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CORE FUNDING FOR SYSTEMWIDE AND ECOREGIONAL PROGRAMS

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Purpose

Members of the CGIAR established and support the Centers to do agricultural development-oriented research and related activities to benefit the poor and hungry in developing countries. The sixteen centers supported by the CGIAR each have specifically defined mandates, which are generally addressed in partnerships with NARS, ARIs and other centers.

There are three general categories of research partnerships involving two or more Centers:

- Intercenter projects
- Systemwide programs(SW)
- Ecoregional programs(EP)

Through these partnerships, Centers that undertake research on the same topic and/or work in the same region can jointly plan and coordinate activities, pool resources, take advantage of synergies, and serve their mandates more efficiently and effectively than they can by working separately. These partnerships are primarily funded by the same development agencies and other organisations which support the Centers.

The decision at AGM01 to establish Challenge Programs (CPs) introduced a new type of partnership. CPs are envisaged as a means to “elevate the game”, attracting new funding from non-traditional sources. However, some funding for the CPs will come from the same CGIAR members which provide core funding to the Centers.

Competition for funding among Centers, SW/EPs and CPs, especially for fungible unrestricted funding, is a reality. Competition has its positive results by eliminating less productive activities which fail to attract donor support. However, this competition tends to favor the shorter term or currently attractive activities at the expense of continuing support for the core capacities and more risky new ideas essential to the success of the longer term impact of research undertaken by Centers and SW/EPs. Continuity of funding supporting capacity for long term research--the heartland of the CGIAR--is increasingly uncertain, especially as donor priorities change. The SW/EPs are particularly at risk because they were started recently and most are only now beginning to prove their effectiveness.

Recognising the importance of the SW/EPs and their future potential, the Center Directors Committee and the CGIAR Secretariat determined that a strong and positive statement should be made about the importance of SW/EPs and their needs for stable core funding. To this end, we propose that approximately \$1.5 million from the World Bank

grant may be allocated as support for the SW/EPs. Other CGIAR members have indicated that they will also consider allocating part of their CGIAR funding for the SW/EPs up to the amount allocated from the World Bank grant.

The CDC and CG Secretariat commissioned this study to identify needs, develop criteria and recommend procedures for allocation of core funding to support SW/EPs. The funding requirements of the SW/ EPs are addressed, but not those for the intercenter administrative and service activities or the intercenter working groups.

This study focuses on core funding for the SW/EPs, but with the explicit recognition that the core capacities of the participating Centers are essential to the success of the SW/EPs. Providing fungible funding to the SW/EPs at the expense of supporting core capacities of the Centers will be counterproductive.

Background

Origins of the SW/EPs. Prior to the 1990s, Centers collaborated on research and related activities (eg, the intercenter committee of genebank managers; joint projects such as IITA and CIAT on cassava and bio-control of cassava mealy bug, ICARDA and ICRISAT research on chickpea improvement,etc). Two factors in the early 1990s gave even greater impetus to intercenter collaboration. These were:

- TAC recommended/Group approved Priorities and Strategies (1994-98), which encouraged intercenter programs and collaboration with national and regional partners, including development of what came to be known as the systemwide and ecoregional programs. \$10million per year was allocated in the TAC recommended CGIAR System budget as seed money to support development and initial operation of these programs. These funds were never realised as actual funding depended on autonomous donor decisions on what parts of the program to fund.
- In addition to programmatic collaboration, CDC identified potential savings and increased effectiveness through cooperation on administrative and support activities, leading to establishment of the Association of International Agricultural Research Centers (AIARC) in 1992, the IVDN to electronically link Centers in 1994, the Future Harvest Foundation in 1997 for coordinated public awareness and resource mobilisation, the Gender & Diversity program, the Central Advisory Service, inter alia. In addition, CDC delegated responsibility to CDC subcommittees to develop intercenter collaboration in SSA in training, develop standard MTAs for germplasm exchange, inter alia. These positive experiences with coordinated intercenter activities were useful in promoting cooperation among Centers and in developing the management and governance infrastructure for the SW/EPs.

