwide Livestock Programme.

3. Centre Specific Observations

Following are TAC's specific comments on individual Centres' 2002 financing plans compared to the MTM'01 endorsed MTPs. Discussion focuses on changes of a programmatic nature considered significant in terms of TAC's criteria.

CIAT

CIAT's MTP 2002-2004 was the final update of its MTP 1998-2000, which provided the basis of CIAT's research strategy since 1997. It has now been replaced by a new Strategic Plan which will form the basis for programme implementation in 2002. The Centre envisages that the planned initiation of Challenge Programs will have implications in the research agenda and resource allocations. These important changes are not yet reflected in the current financing plan for 2002. TAC commends CIAT for securing some important financial contributions and confirming most of the overall contributions for 2001 at the level projected in the MTP. In the course of implementing the new Strategic Plan, TAC expects CIAT to retain its regional and global commodity responsibilities, including gene bank operations and germplasm improvement. CIAT provides leadership to three Systemwide programmes which are integrated within the Centre programme. TAC is pleased to note CIAT's strong focus on NRM and on participatory research, and commends the Centre for promoting effective research partnership within and outside the CGIAR in these areas.

CIFOR

The Centre has thus far secured 95% of the resources required to implement its approved agenda for 2002, and is hopeful of other proposals that are in various stages of negotiation. Accordingly, the Centre does not intend to significantly modify either the project structure or the project objectives at this time, and milestones remain the same. TAC is pleased with the ongoing INRM focus in its sustainable production systems work, and strongly encourages the Centre to strengthen its research on forest ecosystem services. TAC commends the Centre for serving as an effective global voice on forest resources policy and forest management.

² However, the combined IRRI and WARDA shortfall, amounting to 17% of their combined MTP level needed to implement their agreed agendas, if not financed from Centre resources would lead to an allocation to rice below approved level

CIMMYT

CIMMYT's financing plan for 2002 is consistent with the programmatic thrusts and direction which were spelled out in its MTP, with a special focus on four main areas: stress tolerance, nutritional security, resource-use efficiency and urban food supplies. The estimated resource allocations concur with these directions despite reflecting small revisions due to the reduction in the World Bank matching contribution. CIMMYT provides leadership in the Systemwide ecoregional programme: Sustaining Wheat Production in South Asia, including rice-wheat systems in the Indo-Gangetic Plains, which is an integral part of the centre's project portfolio.

CIP

The CIP financing plan for 2002 projects a reduction in funding of some 12% relative to the MTP budget submission, equal to the level estimated for 2001. The centre expects to use reserves in 2002 to make up the difference. CIP has recently attempted to cope with budget reductions through project regrouping and targeted cuts along with downsizing which were broadly endorsed by TAC. The 2002 plan increases CIP's investment in late blight control and in urban and peri-urban agriculture, which TAC considers justified. Reductions are projected in nine of CIP's 13 projects; in six projects the magnitude of the cut is 10% or more.

TAC repeats the concern already expressed in its previous MTP commentary of the Centre falling below critical mass in areas of research where capacity is significantly reduced. Dramatic reduction (54% vs 2000) is projected for the estimated funding for conservation and characterization of genetic resources. TAC draws particular attention to the anomaly between the importance assigned by the CGIAR to germplasm conservation and characterisation and the difficulties encountered by CIP in funding this essential activity. There will also, in the current phase, be a 38% reduced allocation to the CIP led ecoregional programme CONDESAN. TAC is concerned that this level of reduction can very significantly affect CIP's relationship with its civil sector partners and their working relationships with CIP.

ICARDA

The financing plan for ICARDA's research agenda 2002 is cast against a 20% possible decline in funding from the MTP submission. The shortfall in core funding constrains the Centre's efforts for fully implementing the priority research agenda evaluated and approved by TAC. Also, the current phase of several special projects would be terminating in 2001, and funding for a new phase of some of these projects has not yet been assured. Particularly affected are the resources for the small ruminants agenda and for socioeconomic research. Guided by its MTP and EPMR, the Centre's management has scaled down its research activities across most projects, with shifts in allocation to undertakings to a lower level for germplasm improvement, sustainable production and policy research. Emphasis continues to be placed, as in the MTP, on pre-breeding and biotechnology, end-use quality and added value, and on-farm water use efficiency. The plan accounts for ICARDA's involvement in Systemwide programmes their linkages with centre projects are indicated. TAC commends ICARDA for the increased resources earmarked for natural resources management research especially the emphasis given to research on water management in dry areas. The 20% fall in expected revenue for 2002 would lead to a level of

income 8.8% less than the 2000 actuals. While TAC commends ICARDA for its transparent contingency plans, the shortfall is a serious cause for concern.

