

Funding Priority Research in the CGIAR

A feasible course of action

The Consultative Group on International Agricultural Research (CGIAR) has implemented important reforms during recent years, resulting, among other things, in a well-defined research agenda and more efficient ways of managing the Group's collective business. Yet, many stakeholders agree that further steps must be taken to enhance the overall effectiveness of CGIAR-supported research. It also seems obvious that this requires a change in how the research is funded.

Tragedy of the commons in the CGIAR

In the early days of the CGIAR, the Centers it supports operated largely with unrestricted, or "core," funding. But as is well known, restricted funding has risen dramatically in recent years — from 36 percent of the CGIAR's total budget in 1992 to 64 percent in 2005 — driving the Centers toward financial instability and undermining their capacity to pursue a long-term agenda of strategic research.

As a result of this shift, the CGIAR now faces a classic "tragedy of the commons," in the words of Yujiro Hayami, Michael Lipton and Harris Mule, commenting on a 2003 independent evaluation:

Each donor furthers its aims by providing funds restricted to those aims. Each Center goes its own way, partly to get such funds, partly because doing so frees it from pressures to work with the System as a whole. The results are a lack of System-wide strategy, little sense of overall ownership, and loss of System efficiency. Donors and

Centers, each acting on their own priorities, together produce results that harm the priorities and productivity of all.

Bold steps for positive change

Concerned about the consequences of this situation, CGIAR Members requested at the 2005 Annual General Meeting that the Group's Executive Council (ExCo) set up an Ad Hoc Committee on Funding System Priorities (see list of Committee members, page 3). Building on the work of an earlier task force, the committee embarked in mid-2006 on a series of extensive consultations. These aimed at developing a workable strategy to better coordinate Member support. The Committee focused particularly on designing mechanisms to fill evident gaps in funding.

This report presents briefly the final result of the Committee's work — a feasible course of action for funding priority CGIAR research.¹

¹ For a more detailed explanation, see the Final Report of ExCo Ad Hoc Committee on Funding System Priorities at http://www.cgiar.org/exco/exco13/exco13_final_excoadhoc_funding_priorities.pdf

A close look at CGIAR research priorities

CGIAR funding issues are complex, and stakeholders hold conflicting views about them. For those reasons, the Ad Hoc Committee took an in-depth look at varying perceptions about the CGIAR's research priorities. Among the questions posed were: what is the danger that the priorities will become "silos," acting as a barrier to integration, and how can the potential for cross-cutting research be better exploited?

To get a feel for the coherence and development relevance of the priorities as well as for gaps, overlap and funding prospects, the committee examined four priorities closely on a "pilot" basis. It concluded that the Framework Plans now under development — by clarifying outcomes, impact pathways and funding requirements — can bring CGIAR research together around the priorities, linking them on an operational middle ground to the Medium-Term Plans of the CGIAR Centers and Challenge Programs (CPs). Such research planning is essential to foster the multidisciplinary systems approach required to achieve sustainable agricultural development and effectively confront major challenges such as climate change.

From its consultations and analysis, the Ad Hoc Committee concluded that any attempt to improve current funding practices must conform to seven key principles (see list).

A step-wise mechanism for CGIAR funding

Based on an analysis of five possible funding scenarios, the Ad Hoc Committee defined the key elements of a step-wise mechanism for funding priority research. A strong advantage of this mechanism is that it offers Members three new "entry points" for funding (see table and figure, page 4). These involve the distribution of funds according to individual CGIAR research priorities or clusters of priorities.

In order for the new entry points to function, however, the CGIAR requires a new way of

allocating funds to Centers. For this purpose, the Ad Hoc Committee proposes a four-step process:

