

REPORT FROM TAC ON ITS REVIEW OF THE 1998 CENTRE FINANCING PLANS

1. Introduction

At TAC 73, which was held from 24-26 September 1997 at IFPRI, Washington D.C., the Committee reviewed the 1998 Financing Plans prepared by the centres. A Working Group, consisting of the TAC Chair, three TAC Members and TAC and CGIAR Secretariat staff, met on 21-22 September to undertake preliminary work to facilitate this review. Specific attention was given to the implications of these financing plans for CGIAR priorities and strategies, their consistency with the centre Medium-Term Plans (MTP), TAC and the Group's recommendations thereon as agreed at MTM97, and the programmatic implications of potential funding shortfalls. TAC also carefully screened new projects proposed by the centres, other than those already endorsed through the MTPs, as to their consistency with the general criteria for CGIAR support to the research agenda (international public goods nature of research and within the framework of CGIAR priorities and strategies).

Centres had submitted their Financing Plans to the Secretariats by the deadline of 15 September and this information was subsequently compiled and synthesized by staff of the CGIAR Secretariat. Where necessary, centres were contacted to provide additional information or clarifications. TAC was very pleased to note that centres, without exception, were very supportive of this exercise, that the quality of proposals had greatly improved compared to last year, and that the comprehensive information now available through the project management mode greatly facilitates decision making and the transparency thereof.

2. Overall Findings

A summary of investment proposals and implications for funding had been prepared separately by the CGIAR Secretariat so that information will not be repeated here.¹ The total investment for the 1998 Research Agenda as requested by the centres is US\$ 378 million. On the basis of the Financing Plans submitted, centres estimate secure 1998 support to total US\$ 329 million with another US\$ 35 million still under discussion and not yet secured. If centre-earned income, estimated at US\$ 14 million, is added, it would appear that CGIAR investment will possibly reach the aggregate level originally recommended.

TAC was pleased to note that at the Systemwide level there was broad consistency between the Financing Plans and the Committee's recommendations on CGIAR priorities and strategies. As indicated in Table 1, the implications of the Financing Plans are an investment of 38% of CGIAR resources to increasing productivity (as compared to the 39% recommended by TAC at MTM97), 18% to protecting the environment (same as TAC's recommendation), 10% to saving biodiversity (as compared to 11% recommended by TAC), 12% to improving policies (same as TAC's recommendation), and 22% to strengthening NARS (as compared to 20% recommended by TAC). The Committee is satisfied by the broad consistency of the Financing Plans with its recommendations on priorities for CGIAR activities. The difference between the TAC recommendation and the actual allocation to activities on strengthening NARS (20% versus 22%) is largely due to a projected increase in investment in institution building activities and in institution building networks (both from 3%

research networks have been inadvertently classified under this category rather than under the research activity concerned. TAC is pursuing this question with centres.

**Table 1: Allocation of CGIAR Resources by Activity
(% of Research Agenda)**

	1996 (Actual)	1997 (Estimate)	1998 (TAC)	1998 (Fin.Plans)
1. Increasing Productivity	40	37	39	38
1.1 Germplasm Enhancement and Breeding	18	17	18	18
1.2 Production Systems	22	20	21	20
2. Protecting the Environment	16	18	18	18
3. Saving Biodiversity	11	11	11	10
4. Improving Policies	12	13	12	12
5. Strengthening NARS	21	22	20	22
• Training	8	8	9	9
• Doc/Pub/Info	6	6	5	5
• Inst. Building/Advice NARS	4	4	3	4
• Networks	4	4	3	4
TOTAL	100	100	100	100

Due to rounding, numbers do not always add up to 100.

Source: CGIAR Secretariat

Sector Adjustments

TAC is necessarily concerned with the extent to which the aggregation of bilateral negotiations between centres and members is leading towards the balance among sectors endorsed by the Group at MTM96. Several concepts are relevant and are presented in the following table.

Table 2: Percentage of various budgets by sector

	Mar '97 Estimated	Oct '97 Estimated	Identified 1998 ^{i/}	Planned 1998 ^{ii/}	Endorsed 2000
Crops	68.6	69.5	70.7	69.5	66.2
Fish	4.2	3.7	4.0	4.5	4.9
Forest	12.2	11.8	11.7	11.2	12.2
Livestock	15.2	15.1	13.6	14.8	16.7

ii/ Assumes all funding planned by centres materializes

For now, the most relevant columns are the second, third (funding already identified), and the fifth (what the Group endorsed for 2000). The question is, how well are we progressing towards those goals? In making comparisons, recall that an increase in one percentage implies a decrease elsewhere because the sum must equal 100.

