

Summary of ExCo 11 Discussion and Recommendations to the CGIAR on Medium-Term Plans and 2007 Financing Plan¹

P. Pinstrup-Andersen (SC Chair) presented the SC commentary on Center and Challenge Program MTPs for 2007-2009, and S. Tata (Lead Finance Officer at the CGIAR Secretariat) followed with a presentation on the 2007 financing plan.

The SC Chair reported that there is much improvement in the overall clarity of the MTPs which now include impact pathways descriptions for each MTP project. However, these descriptions were generally not very succinct, or simply failed to adequately describe the pathway.

This was the first year of the transition to implementing the new System Priorities. However, the SC expected to see a far more systematic and inter-Center realignment to address specific priorities rather than trying to accommodate all of the System Priorities. The SC also expected the MTPs to show clear linkages to the common regional MTPs for Sub-Saharan Africa (East and Southern Africa (ESA) and West and Central Africa (WCA)) for all activities, but this was not the case. The SC was disappointed at the level of activities reported outside of the System Priorities which amounted to only seven percent of the total resources for 2007 (far less than the 20 percent recommended). The SC felt that if this allocation was not an artifact by Centers, it represented a lost opportunity for Centers to embrace new innovations that may lead to new System Priorities and enhance stand-alone capacity building which is vital for impact as shown in the pathways.

Although this was the first year of the transition, the SC saw little evidence of movement towards 20 cohesive programs to indicate a coherent research effort with sufficient critical mass. This was understandable but it was hoped that in the next two years of the transition phase, cohesive programs around the System Priorities would be developed by Centers. The success of implementation will depend on the right vehicle, and therefore it will be important to reach consensus on implementation vehicles for each of the 20 Priorities.

S. Tata presented a summary of the investment proposals and financing plan for the 2007 CGIAR agenda, prepared in collaboration with IRRI, which provided the analytical support and CIAT providing the information system support.

The proposed research agenda for 2007 requires an investment of US\$513 million, which includes the CPs. This represents an increase of \$61 million (13 percent) over the actual 2005 level. The financing of the proposed research agenda is expected to be provided from \$470 million in investor grants, \$15 million from Center income, and \$28 million from other sources and Center reserves. Ten Centers propose an increased budget over 2005 while five project a decrease. Nearly one-half of the budget (48 percent) will be spent on research programs for Sub-Sahara Africa.

¹ Excerpt from Eleventh Meeting of the CGIAR Executive Council (October 17-18, 2006) Summary Record of Proceedings, October 30, 2006.

S. Tata also presented a progress report on Centers that had been requested by ExCo 10 to submit an action plan to address red- and green-flagged finance indicators presented in the 2005 financial report:

- Africa Rice, CIAT and CIMMYT were cited for low liquidity relative to the CGIAR-recommended benchmark (of 90-120 days of operating expenditures);
- CIAT, CIMMYT and IWMI were cited for low reserves (75-90 days); and
- ILRI, IRRI and WorldFish) for “excessive reserves” (over 180 days).

Based on the action plans submitted and clarifications provided, the conclusion of an analysis by the CGIAR Secretariat was that there has been continued progress in addressing these issues by all of the Centers, except one. In the case of CIAT, the ratios deteriorated in 2006 (compared with 2005) as a result of a restructuring by the Center. It was expected that the trend would reverse in 2007.

Discussion:

- The SC commentaries were welcomed as they provided the first comprehensive review of MTPs in the framework of the approved System Priorities while recognizing that it will be some time before the research agenda of Centers will be fully aligned with the Priorities.
- One Member questioned the value of preparing MTPs on an annual basis. Given that the current MTP documents often contain repetitions from earlier years, it might be useful to consider having a process involving the development of MTP reports followed by two annual updates.
- It was recognized that the framework plans and other appropriate vehicles would be developed over the next two years to implement the Priorities. One Member expressed the opinion that as long as resources are spent on the CGIAR agenda, the issue of expenditure on specific priorities may not be that important. Another Member raised the issue of differences between the SC and the Alliance perspectives, and the need for more consultation between the two on this issue. Another Member expressed concern about the burden of information requests on the Centers, and suggested a case-study approach.
- One Member indicated that it might be useful to have further detailed discussions about the alignment of System Priorities and Center programming. The objective of these discussions would not be to further describe what is entailed by the System Priorities, but rather to deal with pragmatic considerations around aligning the Priorities with Center programming. It might be appropriate to hold these discussions (possibly in a workshop-type setting) at the margins of upcoming AGMs or ExCo meetings.
- One Member raised a broader governance issue on implementing System Priorities. He pointed out that SC was an advisory body and did not have legal responsibility, and that research at Centers was suffering because of a “centralist” approach of the SC which was distant from the realities on ground. Another Member cautioned about implementing priorities in such a way as to not crowd out NARS. He also raised concerns on the personnel costs in the CGIAR and wondered if they are consistent with the experience of other research

- organizations. Another Member pointed out that what is important is not personnel costs *per se* but where those personnel reside within the organization, especially if they are directly involved in research.
- One member raised the issue of the 20 percent of research outside the System Priorities. It was not clear how this had been assessed in the present MTPs and what principles would be applied to considering the 10 percent (assuming the additional 10 percent is for training) in the future.
 - One Member pointed out the SC role in identifying innovative new areas of potential research for the CGIAR. The issue of capacity building within the CGIAR was also raised.
 - SC Chair added that a sharper focus was required in Center research, and that the SC would look into the issue of preventing additional information requests on Centers.
 - A number of issues were raised about the financial indicators as follow-up from ExCo 10: the quality of the action plans submitted by the cited Centers; whether the recommended benchmarks represented minimum levels or minimum and maximum ranges; whether the benchmarks take into account the risk profiles, structures and types of Centers.
 - With respect to the 2007 financing plan, the issue was raised as to whether Members had been consulted about some of the projected funding contained in the Centers' proposals.
 - The allocation of the proposed 2007 investment plans (in terms of region, CP components implemented by partners, and object of expenditure, especially in relation to personnel) were discussed.
 - One member suggested expanding the analysis of the time series for funding (and expenditure) to include a real value analysis (rather than just nominal values alone).
 - F. Reifschneider added that personnel costs in CGIAR were actually lower than other public research organizations, that considerable efforts were being made in capacity strengthening within the CGIAR (at several levels), although data available through the performance measurement system of Centers indicates this is still quite limited.
 - The Chair of the AE explained that the budgets of Challenge Programs include significant flow through funds that go to partners outside of CGIAR Centers. He recommended that the CGIAR Secretariat highlight this as a first item in its presentation of the overall budget, to avoid an artificial inflation of the total budget figure.
 - S. Tata explained the origins of indicators for liquidity and reserves and how they have evolved over time.

Conclusions and ExCo Recommendations to the CGIAR:

- *ExCo recognized that the transition to presenting work programs in the framework of the System Priorities is a work in progress which will be improved and refined over time.*
- *SC could strengthen its horizon-scanning activities to identify potential areas for innovative research.*

- *ExCo recommended CGIAR approval of the 2007 financing plan, with the suggestion to validate the funding projections submitted by Centers, where necessary and possible. ExCo also asked that time series data for funding and expenditures should be presented in both nominal and real terms, beginning next year, and that the CGIAR Secretariat should continue to closely monitor financial risks across the Centers and report to ExCo.*