Systemwide and Ecoregional Programs. There is some confusion about the differences between SWs and EPs, in part because several SWs (eg, ASB, SWNM) focus on INRM research as do the EPs and others such as SLP and SGRP address INRM along with

other objectives. Many SWs follow the “ecoregional approach” in planning and implementing research activities (cf. Henzell et al and TAC commentary(1999) on the review of systemwide programmes with an ecoregional approach). The distinction we make for this report between EPs and SWs which focus on INRM is the program’s intended recommendation domain with the EPs applying an ecoregional approach for INRM research for a limited geographic region, such Central Asia or humid/ subhumid west Africa; whereas, SWs, such as ASB, follow the ecoregional approach to INRM research with intent of broader trans-regional applications of results. Nevertheless, the operating modalities and core funding needs of SWs and EPs are sufficiently similar that they are treated together as SW/EPs in this study.

Financing the SW/EPs. At the time of the Third System Review, Center and CDC led initiatives had already made major progress in intercenter collaboration. Fifteen systemwide and ecoregional initiatives were started before 1997; an additional six have started since 1997 (Table 1). However, fungible funding to the System actually decreased after 1995 creating major problems for Centers faced with balancing the financial requirements of the Center’s mandate for high priority strategic research against the requirements for the SW/EPs.

Funding for SW/EPs has been well below TAC recommendations. Most SW/EPs have significantly changed their original operational plans in light of funding realities. For example, competitive small grants to stimulate innovative approaches and to encourage partners to provide matching funds were initially used by many SW/EPs, but have been discontinued due to lack of flexible funding to support competitive grant awards.

Research by the SW/EPs requires continuing capacity and efforts over an indefinite time period. As with the Centers’ priority programs which also continue for indefinite terms, progress towards milestones should be evaluated periodically to determine if continued investment in the SW/EP is justified. Because SW/EPs involve a larger and more diverse set of participants primarily from outside the CGIAR, plus significant effort to program-specific resource mobilisation, monitoring and evaluation, SW/EPs generally require a more formal coordination and governance structure than do intercenter projects.

Increasingly, both Center and SW/EP research costs must be supported by targeted rather than unrestricted funding. If the funding targeted to SW/EPs does not cover coordination and other indirect costs, the participating centers, especially the lead Center, must subsidise the SW/EP from the Center’s unrestricted core funding. Moreover, fund raising for SW/EPs can be in direct competition with fund raising for the Centers, creating conflict of interest situations.

Key questions

For our analysis, we considered the following key questions:

1. Have the SW/EPs been successful and provided good value?

The external reviews of the Systemwide Genetic Resources Program (SGRP) in 1998, eight programs following an ecoregional approach (Henzell et al, 1999) and the SLP (Anderson et al, 2001) identified needs for improvement but were consistently positive about the value of these multi-partner programs and their accomplishments, despite their being significantly underfunded and the consequences of fluctuations in funding from year to year.

Findings by Henzell et al have general relevance and remain valid today:

- Programs made excellent progress in developing partnerships with NARS laying a good foundation for future collaboration
- Although hard data on value added was not found, cost effectiveness appeared to have increased significantly through partnerships bringing complementary resources and expertise to address major problem

Henzell et al made recommendations we believe have continuing relevance for all SW/EPs:

- Criteria for programs supported at the System level should be:
 - the problem(or opportunity) has major importance to CGIAR goals
 - no single center has natural advantage in terms of its mandate
 - high potential for efficiency gains through combined efforts of two or more centers (and other partners)
- System-level programs should be subject to periodic external evaluations and in depth “sunset” reviews
- Need for clear rules for accounting for all resources (financial and in-kind) and for allocation of costs between coordination and R&D activities

The need for “sunset” reviews does not imply that SW/EPs should only address problems for which solutions are expected in a pre-determined timeframe. In fact, SW/EPs are a mechanism to facilitate long term research which is more effectively addressed through multi-center collaboration. This research, like that carried out by Centers, benefits from setting milestones against which progress is measured, although it is not amenable to pre-determined completion dates. Nevertheless, because SW/EPs are not legal entities, if external reviews determine that multi-partner consortia are no longer needed, they can be easily closed and resources shifted to different priorities.