ICLARM

ICLARM expects a reduction in revenue of about 5% compared to 2002 plan figure. This will be absorbed by reduced activities in Conservation of Aquatic Biodiversity, Genetic Enhancement and Breeding and Fisheries Resources Assessment and Management, in each case because of the completion of major project phases and before the next activities are confirmed as being supported. However, Information and Capacity Building for Aquatic Research receives a significant increase due to restoration of two-year funding for ICLARM's INGA Network. Overall, ICLARM's research agenda remains unchanged. TAC is pleased to note ICLARM's active participation in the Millennium Ecosystem Assessment Project to which several CGIAR Centres are contributing. TAC notes that the Centre has completed the relocation of its HQ to the new improved facilities in Penang, Malaysia.

ICRAF

The investment estimate for ICRAF's 2002 research agenda has been revised upward by 2.4% from the MTP submission in March 2001. The Centre has indicated that the bulk of the incremental investment will be devoted to Sustainable Production outputs, particularly ecosystem processes and management, and to strengthen NARS. However, the focus of the Centre's programme of research for 2002 as described in the MTP 2002-2004 remains essentially unchanged. ICRAF leads the Systemwide Slash and Burn Programme as well as the African Highlands Initiative, both of which are included in the centre programme. TAC would encourage the Centre to identify those areas which are likely to expand and how they relate to the five logframe area outputs. TAC notes ICRAF's convening role in the inter-centre discussions on climate change. TAC commends the Centre for working with NARS to develop educational opportunities for the next generation of African farmers.

ICRISAT

ICRISAT is forecasting a total revenue decrease of some 6% compared to the 2001 estimate and some 15% less than the 2002 approved level, calling for a continuation of the process of refocusing, integration and consolidation which ICRISAT undertook during the preparation of its MTP 2002-2004. ICRISAT expects to make further adjustments which, although do not alter the approved research agenda, will result in a more focused, problem-based and impact driven research agenda. The changes are directed at integrating or linking related activities in NRM, IPM, genetic resources, and impact research across projects as well as at establishing a more comprehensive effort on integrated crop, livestock and land use diversification strategies to alleviate poverty and improve livelihoods. ICRISAT leads the Systemwide Desert Margins Programme which is included in its project portfolio and will be further integrated as a result of the above modifications. TAC commends ICRISAT for these strategic measures aimed at making ICRISAT's research agenda more effective.

IFPRI

There are no major programmatic changes in IFPRI's research agenda for 2002 as submitted in its MTP in March 2001. However, some scale back in its programme will be necessary due to lower than expected income (about 8%) in 2002 compared to 2001. IFPRI leads the Systemwide Collective Action and Property Rights Initiative (CAPRI) which is included in its project portfolio. The external review of CAPRI commissioned by TAC will provide an opportunity to assess the outputs of this programme which has enjoyed an extensive and active inter-centre participation focusing on NRM issues. The Committee commends IFPRI for its collaboration with TAC-SCOPAS in reviewing the relationship between CGIAR research and poverty reduction in the context of TAC's ongoing work on CGIAR priorities and strategies. TAC warmly congratulates the IFPRI Director General for the award of the World Food Prize.

IITA

The IITA financing plan for 2002 indicates a slight shortfall (2.6%) in funding in support of its total 2002 research agenda, but the Centre expresses confidence that donor support for new projects now in the pipeline will eventually compensate for the expected reduction. Accordingly, at this stage, the Centre has not indicated any programmatic adjustments to its 2002 research programme, and will, if necessary draw on its reserves to finance the 2002 research plan. IITA leads the Ecoregional Programme for the Humid and Subhumid Tropics in SSA and the Systemwide Programme for IPM, both of which are integrated in the Centre project portfolio. Actual resources directed to each of these Programmes are still much lower than originally envisioned. IITA has secured modest multi-year support for the SP-IPM but the ecoregional activities in the benchmark areas are being continued under the Centre's core agenda. TAC commends the Centre for its commitment to implementing the endorsed research agenda.

