

## **E-Consultations on the Issues emerging from the Fund Framework Document (v.4)—September 8-9, 2009**

### **Summary of Day One and Day Two**

#### **Chat Window 1. Fund Council Composition and Establishment**

##### **a. Should the threshold for non-rotating membership be as high as US\$50m?**

The emerging consensus is for a lower threshold as a way to incentivize middle level donors. \$20 million seem to be the consensus as even \$30-35m was considered still too high. A \$20 million threshold would result in 6 non-rotating seats initially which is the same as the current scenario 3 in the FFD Draft. Trade-off between a larger FC and efficiency, importance of the N-S balance, and whether the funding threshold should be limited to unrestricted funding were associated points raised on this issue. “Stability” was not considered a critical issue.

##### **Day 2:**

Today’s consensus, including from new participants, reiterated support for the \$20 million threshold (as opposed to the \$50 million in the FFD and \$30 million) suggested by scenario 3 in the issues paper and reiterated by Ren). There was strong support for a more inclusive, well balanced and representative Fund Council (in terms of developing countries and non-stakeholder representation) to ensure that its decisions would garner broad support. Another key consideration expressed was the need to find a way to ensure some contact with rotating members. Finally, it was strongly suggested that (when the Fund becomes operational), only categories one and two funds should qualify for threshold determination.

Australia corrected a statement from yesterday’s discussion as follows: "It was considered that the inequity argument with North America would be invalid (not valid) if that region has two seats" as suggested in scenario 3. Ren answered the question on footnote 1 in the issues paper.

##### **b. Should the Pacific Rim be a single region or should it be split into two region?**

There was no clear consensus here. One view was to maintain the IRP (AGM08) suggested constituency of “Australia-Pacific” with three seats, which would be consistent with the close working relationship within the region between the Australia and APAARI. It was considered that the inequity argument with North America would be valid if that region has two seats (which it would have in the recommended scenario (scenario 3). Another view was that splitting the region into industrialized and developing countries while maintaining the three seat total (option i) was preferable. Still another view was that the Pacific Rim should be part of the Asia/Pacific constituency.

## **Day 2:**

There was support for the provision of two industrialized country seats, one for Asia and one for Australia Pacific.

### **c. Should there be a “Transitional Fund Council” before a continuing Fund Council is established?**

The consensus emerging was around option (i) involving a direct shift to the Fund Council.

## **Day 2:**

There was a more elaborated argument for the idea of a Transitional Council from one participant which did not seem to weaken the consensus emerging from yesterday’s consultation on a direct shift to the Fund Council. This consensus received new support today.

### **d. How should external stakeholder representatives be nominated?**

There seemed to be an even split between the 2 options, although those favoring option (ii) (for GFAR to nominate the external stakeholders – or become a member itself) seemed to be more forceful. Views in favor of option (i) put forward the argument that this approach has proven effective in the earlier Executive Council settings.

## **Day 2:**

There was equal support from new participants for each of the options today, as was the case yesterday.

## **Chat Window 2. Guiding Principles**

### **a) Should bilateral donors agree to abide by the same principles articulated for Fund Donors?**

The consensus was to support option (ii), although one view indicated a preference for an option which “stays behind the two proposed”. In supporting option (ii), one view indicated the belief that the principles should be sufficiently comprehensive to ensure that there is no cross subsidization to bilateral donors that could provide disincentives for prospective funders to join the Fund, and adding “At the same time we acknowledge that the reform framework acknowledges the option for bilateral project financing by donors”. The funding principles which were developed by WG4 (Funding Mechanism) were shared with the participants in support of the consensus.

## **Day 2:**

There was further support for option (ii), however the inferred assumption that bilateral donors will refrain from project review was questioned. Instead it was suggested that the bilateral donors should be encouraged to refrain although some might still find it necessary to review.

