

# **CGIAR Change Management**

## **Working Group 4 – Funding Mechanisms**

### **Executive Summary**

The findings of Working Group 4 on Funding Mechanisms build on the work previously undertaken by the Task Force on Funding System Priorities (2005) and the ExCo Ad Hoc Committee on Funding System Priorities (2007).

WG 4 carried out an in-depth analysis of the current CGIAR financing structure, trends in overall funding as well as in restricted and unrestricted levels of funding, impacts of funding on the System research agenda, and issues surrounding full cost recovery of projects undertaken by Centers. Based on that analysis, the Working Group makes three main recommendations.

1. WG 4 proposes a set of new CGIAR Funding Principles and Recommended Best Practices, and recommends that these should be incorporated into a Funding Policy Note for endorsement by the membership. This aims to spell out clearly the bases on which funding is, or is not, acceptable, and through endorsement of the policy, to drive changes in funding behavior through emphasis on full cost recovery, common financial platforms, and growth in CGIAR resources in real terms.
2. WG 4 proposes the establishment of a new CGIAR Fund, discusses three possible fund models, and makes a recommendation for a particular model (the Integrated Program model). The CGIAR Fund would become the centerpiece of support for a research strategy and programs shaped by Centers, partners, and independent scientific advice. The Fund will mobilize resources needed to implement the CGIAR's new Mission, Vision and Strategic Objectives. It will focus and coordinate funding in ways that increase efficiency, add to program transparency and accountability, and harmonize financial reporting and evaluation systems. The Fund will provide a single accountability system and allow the CGIAR to project a coherent system image. The aim is to ensure

efficient and transparent allocation of funds to CGIAR program areas and the Centers that implement them in support of long term research generating international public goods responding to development challenges where agricultural research is an essential part of the solution.

The WG's preferred "Integrated Program Model" for the Fund incorporates a program approach while also accommodating institutional funding. Funding could be directed to a limited number of topic windows (e.g. based on the three agreed Strategic Objectives), to institutional support to Centers aligned with program support, or be purely unrestricted to be allocated by the Fund. The programs to be funded would be developed through a process involving the Science Council, the CGIAR Secretariat, Centers, and partners. These programs would be multi-Center, or multi-partner, fully-costed, multi-year initiatives. Center-based review and reporting systems would migrate to a program-based system, in which implementation is monitored and evaluated at the program level. A key to this model's flexibility is that programs could include contributions from outside the Fund, as long as they were consistent with the program's objectives.

Although the new CGIAR Fund could become a new legal entity or be hosted at an existing institution, the WG recommends that the Fund be hosted at the World Bank for a number of reasons. The World Bank was a founder and remains a large contributor to the CGIAR, and has provided the System's Secretariat since its inception. The World Bank also has a long history of hosting a Multi-Donor Trust Fund (MDTF) for the CGIAR, as well as many other development partnership funds based on a broad range of models. While it is possible that the CGIAR Fund could be hosted at an institution other than the World Bank, creating the Fund as a new legal entity is not recommended: such a process would require a considerable amount of time and new processes would need to be established and approved before the Fund could start to operate.

Key operational aspects of the CGIAR Fund include:

- A Decision-Making body, made up of donors to the Fund and including non-voting ex-officio participation of other System elements and partners, which would allocate the monies in the Fund to programs that encompass activities at a number of Centers.

- A link to a process for developing programs involving the Science Council, CGIAR Secretariat, Centers, and partners.
  - Results-based program agreements between the Fund and the Centers that are linked to the CGIAR approved program results framework.
  - A support unit that would assist the Decision-Making body of the Fund with program and financial analysis and commentary for making allocation decisions.
  - Program accountability that is achieved through external reviews that cut across Centers. In addition, an Independent Evaluation Unit will provide evaluation services for all approved programs undertaken by the Centers.
3. WG 4 outlines the elements of an Action Plan to guide implementation of the proposed CGIAR Funding Policy, including the establishment of the CGIAR Fund. The WG recommends that this Action Plan should be further developed by a Task Force charged with overseeing transition arrangements.