- 1. CGIAR develops a matrix of Centers/CPs and Framework Plans** — Once Center and CP budgets are approved and their Medium-Term Plans aligned through the Framework Plans (each corresponding to clusters of research priorities), it is then possible to define proposed investments in the research priorities. The result may be termed an "annual funding *demand* matrix" (see figure), representing a CGIAR-wide funding "bid" for discussion with CGIAR Members. Like the Medium-Term Plans, the matrix need not be prepared annually but rather in a rolling fashion.
- 2. Donors declare their funding intentions with some certainty** — Members will obviously allocate part of their funds through the customary Center/CP entry points. But Centers/CPs will then need to distribute this funding across research priorities. Donors will allocate other funds specifically according to the priorities. The summation of all pledged contributions will represent an "annual funding supply matrix" (see figure).
- 3. CGIAR and donors examine funding levels by priorities** — Subtracting the funding demand from the supply will reveal whether a given research priority is over-, under- or adequately funded. On that basis, individual Centers/CPs can make decisions about the financial feasibility of specific activities and negotiate with Members the redistribution of funds from over- to under-funded priorities. Meanwhile, the CGIAR can propose strategic choices about the balance between research priorities.
- 4. Donors balance the budget by coordinating their contributions** — In this final step, willing donors agree to coordinate or "harmonize" funding, allocating some of their unrestricted money to under-funded priorities, thus reducing uncertainty.

An opportune time for action

Now is an especially opportune time to take the bold steps proposed in this document. New leadership in the CGIAR, the proposal for a “way forward” from the Alliance of CGIAR Centers, the CGIAR External Review and the Facilitated Change Management Process all represent important opportunities to build support for positive change.

The step-wise mechanism outlined here should be feasible, as it addresses all the concerns that prompted the Ad Hoc Committee’s search for solutions. But the approach must now be put to the final test of implementation.

Whether it proves effective as a means of funding priority research will depend heavily on two factors: first, wide agreement on the Framework Plans and, second, the formation of a “coalition of the willing” among Members. The coalition should have as its immediate goal to restore the ratio of restricted to unrestricted funding to 50:50 — the minimum required for financial sustainability of individual Centers and of the CGIAR as a whole.

The step-wise mechanism for CGIAR funding was presented at the last ExCo meeting, which endorsed the proposal in principle, subject to further discussion at AGM07. To move the process forward, the Committee recommends the following steps:

1. The Ad Hoc Committee’s proposal is discussed at AGM07, and CGIAR Members decide definitively on endorsement of the four-step mechanism.
2. ExCo establishes a standing panel on funding to oversee implementation of the mechanism and provide advice on funding issues.
3. Among the first tasks of the panel should be to draw up a code of donor conduct.

Composition of the ExCo Ad Hoc Committee on Funding System Priorities

MEMBERS

Jonathan Wadsworth (Chair)	UK
Finn Christensen (left 2006)	Denmark
Kevin Cleaver (left 2006)	World Bank
Eija Pehu	World Bank
Jean Lebel	Foundations
Franklin Moore	USA
Njabulo Nduli (left 2006)	South Africa
Charles Haines (joined 2007)	Canada
George Rothschild	Consultant

RESOURCE PERSONS

Ruben Echeverria	CGIAR Science Council Secretariat
Anne-Marie Izac	Alliance of the CGIAR Centers
Shey Tata	CGIAR Secretariat

Recommended principles for CGIAR funding

1. Donors need incentives to increase unrestricted and longer term funding.
2. Priority research should be funded through Centers.
3. Donors, recognizing the limitations they face, need to harmonize funding of key priorities, in keeping with the 2005 Paris Declaration.
4. It is important to “smooth” or improve the stability of CGIAR and Center funding, while ensuring full cost recovery.
5. Centers need stronger incentives to collaborate with one another.
6. The funding process must be more transparent, with low transaction costs.
7. Members should do a better job of sharing information with one another.

Entry points for CGIAR Member support

	Funds allocated to:	Level of restriction	Notes
New			
I	Any priority or cluster of priorities on the agreed agenda	None	New entry points require a mechanism for allocation of funding to Centers.
II	A specific cluster of priorities	Slight	
III	A specific priority	Some	
Current			
IV	Centers and CPs – for use at their discretion	Choice of Center or Program	Most unrestricted funds are allocated in this way.
V	Specific priorities or clusters within Centers and CPs	Some	Some donors already do this.
VI	Centers and CPs – for specific projects	Highest level	Acceptable if aligned with priorities and fully costed.

Possible entry points for funding CGIAR research priorities

i SYSTEM PRIORITIES													
Center/CP	Priority 1				Priority 2				Priority 3				etc
	a	b	c	d	a	iii	c	d	a	b	c	d	
CIAT	vi												
iv CIP													
IRRI					v								
SSA-CP													
etc													

Center/CP based entry points

Priority-based entry points



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