2. How would “core funding “ improve efficiency and effectiveness of SW/EPs?

For this study, “core funding” refers to fungible funds which can support the core capacities and activities essential for the successful management and governance of the SW/EPs, including:

Coordination costs. Henzell et al found that the most successful ecoregional programs had strong leadership capable of articulating how a major problem should be addressed and effectively facilitating collaboration. Increasingly, the program coordinator is also responsible for fund raising through restricted project grants, monitoring progress and reporting to donors, as well as managing the multi-partner program.

Transaction costs. These are the additional “overhead costs” of multi-partner programs. The partners generally cover staff-time costs to participate in steering groups and in planning and coordination meetings as an in-kind contribution to the SW/EP; however, the SW/EP is generally expected to cover staff travel and other costs. When the SW/EP cannot cover these marginal costs, the level and quality of joint planning, implementation and commitment of partners to program often declines.

Seed money grants. Small grants to support the marginal costs of problem identification and proposal development, as well as some new activities, especially those undertaken by NARS, encourage collaborative efforts to develop new and innovative initiatives.

Gap filling. Research by SW/EP partnerships is primarily supported by time limited restricted funding and, therefore, generally shorter term than that undertaken by Centers. However, funding gaps do occur and research is not completed unless these gaps are filled by the partners drawing on their own core resources. Flexible funding to meet unexpected contingencies and to fill short-term gaps could increase the effectiveness of SW/EPs.

We asked SW/EP coordinators for their funding needs over next three years. The largest amounts required were for operational costs, including grants to participating organisations. The totals to meet all needs exceed the amounts likely available from World Bank and other grants, which could, however, cover the coordination and other indirect costs of about half the current SW/EPs.

3. How will CPs differ from and/or be similar to SW/EPs in types of problems addressed, financing, structure, management, and governance.

Both SW/EPs and CPs address problems of global importance which require the efforts and resources of multiple partners. Both are CGIAR initiatives which build on core capacities of the Centers.

CPs differ from the SW/EPs in several basic ways:

- Goals for research. Sustainable agricultural development, and therefore the core capacities of centers, is relevant to the challenges addressed by CPs; however, the challenges to be addressed by the CPs transcend sustainable agricultural development. SW/EPs generally address the same research priorities and draw on the same sources and types of funding as the Centers, and, when they were started in the mid-1990s, funding allocations were recommended for SW/EPs in similar manner by TAC as for Centers. In contrast, CPs are expected to address problems of global importance through research relevant to but broader than CGIAR goals (“elevating the game”).
- Participants in CPs. Whereas the participants (IARCs, NARS, ARIs) in SW/EPs are primarily from the agricultural research community, the CPs will link the agricultural research capacities of the centers with research partners from outside agriculture; eg, from the environmental and medical sciences.

- Role of centers in CPs. The goals for the SW/EPs are essentially the same as those for the centers, with the SW/EPs providing a mechanism for greater efficiency and effectiveness than can be achieved by any individual center. In the CPs, the centers will provide their competence and capacity for sustainable agricultural development as appropriate to serving the broader goals for CPs. There may well be cases in which the SW/EPs also contribute as partners in the CPs.
- *Management and governance.* The details of structure, management and governance of CPs are still being worked out and may well differ for different CPs. CPs are expected to establish steering groups comprised of representatives of the members of implementing consortia--and perhaps other stakeholders-- in similar manner to the steering groups established for the SW/EPs. Neither CPs or SW/EPs are legal entities. However, the convening/lead centers for SW/EPs (and their Boards) are legal entities and, therefore, assume legal responsibility for SW/EPs, including accountability to donors for funding provided to SW/EPs.
- Funding for CPs. Whereas funding for SW/EPs generally is from same sources that fund the centers, the CPs are expected to attract funding from sources which have not traditionally supported agricultural development. However, the traditional funding to Centers will be necessary to support the platforms of capacity on which the additional funding for CPs will provide the marginal costs for research to address challenges broader than the Centers' mandate for sustainable agricultural development-targeted research.