Fish is moving up as proposed - from 3.7% to 4.0% with a target of 4.9%. Forestry appears to have fallen back a bit rather than rising. Livestock has fallen back noticeably, from 15.1% to 13.6% while the plans call for 16.7% in 2000. Meanwhile, and we infer as a balancing effect rather than a designed effect, crops increased rather than decreased as projected to 2000.

Commodity Profile

Following the framework used in TAC's CGIAR Priorities and Strategies paper (29 April 1997 - see Chapter 6 and Annex II) and based on data there and in the centres' 1998 budgets, it is possible to compare changes between 1997 and 1998 in the relative allocations to individual commodities and assess their congruence with the recommended balance among commodities for 2000 (TAC, p.67). This analysis relates to crop commodities only.

At MTM97, TAC made recommendations on 19 crops (see TAC, p.67), with increases (of more than US\$ 1 million) recommended for four commodities (banana/plantain, coconut, wheat, and yams), decreases (of more than US\$ 1 million) for five commodities (beans, cassava, cowpea, millet, and potatoes) and little change in the remaining 10 commodities. Comparing the change between the 1997 and the 1998 (identified funding) proportions, with the trend required to achieve the proportions recommended for 2000, suggests the following conclusions:

1. Six commodities are essentially on trend.
2. Eight commodities are below trend (are under-funded as compared with the adjusted goal for 2000 or counter trend).
3. Six commodities are above trend or counter trend.

Of special concern at this time are apparent shortfalls affecting banana/plantain, groundnut, millet, and sorghum; each is apparently moving away from the desired trend or is already well below its 2000 target. Also of concern at this time are cowpeas and potatoes - moving counter to the desired trend - as well as pigeonpeas and soya - already over-shooting their desired 2000 target.

Given that the MTP period has two more years to run, our concern need not suggest immediate action. However, it should orient member allocations among centres. (Note that three of the four under-supported commodities relate to ICRISAT.)

3. Specific Observations

Projected investment in livestock research and water management research will be well below the levels recommended by the Committee and hence not consistent with the high priority the CGIAR has assigned to these activities. Because of these concerns, TAC wants to bring the following thoughts to the attention of the Finance Committee. For the past few years TAC has made the case for increasing the proportion of the CGIAR investment in

investment. At least three explanations fit this disappointing pattern. (1) TAC and others have not persuasively argued the case with individual members. (2) Individual members are not making evident their full views in Group discussions, so that Group support for these activities is more apparent than real. (3) Individual members agree that the two areas are important but some members do not feel that the centres involved will effectively meet the challenge. There might be other explanations for what TAC perceives to be an anomaly. TAC invites the Finance Committee's deliberation.

As for centres, TAC is particularly concerned about the projected shortfalls in funding for ICRISAT, ICARDA, ILRI and IIMI (in particular for the 'Women and Water in Irrigated Agriculture' project), and about what activities will be reduced if currently unidentified funding is not attained. With respect to the other centres, TAC has been assured that each has a rationale consistent with CGIAR priorities for dealing with funding shortfalls (i.e., where funding is at present unidentified) should they arise. While TAC broadly certified proposed new projects for their consistency with the criteria for overall CGIAR support, TAC is concerned, especially with new projects on technology transfer from IITA and CIMMYT. TAC has identified the issue of optimal level of investment in technology transfer as a Systemwide strategic issue to which it will give particular attention in due course. The Committee has also carefully looked at the implications of the Financing Plans for project milestones. An effort should be made to improve the consistency of the definition of milestones across centres and TAC will endeavour to provide support in this direction. The Committee will also provide further clarification of its definition of pre-breeding activities to facilitate monitoring of investments in this activity.

4. Conclusions

While TAC noted the overall consistency of the 1998 Financing Plans with the discussions at MTM97 at the level of undertaking, the Committee expressed concern especially about the inadequate level of investment in livestock research and water management research and to changes emerging in the shares of some commodities. It re-affirmed its endorsement of projects already included in the MTPs and broadly certified new projects, but with impressions of concern for those of CIMMYT and IITA, for incorporation into the Agreed Research Agenda. Finally, TAC was greatly encouraged by the improved quality of the proposals and the thoroughness of the overall process, and applauds the centres for their efforts. The CGIAR Secretariat was commended for its excellent compilation and analysis of available information.