

CGIAR

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The Third System Review: From Proposals to Practice

Financial Requirements of the 2000 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 2000 research agenda as well as the extension of the 1999-2001 medium term plans, approved at MTM98, to 2000-2002. Upon approval by the Group, the 2000 research agenda will form the basis for the preparation of the 2000 CGIAR financing plan for Group approval at International Centers Week (ICW99) later this year.

The attached document summarizes the financial requirements, totaling \$386 million, for the 2000 research programs proposed by the CGIAR centers. These requirements represent an increase of 8 percent over the 1999 approved financing plan level, and 15 percent over the actual 1998 expenditures. The Technical Advisory Committee's observations on these programs are contained in a companion document entitled, "2000 CGIAR Research Agenda and Initial Proposals for 2002", (SDR/TAC:IAR/99/07). Documents on the 2000-2002 proposed programs, circulated by the individual centers, provide further elaboration.

Financial Requirements of the 2000 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. Starting in the next planning cycle, next year, the project portfolio will be described in terms of the CGIAR Logical Framework approved at ICW98.¹ (Logical framework is defined in "Box 2: Financial concepts and Terminology"). This year, the terminology is being introduced for project descriptions. In this paper, a key table analyzing the present activity/undertaking framework has been crosswalked into the logical framework format for illustration.

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 1998), Attachment 2.
CGIAR Secretariat • Mailing Address: 1818 H Street, N.W., Washington, D.C. 20433, USA • Office Location: 701 18th Street, N.W.
Tel: (1-202) 473-8951 • Cable Address: INTBAFRAD • Fax: (1-202) 473-8110 • E-mail: CGIAR@cgnet.com or CGIAR@worldbank.org

Annual adjustments are incorporated into the planning exercise.² The MTP is a rolling three year plan, so the annual 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.

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 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 2000 proposal and their 2002 perspective at TAC76 in Rome. 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 2000 proposals and 2002 perspectives.

In this paper, along with an emphasis on 2000 to 2002, we summarize 1998 outcomes, the prospects for 1999, and outline the overall financial requirements for the proposals made by the centers for 2000 and 2002, 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 1995-2002 and project information for 1998-2002. Systemwide programs and initiatives included in the 2000 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 percent in 1998 and 1999.

Confirmation of Program Content (mid-September)

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, and page 6.

⁴ 2000 CGIAR Research Agenda and Initial Proposals for 2002 ([SDR/TAC: IAR/99/07, MTM99](#)).

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 80 percent are distributed in January. The remaining 20 percent are disbursed in June, following a review at the MTM by the Finance Committee of updated center financing plans.

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. 1998 in Retrospect

Research agenda funding in 1998 was \$340 million, 6 percent higher than the 1997 level (\$320 million), and about the level approved in the financing plan. Center income was \$13 million, also about the level predicted in the financing plan. Total agenda support therefore was \$353 million. Throughout 1998, monitoring reports (at MTM98 and ICW98) projected that, in the aggregate, the funding target approved in the financing plan would be achieved. All member support received by centers in 1998 was channeled into the research agenda, unlike in 1997 when \$14 million supported non-agenda activity.

Net expenditures (investments) reported by centers in 1998 amounted to \$337 million, about \$18 million (5 percent) lower than the financing plan level, the result of planned reductions in expenditures by centers. The result, at the aggregate level, was an excess of income over expenditures of \$16 million. This compares with a break-even financial outcome in 1997. However, this total result masks some significant expenditure variances - in both directions - from the financing plan at different centers. The most significant increase was by ICARDA (\$1.6 million) while decreases from the plan level were at ICRISAT (\$5.1 million), ILRI (\$3.4 million), CIMMYT (\$3.6 million) and IITA (\$2.8 million). The various resource tables in this paper provide additional information.