ILRI

ILRI projects a shortfall in revenue of 9% compared to the 2002 plan figure. It plans to cover two-thirds of the shortfall through centre income, and envisages implementing the programme agenda as presented in the MTP with adjustments in levels of activities. ILRI's projected overall level of revenue for 2002 is 12.5% less than the TAC recommended level (i.e. 9.3% share of CGIAR funding). ILRI leads the Systemwide Livestock Programme (SLP) which is included in its project portfolio. SLP has not attracted the level of resources recommended by TAC in 1995, and the shortfall in overall financing will specifically limit SLP. ILRI has shared with TAC its comments on the recently completed CCER of SLP. This will provide the Committee with an opportunity to examine the nature of the apparent mismatch in funding for this Systemwide programme, which TAC recommended to strengthen linkages with plant-oriented centres.

TAC commends ILRI for improving its funding base and for increasing its research activities in Asia in response to the increased demand for livestock products through new research addressing indigenous genetic resources, epidemiology, and market and trade policy, and the planned opening of a Liaison Office in China. ILRI has indicated that it has been encouraged by the inter-centre initiative for Central Asia and Caucasus (CAC) to expand its research in the region; however, expansion will require new funding earmarked for this region. As ILRI has not provided any supporting detail, TAC is unable to comment on the relative priority of livestock

research for the CAC region. However, TAC would be concerned if such an expansion were to occur at the expense of priority livestock research activities in other regions.

IPGRI

IPGRI's financing plan for 2002 shows no programmatic changes from its MTP 2002-2004 although IPGRI foresees small cuts in the estimated allocations for 2002 across all its projects. IPGRI leads the CGIAR Systemwide Genetic Resources Programme which is integrated within its project portfolio. It is proceeding, within this Programme, with the initiative of the Global Conservation Trust for developing a rational global genebank system, which includes a fund-raising campaign. TAC notes that the Trust initiative is supportive of, and complementary to, the Global Plan of Action for the Conservation and Sustainable Utilization of Plant Genetic Resources for Food and Agriculture and the International Undertaking on Plant Genetic Resources. TAC reiterates its support to the global genebank initiative to ensure that the in-trust germplasm collections are properly maintained and managed. TAC is pleased to learn that sufficient resources have been identified to allow the initial stages of the campaign to get underway, and commends IPGRI and SGRP for their innovative attempt to tap non-traditional resources for the Trust initiative. TAC commends IPGRI for its scientific and impartial conduct, on behalf of the CGIAR, in the international arena on genetic resources and for its effective collaboration with FAO. TAC notes that the Centre HQ has moved to a new site at Maccarese, near Rome, which offers improved facilities.

IRRI

IRRI proposes no substantive changes in its endorsed programme for 2002 from that described in the MTP, although the Centre predicts some 14% shortfall in required resources to fund the agreed agenda. Contributions from Centre income and reserves will compensate for the shortfall. IRRI leads the Ecoregional Programme for the Humid and Subhumid Asia, and is involved in the Rice-Wheat Ecoregional Programme for the Indo-Gangetic Plains. These activities are an integral part of IRRI's project portfolio. TAC commends IRRI for protecting the integrity of its new programme structure and ensuring that project milestones and the resource allocation to the different undertakings remain as submitted in the MTP. However, TAC expresses concern that the expected shortfall in 2002 represents an unusually large decrease in the recommended overall level of investment to rice research by the CGIAR, and cannot be financed regularly through centre income and/or reserve.