Principles guiding recommendations on core funding allocations

We suggest the following principles to guide recommendations on core funding allocations, recognising that the amount available is relatively small, but sufficient for catalytic support to a limited number of the current set of SW/EPs:

1. Research by SW/EP meets the criteria recommended by Henzell et al:
 - high importance to CGIAR goals,
 - problem is beyond mandate of any single center,
 - high potential for efficiency gains through consortium of centers and other partners.
2. Nature of research justifies need for management/governance superstructure of SW/EP, especially the additional costs of coordination.
3. Operating and financing plan indicates small additional investment of core funding will improve efficiency and effectiveness. Financing plan should identify milestones and indicators to monitor progress in 2002, 2003, 2004. Failure to attract necessary donor support by 2003 would be reason to end core funding allowing these funds to be allocated to other programs, including new SW/EPs started in future years.
4. The modalities for SW/EPs are the ones most appropriate for the program objectives. Other modalities may be more appropriate; eg, research activities may be more efficiently done without the superstructure of the SW/EP if they are mainstreamed as part of the lead center's priority programs. Transformation from

a SW/EP to a CP may be appropriate depending on the program's evolving research objectives and need for financing from non-traditional sources.

Additional points relevant to allocation recommendations include:

- The trend to restricted funding will continue. In future, the operational costs for SW/EPs must come from time-limited project rather than unrestricted funding. This will increase the requirements on program coordinators for proposal development, monitoring, evaluation and reporting to donors. Some support for coordination, steering group and other transaction costs may be obtained from restricted project funding; however, experience has shown that most donors do not cover full indirect costs as part of special project funding.
- Participating centers and other partners must continue provide in-kind support (eg, staff time; support services). However, Centers and other partners will expect marginal costs of research, management and governance to be covered by SW/EP funding.
- SW/EPs partially overlap center mandates, leading to competition for resources. This may create tensions between the management of the SW/EP and the management of the participating centers, especially the lead Center, increasing importance that the SW/EP management costs are funded.
- SW/EPs differ in size and scope. Management and governance costs will be highest for the larger, more complex programs involving more partners and research sites; however, there will be a minimum base requirement for all programs.
- One-time funding for coordination and non-project specific transaction costs in 2002 will only delay the consequences of underfunding. Three year funding , assuming milestones are met, is needed.

Recommendations

Based on review of information provided for the current SW/EPs, we make the following recommendations:

- *Soil and water management research.* Several SWs and most EPs undertake overlapping research on soil and water management to the extent that the respective comparative advantages in terms of location or type of research are not apparent. There is need to eliminate non-productive duplications and to coordinate research. The process of rationalising and harmonising research might be led by the InterCenter Work Group-INRM and/or by IWMI and CIAT for which soil and water management research is a mandated priority.
- *Ecoregional programs and ecoregional centers.* In the early development of the CGIAR, four centers--CIAT, IITA, ICRISAT and ICARDA-- were established with mandates for what were later called ecoregions. Subsequently, EPs were initiated. EPs, such as AHI, CONDESAN and Ecor(I)Asia, are led by centers located in the region which do not have an express mandate for ecoregional

research. Other EPs are led by the same Centers which do have mandate for ecoregional research. In these cases, we recommend mainstreaming EP research activities as part of the lead center's priority research agenda. Research may continue as intercenter projects involving multiple partners, but the management and governance of these programs can be simplified and coordination costs reduced.

For recommendations on core funding , we used the information provided by lead centers for the current set of SW/EPs, including responses from program coordinators to questions on current funding and future requirements. As indicated earlier, coordinators identified needs which significantly exceeded the amounts likely to be available.

We believe the first priority for the funds available is to ensure the marginal costs for coordination and governance are met. Effective coordination is essential to both the operating and financing success of the SW/EP. The larger amounts required for operational costs will only come through successful proposal development, and the program coordinator must play the key role in obtaining these funds and maintaining donor support. Therefore, we recommend that available funding provide for indirect costs supporting management and governance of the SW/EPs deemed likely to attract sufficient targeted funding to meet their operating milestones. A requirement for support should be a financing strategy which identifies amounts required to meet milestones and probable sources.