4. 1999 Prospects

At MTM98 the Group approved the 1999 agenda investments of \$384 million, requiring about \$372 million of member funding. At ICW98, following presentation by centers of draft financing plans, and based on TAC's advice, the Finance Committee recommended, and the Group approved, a 1999 Financing Plan requiring member funding of \$340 million to support investments in the research agenda totaling about \$355 million (the balance coming from centers' earned income). Centers now (as of late March 1999) estimate 1999 investments at \$373 million, a 5 percent increase over the financing plan level. To finance the higher level of investments, centers are estimating \$358 million in member funding, to be supplemented by about \$15 million in earned income. The funding estimate also represents a 5 percent increase over the financing plan level. (The current 1999 investments and member funding of \$373 million and \$358 million, respectively, as estimated by centers in late March, are used as the 1999 figures in the discussion and tables of this paper).

These changes in investments and financing estimates are discussed in more detail in a monitoring report⁵, but the highlights are noted below:

1 The majority of centers (12 of 16) estimate that 1999 investments will increase over the financing plan value.

⁵ 1999 CGIAR Monitoring Report (forthcoming in May 1999), CGIAR Secretariat.

1 The increase is large enough to increase CGIAR investment shares for only four of the twelve centers (IITA, IFPRI, ISNAR and WARDA). Shares for the other eight are either unchanged or decrease marginally.

2 Of the four centers estimating lower investments values compared to the approved financing plan, CIMMYT and ILRI show the largest decrease in their shares.

3 The current estimate of funding of \$358 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.

4 In context of the 1998 actual experience, the current 1999 estimates also represent increases: 11 percent in the case of investments (\$337 million in 1998 versus \$373 million in 1999), and 5 percent in the case of member funding (\$340 million versus \$358 million).

5. 2000 Center Proposals

The centers' 2000 proposals were developed in the context of the initial three-year Medium-Term Plans (1998-2000) approved at MTM97. Centers also updated the 1999-2001 MTPs to 2002. A number of centers have programmed a significant increase from the 1999 financing plan which the guidelines had suggested as the basis for preparing the 2000-2002 proposals. Overall, the sum of the 2000 proposals call for aggregate investments of \$386 million, 8 percent higher than the 1999 financing plan, and 13 percent more than the actual expenditure in 1998. The investments are proposed to be financed by approximately \$372 million of member support supplemented by \$14 million center income (the latter figure is based on recent averages in the CGIAR).

Table 1 provides the 2000 research agenda matrix and its expected financing.

Table 1. Center Investment Plans for the 2000 Research Agenda

(in \$ million and percentages)

	2000 Requirements									Financed by:			1999	Funding change	
	Increasing Productivity		Protect	Save	Improve	Strengthening NARS				TOTAL	Earned	Member	Funding	2000 - 1999 est.	
	Breeding	Prod Sys	Environ	Biodiv	Policies	Training	Information	Org & mgmt	Networks		Income	Funding	estimate ^{1/}	\$	%
CIAT	9.8	5.2	8.1	4.7	1.9	1.7	1.8	0.7	2.1	36.0	2.8	33.2	33.8	-0.6	-1.7%
CIFOR		3.4	4.9	1.9	3.2	0.2	0.8			14.4	0.3	14.1	13.0	1.1	8.4%
CIMMYT	10.2	2.5	6.8	4.8	1.4	5.1	1.3	1.6	1.4	35.0	0.8	34.3	33.6	0.7	1.9%
CIP	6.8	4.7	6.9	2.7	1.2	1.5	0.5		2.3	26.6	1.3	25.2	24.2	1.0	4.2%
ICARDA	5.1	6.1	5.6	3.7	1.6	1.0	1.1	1.7	0.4	26.3	2.1	24.2	23.7	0.5	1.9%
ICLARM	1.9	2.4	3.7	1.9	2.7	1.3	0.7		0.6	15.2	0.2	15.0	14.2	0.8	5.7%
ICRAF	1.2	6.9	4.1	1.9	3.1	4.9	0.9			22.9	0.5	22.5	22.3	0.1	0.6%
ICRISAT	5.9	4.4	5.7	4.1	1.5	2.4	1.6		1.1	26.7	1.2	25.5	24.2	1.3	5.4%
IFPRI			1.1	0.4	14.1	2.8	3.9		1.1	23.4	0.2	23.2	21.9	1.3	5.9%
IIMI	0.2		5.4		2.8		1.4		1.5	11.3	0.2	11.1	10.1	1.0	9.9%
IITA	8.7	9.1	6.3	1.5	1.4	2.0	1.5	2.0	2.3	34.8	1.9	32.9	30.7	2.2	7.2%
ILRI	0.8	17.2	4.1	2.4	1.6	1.4	1.5		1.0	30.0	0.8	29.2	27.3	1.9	7.0%
IPGRI	3.5	1.0	2.0	9.2	3.3	1.8	2.2	0.3	1.8	25.0	0.3	24.7	23.0	1.7	7.4%
IRRI	10.5	5.4	7.6	2.7	3.1	2.1	2.2	1.6		35.2	1.4	33.8	33.7	0.0	0.1%
ISNAR					3.9	2.5	2.0	2.7		11.1	0.2	10.9	10.2	0.7	7.1%
WARDA	2.6	2.1	2.4	0.8	1.2	1.0	0.9	0.7	0.6	12.5	0.3	12.2	11.5	0.7	6.2%
TOTALS	67	70	75	43	48	32	24	11	16	386	14	372	358	14	4.0%

