

Third CGIAR Executive Council Meeting—September 24, 2002

2003 Financing Plan

Discussion:

- Positive comments were expressed concerning organization of the SO, especially for making the System more efficient in terms of overall services, i.e. to be more transparent and understand where there is overlap and where certain services should be permanent and others more temporary and to facilitate creation of a more dynamic system.
- Concern was expressed about the incentive structure for fundraising. In the past, pursuit of increased restricted funds in order to claim larger amounts of matching funds from the World Bank created distortions because centers were encouraged to increase funding even when the projects receiving restricted funds did not coincide with center goals and objectives. These concerns emanated from the FC meeting.
- A new incentive structure should be developed in which the allocation of unrestricted funds to each center is based on performance and impact, rather than on the ability of the center to raise restricted funds. Also, donors should provide a large percentage of their funds as unrestricted.

Conclusions:

- *ExCo expressed support for the proposed 2003 Financing Plan, and believes it highlights some very important issues. However, ExCo raised the following reservations regarding the financing plans of CIP and ISNAR:*
- *For 2003, CIP has again proposed an expenditure program which exceeds its projected revenues, with no indication that the center has the reserve to cover the gap. The CGIAR should not finance the deficit. (See Agenda Item 5.a.)*
- *A major increase in funding for 2003 for ISNAR (as indicated in the 2003 financing plan to be up to 40 percent over the 2001 level) is not tenable at this time. (See Agenda Item 5.b.)*
- *ExCo will submit the plan for approval by the CGIAR.*
- *ExCo endorsed the organization of a workshop on long-term financing proposed by the FC, which would look at both likely sources of funds and a performance based system for allocating unrestricted funds to centers. ExCo is pleased that IFAD has offered to host the proposed workshop.*

Recommendation to the CGIAR:

- *ExCo endorses the CGIAR 2003 Financing Plan and recommends its approval by the CGIAR. ExCo has raised some reservations regarding specific aspects of the financing plans of CIP and ISNAR, which are detailed above.*