### **Chat Window 3. System Costs**

#### **a) Should all donors contribute to finance “system costs”?**

The consensus was strongly in favor of all donors – Fund and bilateral – should contribute to financing system costs. “Free riding” in the new CGIAR was strongly and broadly rejected. It was also recognized that Fund-specific support costs (Fund Office and Fund Council meetings, for example) should be financed exclusively by Fund donors. It was widely agreed that system costs such as the ISPC and Funders’ Forum should be financed by both Fund and bilateral donors.

The concept of full cost financing (as opposed to full cost recovery which refers only to costs) was broached and received wide support. Full cost financing refers to financing needs which are not normally included in the full cost recovery model used in the CGIAR (such as reserves build up, capital maintenance and rehab, etc).

## **Day 2:**

Support for Option ii - all donors should finance system costs - was reiterated.

#### **b) What are the projected costs associated with the operation of the new system? Has the prospective greater efficiency on the Consortium side been quantified?**

Ren clarified that estimates for the projected costs associated with operations of the new CGIAR are being developed – on the Fund side by the Secretariat and on the Consortium side by BCG (Consultant to the Alliance).

## **Day 2:**

Detailed analysis of prospective costs for both the Consortium and Fund sides are awaited going forward.

### **Chat Window 4. Governance**

#### **a) Should there not be an accountability link between the Fund Council and the Funders Forum regarding the operationalization of the SRF?**

The consensus was in support of the suggested response in the issues paper, although one view expressed the desire that the Fund Council should do more than “inform” the Funders’ Forum.

## **Day 2:**

The only concern was that as all donors are involved in operationalizing the SRF, not just the Fund Council, perhaps “answerable” is a better word than accountable to describe the relationship between the Fund Council and the Funders Forum. But all Funders would also be individually responsible as well.

## **Chat Window 5. Funding Architecture**

**a) How can coherent and predictable funding be assured for all Mega-Programs using four sources of funding? What rules should be used in fund allocation by all parties? In particular, what should be done to ensure that “institutional funding” is used to support the agreed SRF and Mega-Programs?**

No response as yet.

## **Day 2:**

The suggestion was made that more discussion is needed on the objectives of coherent and predictable funding. An added benefit of such a discussion would be to prompt donors to focus more on harmonizing the various types of funding. Predictability, however, should be seen in the context of the political reality of annual funding horizons. Nonetheless, one member is taking steps to maintain its current structure of funding as a concrete demonstration of its commitment to allay concerns by the Alliance that some donors may take a “wait and see” approach. As much of the challenge of funding predictability revolves around timing, the member expects that the transition of project-specific funding into MPs must allow enough time to move the funds to the appropriate MPs.

On the issue of institutional funding, it was suggested that there needs to be some space in a Center’s work for innovation and initiative, as long as the evaluation process determined that the work was of sufficient value and relevance. The focus needs to remain on outcomes and even there, there was a need to take into account the risks inherent in research.

There was a robust discussion on the role of bilateral funding. One view was that if bilateral funding is needed to achieve impact, it should be channeled through the Fund. The other was that it should continue to flow directly to the Centers via the Consortium. The latter view proffered that bilateral funding remains a vital part of how the system achieves impact and it should complement Fund resources and should not be channeled through the Fund. There was support for the position that as “bilateral funding” includes regional funds (making commingling with global funds impossible) the system should be

able to encompass various types of funding coming in, the key being their harmonization that can be provided through the Funders' Forum.

**b. How will transparency be ensured in accounting for all sources of funding devoted to a Mega-Program?**

Consensus was in favor of the suggestions in the issues paper, but it was suggested that bilaterals be included in the transparency equation.

**Day 2:**

The need for transparency on both unrestricted and restricted funding was reiterated but it was also emphasized that double reporting should be avoided in the design of the mechanism.

The slow pace of development of the MPs was raised as a concern, and Ren clarified the time line and process for this work stream.

**c. How will Challenge Programs and System-wide Programs be funded?**

There was consensus that CPs and SWPs will be phased into the MPs, although it was also recognized that some SW programs might be needed in the new CGIAR to deal with cross cutting issues.

**Day 2:**

No new interventions.