1/ Estimates provided by Centers in their draft 2000-2002 MTP submissions (Table 7). March 1999.

Table 2 summarizes center proposals for 2000 - 2002 in context of 1997 and 1998 actual outcomes, and the current estimates for 1999.

Table 2. 1997-2002 CGIAR Investments
(expenditures in \$million)

	1997 (actual) ^{1/}	1998 (actual) ^{2/}	1999 (est) ^{2/}	2000 (proposal) ^{2/}	2001 (plan) ^{2/}	2002 (plan) ^{2/}
CIAT	33.3	33.5	36.6	36.0	36.0	36.0
CIFOR	10.6	10.6	13.3	14.4	15.1	15.8
CIMMYT	30.4	32.2	34.4	35.0	35.7	36.5
CIP	24.7	21.7	25.5	26.6	28.3	28.4
ICARDA	27.6	23.6	25.0	26.3	27.6	29.0
ICLARM	8.6	10.4	14.4	15.2	16.1	17.0
ICRAF	22.2	21.1	22.7	22.9	23.5	23.9
ICRISAT	26.7	21.8	26.0	26.7	27.6	28.5
IFPRI	18.1	18.6	22.1	23.4	24.4	25.5
IIMI	9.6	9.2	10.3	11.3	11.6	11.9
IITA	28.5	29.4	33.5	34.8	35.9	36.9
ILRI	26.7	27.7	28.0	30.0	31.6	32.6
IPGRI	18.6	21.7	23.3	25.0	26.6	27.5
IRRI	28.2	35.0 ^{3/}	35.1	35.2	35.2	35.2
ISNAR	10.4	9.9	10.5	11.1	11.8	12.5
WARDA	9.2	9.9	11.8	12.5	13.0	13.7
Total	333	337	373	386	400	411

1/ Source: 1997 CGIAR Finance Report.

2/ Source: Center 2000 - 2002 MTP submissions (March, 1999).

3/ Total investment (including about \$4m in non-agenda).

6. 2000 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 2000 proposals the Committee followed steps outlined below:

5 whether new projects or activities (as compared to the 1998-2000 proposals endorsed at MTM97) had been put forward.

6 If center proposals were simply an implementation of what had been agreed in last year's MTP, TAC did not proceed with further analysis.

7 On the other hand, if the proposals included new activities or projects, TAC screened them against the criteria for support by the CGIAR.

8 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 concludes that the 2000 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 observes 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 TAC77 (Sept. 1999), the Committee will consider the implications of individual financing plans for CGIAR priorities.

7. 2000-2002 Medium Term Plan Shares

The following questions were asked by TAC in determining whether or not the relative shares for 2002 should be changed:

9 2000 Proposals: are there significant changes in centers' 2000 projects (new projects, substantively changed projects, etc.), from the activity described in the 1999-2001 MTP? If so, do the changes justify a shift in system priorities?

