

## **DRAFT PROGRESS REPORT FROM AD HOC COMMITTEE FOR EXCO 11**

### **Background**

1. With the endorsement of the CGIAR system priorities (SPs) at AGM05, the decision was made to create an ExCo *Ad Hoc* Committee (AHC) on Funding System Priorities. The concept of the AHC was proposed by the Task Force on Funding System Priorities, which in 2005 undertook the ground work on funding the system priorities, and suggested next steps for translating its work into practical options. The membership of the AHC includes the UK (Chair), South Africa, Denmark, USA, Foundations and the World Bank.

2. Briefly, the main terms of reference (TORs) of the AHC are: (i) to develop a strategy with a range of options (mechanisms) for harmonized funding of the SPs - with special reference to identifying priority areas that may be under- (“gaps”) or over-funded, and (ii) to provide inputs that help progress the work of the proposed Donor Coordination Forum at AGM06.

### **Activities to date**

3. The AHC has held three meetings since its establishment in late May 2006, two of which were ‘virtual’ through video-conference linkages (7 June and 26 September), and one face-to-face meeting in Washington DC 28 July). The main issues discussed are summarized below.

4. Preliminary discussions addressed the terms of reference (TORs) and scope of work required to address these. Key points arising included, firstly, the need for feedback from the Science Council (SC) on its analyses of the matrix of SPs x centre budget allocations, based on the medium term plans (MTPs) of Alliance centres and challenge programmes. Secondly, it was proposed to extend the survey of donor views on funding options beyond that undertaken by the Task Force, and to also seek feedback from other stakeholders, including board chairs and directors of Alliance centres and challenge programmes.

5. The AHC recognizes that the SC’s proposed timetable for funding and implementing the SPs requires sound information on the specific goals of the SPs, and the resources allocated to them. From preliminary information, based on the 2007 Alliance MTPs, provided by the SC to the AHC on the status of the SP x funding allocation matrix, it is clear that further work is required in defining and ranking the SPs, and refining the budgetary estimates associated with these. The issue of interdependence and coherence of SPs in the system agenda and the implications for funding mechanisms are also a major issue. This has led to AHC proposing a pragmatic approach to developing future funding options. Criteria that would be desirable in such mechanisms, include: (i) Transparency, with low transaction costs; (ii) Incentives to donors to invest in SPs through unrestricted funding or appropriate alignment of restricted funding; (iii) Encouragement for donors to harmonize funding for key priorities; (v) Incentives for centres to collaborate, and lastly, (vi) buffering of the system and, more specifically, individual centres against funding instability. It is recognized that the Donor Coordination Forum will play an important role in this process.

6. To make meaningful progress, the AHC recognizes that it cannot address all 20 SPs, and it has therefore decided to firstly focus on pilot studies of four SPs. The latter have been selected on the basis of the following criteria: (i) Likelihood of over- or under-funding; (ii) Numbers of centres and challenge programmes contributing to the priority, and (iii) The extent to which these

contributions represent “traditional” or “new” research. The choice does not imply that these SPs are more important than the remaining 16. Those selected are 1C (*Conservation of indigenous livestock*), 3A (*Increasing income from fruit and vegetables*), 4B (*Sustaining and managing aquatic ecosystems for food and livelihoods*) and 5D (*Science and technology policies and institutions*). The AHC has requested the Alliance Office and the SC to analyse these four pilot SPs addressing four key points: (i) coherence of research activities; (ii) possible gaps, duplications and overlaps; (iii) developmental value of research activities, and lastly, (iv) sources of funding.

### **Initial outcomes**

7. Outcomes of work undertaken so far include the analyses by the Alliance and SC of the four pilot SPs, and reviews by the consultant of this work and the results of the stakeholder survey. The latter, based principally on Alliance centres and challenge programmes, has revealed a diversity of opinions on issues associated with the SC proposals for funding and implementing the SPs. These included the need to reduce funding instability, minimize transaction costs, ensure coherence between priorities, and to further clarify what is inside and outside the SP agenda in terms of new research, development-oriented activities and capacity building

8. The analyses of the four pilots by the Alliance and the SC revealed differing perspectives as well as some common ground. Misalignment of MTP research activities with the SPs is attributed to both lack of clarity in defining the priorities and misinterpretation of their goals. This is particularly apparent for 5D. The AHC notes that the funding estimates for individual elements of the SP x centre budget matrix provided through the MTPs are approximations only, and are therefore unlikely to provide a robust basis for allocating system funds by early next year.

### **Next steps and some recommendations**

9. Next steps for the AHC can be summarized as follows:

- The AHC will continue to focus on the four selected SPs to identify collective funding mechanisms for these, whilst at the same time ensuring that empirical lessons are learned from this sub-set that have broader implications for the remaining 16 priorities.
- The AHC considers that as a matter of urgency, the SC and Alliance should jointly review and agree upon the definitions of the SPs so that misinterpretations in aligning research activities with the SPs can be avoided.
- Work to identify redundancies, as well as complementarities, synergies and coherence within the four pilot SPs should commence, and be further refined when the task of clarifying priority definitions has been completed.
- The AHC endorses the need to understand issues of interdependence/cross-cutting and coherence between the four pilots and the remaining SPs, but will do this at a later stage,
- The AHC hopes that ExCo will provide feedback on work undertaken so far, and indicate whether there are particular key issues that it believes the AHC should be highlighting.
- The AHC will provide inputs to the Donor Coordination Forum, and endorses the initial emphasis on information sharing