Initially we considered making specific recommendations on funding allocations, but we do not have the details required, including the actual amount available for allocation in 2002 and future years. Moreover, we anticipate that the needs for supplemental core funding for the different SW/EPs will change from year to year, depending on their success with fund raising. Therefore, the decisions on allocations should be reviewed annually. Funding for SW/EPs which fail to meet their operating and financing milestones should be reallocated to support new SW/EPs or to increase support to successful SW/EPs.

Next we considered the best means to make decisions on funding so that SW/EPs would have greatest impact on System level efficiency and effectiveness. This will require that the decision makers have in-depth knowledge of the needs of different SW/EPs and, especially, their contributions to the System beyond the contributions of individual Centers (ie, the extent to which the whole exceeds the sum of parts).

We believe that the CDC should take responsibility for making allocation decisions. The CDC has demonstrated that it can make consensus decisions which are best for the System even at the expense of individual Centers.

Next steps

- Executive Council reviews and endorses recommendations for core funding to support management and governance costs of SW/EPs.

- CGIAR System Office identifies funding available for allocation in 2002 and provisionally available for 2003 and 2004.
- CDC recommends allocations for 2002 based on criteria, needs assessment and three-year operating and financing plans, including milestones.

INFORMATION ON SYSTEMWIDE PROGRAMS

(Note: The last two columns are provisional and are being updated)

Name of the Program	Acronym	Lead/ Convening Center	Other centers	Other Participants	Year Started	2002 Budget '000	Percent Obtained
Systemwide Genetic Resources Programme	SGRP	IPGRI	ALL CENTERS except IWMI which was a member for 2 years	FAO in Steering Committee. NARS and ARIs in specific activities, eg. 44 NARS and 31 ARIs 1999-2001.	1994	1,150	56
Alternatives to Slash-and-Burn Systemwide Program	ASB	ICRAF	CIAT, CIFOR, IFPRI, IITA	TSBF, AARD, EMBRAPA, IRAD, INIA, PCARRD, RFD.	1994	3,000	47
Systemwide Livestock Programme	SLP	ILRI	CIAT, CIMMYT, CIP, ICARDA, ICRAF, ICRISAT, IFPRI, IITA, IRRI	CONDESAN	1995	2,000	60
Systemwide Initiative on Water Management	SWIM 2	IWMI	CIAT, CIFOR, CIMMYT, CIP, ICARDA, ICLARM, ICRAF, ICRISAT, IFPRI, IITA, ILRI, IPGRI, IRRI, WARDA	NARES, ARIs	1995	3,500	66
Systemwide Program on Collective Action and Property Rights	CAPRI	IFPRI	ALL CENTERS	Over 100 other research institutions and NGOs in developing countries and ARIs.	1995	625	40
Soil Water Nutrient Management Programme	SWNM	CIAT	CIAT (TSBF), ICARDA, ICRAF, ICRISAT, IITA, IWMI (IBSRAM)	IARCS: TSBF, IFDC, Coordinating NARS: KARI, IAR, EMBRAPA, PCARRD, ARC-ISCW, IRD plus many others..	1996	1,000	12
The CGIAR Systemwide Program on Integrated Pest Management	SP-IPM	IITA	CIAT, CIMMYT, CIP, ICARDA, ICRISAT, IITA, IRRI, ISNAR, WARDA	AVRDC, CABI, ICIPE, FAO Global IPM Facility, IPM Forum hosted by CABI, PAN, GCPF,	1996	715	
Global Mountain Program	GMP	CIP	CIAT, ICRAF, ILRI	ICIMOD, IFDC.....	1997	1,500	47