10 Center Balance: are the 2000 center investments, in percentage terms, broadly consistent with the approved levels and actual results? (Table 4 below).

11 System Balance: are the 2000 undertakings, production sectors, and commodity allocations at the system level consistent with the approved levels? (Attachment 1).

12 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 1999-2001 plan approved at MTM98 - thus, the 2001 allocation in percentage terms could be extended into 2002.

Table 3 below compares the current 2000 proposals (March 1999) with the levels previously recommended in the MTPs (last year and at MTM97). It shows that, in financial terms, there is little deviation at the CGIAR aggregate level, although there are significant deviations at several centers in percentage shares. Eight centers (CIAT, CIFOR, CIMMYT, ICARDA, ICRAF, ICRISAT, IFPRI and ILRI) propose financial levels significantly different (by at least \$1million) from those indicated by them in last year's MTPs.

Table 3. 2000 CGIAR Investments

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

	2000 Percentage shares at:			Mar-99 v. Approved	2000 \$Amounts at:		
	March 1999	March 1998	Approved MTM97 ^{1/}		March 1999	March 1998	MTM97 Approved
CIAT	9.3%	8.8%	8.2%	+	36.0	35.0	32.7
CIFOR	3.7%	4.2%	4.1%	-	14.4	16.6	16.5
CIMMYT	9.1%	9.9%	8.8%	=	35.0	39.5	35.3
CIP	6.9%	6.8%	6.1%	+	26.6	27.2	24.3
ICARDA	6.8%	7.5%	7.3%	-	26.3	29.9	29.2
ICLARM	3.9%	3.9%	4.2%	-	15.2	15.5	16.8
ICRAF	5.9%	6.2%	6.1%	-	22.9	24.7	24.3
ICRISAT	6.9%	5.5%	7.6%	-	26.7	22.1	30.2
IFPRI	6.1%	5.2%	5.2%	+	23.4	20.9	21.0
IIMI	2.9%	3.0%	3.2%	-	11.3	11.9	12.8
IITA	9.0%	8.8%	8.5%	+	34.8	35.2	34.0
ILRI	7.8%	9.0%	9.3%	-	30.0	36.0	37.0
IPGRI	6.5%	6.3%	6.1%	+	25.0	25.0	24.4
IRRI	9.1%	8.8%	9.1%	-	35.2	35.1	36.2
ISNAR	2.9%	2.6%	3.1%	-	11.1	10.5	12.3
WARDA	3.2%	3.3%	3.3%	-	12.5	13.1	13.1
Total	100%	100%	100%		386	398	400

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

Of those, two (CIAT and IFPRI) show the highest positive divergence (1.1 and 0.9 percent, respectively) from the MTM97 approved shares, while IILRI shows the highest negative divergence (1.5 percent), as seen in Table 4 below.

Table 4. 1998-2002 CGIAR Investments

(percentage shares of the annual total)

	1998 (actual)	1999 (est)	2000 (proposal)	2001 (plan)	2002 (plan)	MTM97 approved
CIAT	10.0%	9.8%	9.3%	9.0%	8.8%	8.2%
CIFOR	3.2%	3.6%	3.7%	3.8%	3.8%	4.1%
CIMMYT	9.6%	9.2%	9.1%	8.9%	8.9%	8.8%
CIP	6.5%	6.8%	6.9%	7.1%	6.9%	6.1%
ICARDA	7.0%	6.7%	6.8%	6.9%	7.1%	7.3%
ICLARM	3.1%	3.9%	3.9%	4.0%	4.1%	4.2%
ICRAF	6.3%	6.1%	5.9%	5.9%	5.8%	6.1%
ICRISAT	6.5%	7.0%	6.9%	6.9%	6.9%	7.6%
IFPRI	5.5%	5.9%	6.1%	6.1%	6.2%	5.2%
IIMI	2.7%	2.8%	2.9%	2.9%	2.9%	3.2%
IITA	8.7%	9.0%	9.0%	9.0%	9.0%	8.5%
ILRI	8.2%	7.5%	7.8%	7.9%	7.9%	9.3%
IPGRI	6.5%	6.3%	6.5%	6.6%	6.7%	6.1%
IRRI	10.4%	9.4%	9.1%	8.8%	8.6%	9.1%
ISNAR	2.9%	2.8%	2.9%	2.9%	3.0%	3.1%
WARDA	2.9%	3.2%	3.2%	3.2%	3.3%	3.3%
Total	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 20002, where there is a one percentage point increase in proposed expenditure in sub-Saharan Africa, to 43 percent, the result of marginal shifts from the other regions. Table 5 below illustrates.