ISNAR

ISNAR's financing plan for the 2002 research agenda remains optimistic based on a modest increase of resources beyond the planned level. The slight growth in the Centre's work programme focuses on linking research organisations and stakeholders in a changing institutional context. Two major projects addressing public-private partnerships and strategic management for institutional change will draw upon the success of previous ones. ISNAR is actively engaged with its donors and partners in seeking additional resources to implement projects on capacity building, intellectual property and biosafety. TAC is encouraged that ISNAR's agenda responds to the new CGIAR strategy and believes that the impact of its work is important for achieving System goals. The apparent confirmation of growing support for ISNAR's activities will help

ensure that the critical mass of core expertise is maintained at the Centre as it implements the six areas specified in the MTP.

IWMI

IWMI's 2002 financing plan indicates no substantive changes from the endorsed MTP submission in March 2001 with respect to research activities and project milestones. The projected financing for IWMI in 2002 is over 26% above that expected to materialize in 2001. The plan assumes a significant increase in funding from "other donors" in the aftermath of the 11th Stockholm Water Symposium where IWMI launched its major global initiative "Dialogue on Water, Food, and Environment". The Dialogue Secretariat is hosted by the Centre. The Centre has indicated that the second phase of the Systemwide Water Management Initiative (SWIM2) is being developed in parallel with the Dialogue and is a major component of the Dialogue Knowledge Base. TAC is unable to comment on the Dialogue initiative or on the SWIM2 in absence of full proposals. Similarly, TAC remains unable to comment on the new Systemwide initiative on Malaria and Agriculture proposed in the IWMI MTP March 2001 as the Centre has not submitted a full proposal. TAC has been emphasising the need for a larger investment in water resources research within the CGIAR for many years. It is therefore pleased to see a significant increase in operating expenditure expected for 2002. However, TAC strongly encourages the Centre to plan its priorities for its new investments carefully and in the context of other CGIAR Centres in developing new initiative, projects and activities.

WARDA

WARDA's financing plan is committed to implementing the Research Agenda for 2002 as approved at MTM'01, despite the significant gap in projected funding (about 20%). The Centre has provided information on four pipeline projects, which account for the shortfall, and is convinced that these are likely to be funded. One of these projects is the multi-stakeholder African Rice Initiative. The Committee requests WARDA to provide an update of the situation prior to AGM 2001. TAC notes that WARDA has taken steps to sustain a critical level of professional strength by using its visiting scientist scheme through which NARS scientists are seconded to the centre to work on specific areas. Further, consolidation of certain positions will realize additional cost reduction. The Centre has also instituted cost cutting measures to ensure that the projected reduction in funding does not adversely impact on the programmatic aspects of the agreed agenda. WARDA leads the Inland Valley Consortium project that is an integral part of the Centre's overall programme. The Committee is pleased to note that the Centre has now filled the vacant positions of Director of Research and Director of Administration and Finance.

4. Conclusions

TAC certifies that the 2002 financing plans for all centres are broadly congruent with the Research Agenda endorsed by the Group at MTM'01. Divergences by *Centre* shares remain unchanged from the Group approved plan, although some centres (CIP, ICARDA, ICRISAT, IRRI and WARDA) face significant financing shortfalls.

Allocations to *Undertakings* and *Outputs* are also unchanged. In the case of *Undertakings*, there is continuing shortfall in investment in Increasing Productivity and Saving Biodiversity and continuing over investment in Improving Policies and Strengthening NARS. In the case of *Outputs*, there is continuing shortfall in investment in Germplasm Improvement, Germplasm Collection and Sustainable Production and continuing over investment in Policy and Enhancing NARS.

Allocations to *Sectors* remain broadly stable, with crop sector continuing to be above and livestock sector continuing to be under their respective agreed levels. The water sector is expected to exceed approved level.

Planned allocation to *Commodities* remains roughly as approved in May 2001, although allocations since 2000 to banana/plantain, bean, chickpea, coconut, groundnut, millet and sorghum are below agreed levels, and to cassava, lentils, pigeonpea, potato, rice and wheat are above agreed levels.

The above trends suggest that there is a continuing bias in investment against certain crops, livestock and activities related to germplasm and sustainable production.

TAC concludes that Centre financing plans appear increasingly adjusted to the vision and strategy goals of the CGIAR. More comprehensive reporting systems, however, in relation to poverty and food security mapping as one base for assessing financial plans, are needed in the future.