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Name of the Program	Acronym	Lead/ Convening Center	Other centers	Other Participants	Year Started	2002 Budget '000	Percent Obtained
Participatory Research and Gender Analysis for Technology Development and Institutional Innovation	PRGA	CIAT	ALL CENTERS	CIAD IES INIAP, CORPOICA EMBRAPA, LI BIRD PROINPA, PROSEMPA & ASAR ZAMORANO, FIDAR NORAGRIC, U. OF MAINE, U. OF GUELPH, APPALACHIAN S. U., U. OF HOHENHEIM NARC	1997	1,500	38
Strategic Initiative on Urban and Peri-urban Agriculture	SIUPA	CIP	CIAT, ICRAF, IITA, ILRI, IWMI, WARDA	AVRDC.....	2000	850	26
Systemwide Initiative on Malaria and Agriculture	SIMA	IWMI	IITA, ILRI, IPGRI, ISNAR, WARDA	KARI, ICIPE.....	2000	760	
CGIAR Systemwide Initiative on HIV/AIDS and Agriculture	SWIHA	WARDA with ISNAR and IFPRI	CIFOR, CIMMYT, CIP, ICARDA, ICLARM, ICRAF, ICRISAT, IFPRI, IITA, ILRI, IPGRI, ISNAR, WARDA	FAO, UNDP, ECART, CATAD/IARD, DANIDA, SIDA, CIDA, IDRC, Univ. of East Anglia, Ministries, NGOs, UNAIDS, SACCAR, COROAF/WECARD, ECAPAPA	2000	2,800	18

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Name of the Program	Acronym	Lead/ Convening Center	Other centers	Other Participants	Year Started	2002 Budget '000	Percent Obtained
Consortium for the Sustainable Development of the Andean Ecoregion	CONDESAN	CIP	CIAT, ICARDA, ICRAF, ILRI	IFDC, ICIMOD	1993	3,500	70
Consortium for the Sustainable Use of Inland Valley Agro-ecosystems in sub-Saharan Africa: Inland Valley Consortium	IVC	WARDA	IITA, ILRI, IWMI	NARES of 10 WCA countries, NGOs and Farmer Org., FAO, CIRAD, Wageningen Univ., CORAF-WECARD	1994	894	100
Rice Wheat Consortium for the Indo-Gangetic Plains	RWC	CIMMYT	CIP, ICRISAT, IRRI, IWMI	CABI, Cornell Univ, GFAR, IAC, IACR, Massey Univ., Mud Springs Geographers, Univ./Melbourne; BRRI, BARI, WRC, Farmers organizations, NGOs, ICAR, NARC, and other Agr. Institutions of Bangladesh, India, Nepal and Pakistan	1994	500	50
African Highlands Initiative	AHI	ICRAF	CIAT, CIP, CIMMYT, IFPRI, IITA, ILRI, IPGRI	TSBF, NRI, ALTERRA, Norwegian Univ. of Agr., Alemeya Univ. of Agr. And Mekele Univ. Makerere Univ., FIFAMANOR	1995	1,730	69
Ecoregional Initiative for the Humid and sub-Humid Tropics of Asia	Ecor(l) Asia	IRRI	CIAT, CIFOR, CIMMYT, ICLARM, ICRAF, ILRI	ARIs: AB-DLO, CIRAD, IRD NARES of Vietnam, Thailand, India NGOs of Vietnam, India	1995	1,200	18

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Name of the Program	Acronym	Lead/ Convening Center	Other centers	Other Participants	Year Started	2002 Budget '000	Percent Obtained
Tropical Latin America Ecoregional Program: Community Management of Hillside Resources	TLAP	CIAT	ISNAR, CP, CIMMYT, IFPRI, IWMI		1995	1,453	0
Ecoregional Program for the Humid and sub-Humid Tropics of sub-Saharan Africa	EPHTA	IITA	ICRAF, ILRI, WARDA	IFDC, CORAF	1996		
Desert Margins Program	DMP	ICRISAT	ICRAF, ILRI, IPGRI	IFDC, TSBF	1996		
Collaborative Research Program for Sustainable Agricultural Development in Central Asia and the Caucasus	CAC	ICARDA	CIMMYT, CIP, ICRISAT, IFPRI, ILRI, IPGRI, ISNAR, IWMI	NARS (Armenia, Azerbaijan, Georgia, Kazakstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan); and 9 other partners	1998	3,000	50