Table 5: CGIAR Investments by Region, 1998 - 2002

(in percentage terms)

REGION	1998 (actual)	1999 (est.)	2000 (prop)	2001 (plan)	2002 (plan)
Sub-Saharan Africa (SSA)	41%	42%	42%	42%	43%
Asia	32%	31%	31%	31%	31%
Latin American and the Caribbean (LAC)	18%	17%	17%	16%	16%
West Asia and North Africa (WANA)	10%	10%	10%	10%	10%
TOTAL	100%	100%	100%	100%	100%

Expenditure distribution by line item shows stable levels of spending on personnel, averaging about 48% during the 2000 – 2002 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, 1998 - 2002

(in percentages)

OBJECT OF EXPENDITURE	1998 (actual)	1999 (est)	2000 (proposal)	2001 (plan)	2002 (plan)
Personnel	50%	49%	48%	48%	48%
Supplies and Services	37%	40%	40%	40%	40%
Operational Travel	7%	7%	7%	7%	7%
Depreciation	6%	5%	5%	5%	5%
TOTAL	100%	100%	100%	100%	100%

Capital investments in the CGIAR are financed from the capital fund. 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. 1998 - 2000 Capital Investments and Capital Fund

(in \$million)

CAPITAL INVESTMENTS	1998 (actual)	1999 (est)	2000 (proposal)	2001 (plan)	2002 (plan)
<i>Physical Facilities</i>					
Research	2.43	3.04	2.20	1.38	1.35
Training	0.05	0.83	0.08	0.08	0.08
Administration	0.10	0.20	0.14	0.16	0.16
Housing	0.01	0.01	0.02	0.02	0.02
Auxiliary Units	0.23	0.04	0.04	0.05	0.05
sub-total	2.82	4.12	2.48	1.69	1.66
Infrastructure & Leasehold	2.4	1.2	1.2	0.4	0.5
Furnishing & Equipment					
Farming	0.60	1.08	0.96	0.82	0.72
Laboratory & Scientific	3.70	6.50	6.12	5.15	5.22
Office	1.43	2.42	1.45	1.78	1.49
Housing	0.10	0.33	0.32	0.33	0.33
Auxiliary Units	0.35	0.77	0.64	0.41	0.41
Computers	4.78	5.39	4.44	4.72	4.65
Vehicles	5.73	3.94	3.90	3.83	3.85
Aircraft	0.10	0.00	0.00	0.00	0.00
sub-total	16.79	20.43	17.81	17.03	16.66
TOTAL	22.0	25.8	21.5	19.1	18.8
CAPITAL FUND CASH RECONCILIATION	1998 (actual)	1999 (est)	2000 (proposal)	2001 (plan)	2002 (plan)
<i>Balance, January 1</i>	42.5	43.0	39.4	40.0	42.2
plus: annual depreciation charge	20.12	19.62	20.25	20.31	20.50
plus / minus: disposal gains/(losses)	1.59	0.90	0.91	0.38	0.87
plus / minus: other	0.75	1.69	0.94	0.68	0.58
minus: asset acquisition costs	-21.96	-25.81	-21.52	-19.15	-19.05
equals: Balance, December 31	43.0	39.4	40.0	42.2	45.1

9. Monitoring of 2000 Programs

Following approval of the CGIAR logical framework at ICW98, starting with the next planning cycle (2001 – 2003), the CGIAR project portfolio will be described in terms of the logical framework. In 2000, the new terminology is being introduced in aggregating each centers' projects from the present activity/undertaking to the logical framework format. This is illustrated at the CGIAR level in Attachment I.

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:

- 13 be aimed at producing research or research-related (including training) international public goods (IPG);
- 14 be of high priority in terms of accomplishing the CGIAR's goals and objectives;
- 15 have acceptable probabilities of success; and,
- 16 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:

- 17 to the CGIAR with flexibility regarding their allocation based on CGIAR priorities,
- 18 to centers without any restrictions (with or without attribution requirements), and
- 19 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. 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 of about 300 projects, with common definitions and concepts used by all centers, has been in effect since 1997). 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. Starting with the next planning cycle CGIAR research will be described using the Logical Framework, focussing on outputs to replace the present five undertakings which describe CGIAR research in terms of inputs.

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, 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.

System Balance

CGIAR Undertakings:

20 The distribution of CGIAR resources by activity and undertaking for 2000 is consistent with past trends as indicated by the centers as shown in Table I-1a below.

21 Consequently, the emerging distribution continues to deviate significantly from the approved levels only in the Increasing Productivity undertaking. The proposals represent a 3 percentage share shortfall of investments from the approved level of 39 percent (virtually all of it attributed to Germplasm Enhancement and Breeding which is forecast to be underinvested by 3 percent). This shortfall is offset by expansion Strengthening NARs (specifically, Networks and Documentation which each would expand by 2 percentage point), and Protecting the Environment which would expand by the remaining percentage point.

22 The divergence from approved levels is seen more clearly in the logical framework format in Table I-1b.

Table I-1a: CGIAR Research Agenda - by Activity/Undertaking, 1998-2002
percentage distribution

	1998 (actual)	1999 (est)	2000 (proposal)	2001 (plan)	2002 (plan)	MTM97 (approved)
Increasing Productivity	37%	35%	36%	36%	35%	39%
<i>of which:</i>						
Germplasm Enhancement & Breeding	18%	17%	17%	17%	17%	20%
Production Systems Dev. & Mgmt	19%	18%	18%	18%	18%	19%
Protecting the Environment	19%	20%	19%	19%	19%	18%
Saving Biodiversity	11%	11%	11%	11%	11%	11%
Improving Policies	12%	12%	12%	13%	13%	12%
Strengthening NARS	21%	22%	22%	22%	22%	20%
<i>of which:</i>						
Training & Professional Development	8%	8%	8%	8%	8%	9%
Documentation, Publications, Info. Dissem.	6%	6%	6%	6%	6%	5%
Organization & Management Counselling	3%	3%	3%	3%	3%	3%
Networks	4%	4%	4%	4%	4%	3%
TOTAL	100%	100%	100%	100%	100%	100%

Table I-1b. Illustrative Allocation of Resources by Outputs
Logical Framework format

	1998 (actual)	1999 (est)	2000 (proposal)	2001 (plan)	2002 (plan)	MTM97 (approved)
Outputs						
Germplasm Improvement	18%	17%	17%	17%	17%	20%
Germplasm Collection	11%	11%	11%	11%	11%	11%
Sustainable Production	43%	42%	42%	42%	41%	40%
Policy	12%	12%	12%	13%	13%	12%
Enhancing NARS	17%	17%	17%	17%	18%	17%
TOTAL	100%	100%	100%	100%	100%	100%

CGIAR Sector and Commodity Investments, 1998-2002:

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 barley, cowpea, potato, rice, and wheat are oversubscribed, cassava, groundnut and millet are underinvested.⁶

⁶ 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, IIMI, ISNAR, & most of IPGRI). On the other hand, the important CGIAR investments in water management (IIMI) are shown in table I-2, and this highlights the developments in that area.

Table I-2. 1998-2002 CGIAR Investments by Sector and Commodity

(in \$million and percentages)

	Selected Years					(% of total sector/commodity investment)						Congruence 2/ Prop. vs. Approved
	1998 actual	1999 est	2000 proposal	2001 plan	2002 plan	1998 actual	1999 est.	2000 proposal	2001 plan	2002 plan	MTM97 1/ Approved	
Crops												
<i>Banana/Plantain</i>	7.9	9.6	10.6	11.3	11.5	2.8%	3.1%	3.3%	3.4%	3.4%	3.9%	-
<i>Barley</i>	4.7	4.9	5.1	5.4	5.7	1.7%	1.6%	1.6%	1.6%	1.7%	1.2%	+
<i>Bean</i>	15.0	14.7	14.6	14.6	14.6	5.3%	4.7%	4.6%	4.4%	4.3%	4.6%	+
<i>Cassava</i>	16.3	16.4	17.1	17.3	17.5	5.8%	5.3%	5.3%	5.2%	5.2%	5.7%	-
<i>Chickpea</i> 3/	5.7	6.0	5.8	6.1	6.3	2.0%	1.9%	1.8%	1.8%	1.9%	2.2%	-
<i>Coconut</i>	0.7	0.9	0.8	0.8	0.8	0.2%	0.3%	0.2%	0.2%	0.2%	0.8%	-
<i>Cowpea</i>	5.7	5.7	5.8	6.0	6.2	2.0%	1.8%	1.8%	1.8%	1.8%	1.1%	+
<i>Groundnut</i>	5.7	6.4	7.6	7.4	7.4	2.0%	2.1%	2.4%	2.2%	2.2%	2.8%	-
<i>Legume (soya)</i>	1.8	2.1	2.3	2.2	2.3	0.6%	0.7%	0.7%	0.7%	0.7%	0.5%	+
<i>Lentils</i>	3.8	3.7	3.9	4.1	4.3	1.3%	1.2%	1.2%	1.2%	1.3%	0.8%	+
<i>Maize</i>	20.8	23.3	22.9	23.3	23.9	7.3%	7.5%	7.2%	7.1%	7.1%	7.1%	-
<i>Millet</i>	5.1	6.1	6.2	7.0	7.4	1.8%	2.0%	1.9%	2.1%	2.2%	2.5%	-
<i>Pigeonpea</i>	3.0	3.1	3.4	3.1	3.1	1.1%	1.0%	1.1%	0.9%	0.9%	0.8%	+
<i>Potato</i>	18.1	18.9	19.7	21.1	21.0	6.4%	6.1%	6.2%	6.4%	6.2%	4.5%	+
<i>Rice</i>	46.8	53.7	54.5	55.0	55.7	16.5%	17.3%	17.0%	16.6%	16.5%	15.9%	+
<i>Sorghum</i>	6.4	6.8	6.9	7.4	7.8	2.3%	2.2%	2.2%	2.2%	2.3%	2.1%	+
<i>Sweetpotato</i>	5.3	6.6	6.9	7.3	7.4	1.9%	2.1%	2.2%	2.2%	2.2%	1.8%	+
<i>Wheat</i>	25.0	25.0	25.7	26.4	27.2	8.8%	8.1%	8.0%	8.0%	8.0%	6.6%	+
<i>Yam</i>	2.8	3.0	3.4	3.7	3.9	1.0%	1.0%	1.1%	1.1%	1.1%	1.4%	-
Total Crops	200.8	216.9	223.2	229.4	233.9	71%	70%	69%	69%	69%	66%	+
Fish	10.4	14.4	15.2	16.1	17.0	4%	5%	5%	5%	5%	5%	-
Livestock	39.7	42.7	44.0	46.0	47.25	14%	14%	14%	14%	14%	17%	-
Trees	32.6	36.4	37.7	39.0	40.2	12%	12%	12%	12%	12%	12%	-
Total Sectors	283.6	310.4	320.1	330.4	338.3	100%	100%	100%	100%	100%	100%	
Memo: Water	9.3	10.3	11.3	11.6	11.9	2.7%	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.

ANNEX 1

Center Program and Resource Highlights, 1995-2002 Center Research Agenda Project & Undertaking Cost Summary, 1998-2002

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:	IIMI
Annex 1k:	IITA
Annex 1l:	ILRI
Annex 1m:	IPGRI
Annex 1n:	IRRI
Annex 1o:	ISNAR
Annex 1p:	WARDA