



Consultative Group on International Agricultural Research (CGIAR)

**Minutes of the Fifth Meeting of the Finance Committee of the
CGIAR Executive Council**

***CGIAR Secretariat, Washington, D.C.
September 18, 2003***

Chairman: Kevin Cleaver, World Bank
Secretary: Shey Tata, CGIAR Secretariat

Members Present: Mr. Jacob Thoppil (Canada)
Mr. Shantanu Mathur (IFAD)
Mr. Hayato Nakajima (Japan)

Absent: Mr. Bradford Philips (AsDB)
Ms. Bongiwe Njobe (South Africa)
Mr. Roy Metherell (United Kingdom)
Mr. Joachim de Haas (Germany)

Observers: Mr. Sam Dryden (Private Sector Committee)
Mr. Dana Dalrymple (USAID)
Mr. Robert Bordonaro (FAO)

Due to inclement weather, the meeting was abbreviated, running from 12:30 – 4:00 pm.

• **EPMR of IPGRI:**

The Committee commended the leadership of IPGRI for the positive report. However, it believes that:

- Overall, a favorable but not sufficiently hard hitting report.
- The Committee is concerned about the report's finding that IPGRI's pursuit of restricted funding has caused it to divert its programs from its core mission. We are happy to see that IPGRI agrees that there is a problem, and we intend to monitor IPGRI's implementation of its response.

• **EMR and EPR of ICRISAT :**

The consensus that emerged was the following:

- The Committee is very pleased with the content of the EMR and EPR, particularly the detailed and frank analysis of the issues, and the resulting sharp reports. The total cost was apparently not greater than that of an average EPMR. We do not know whether this demonstrates the superiority of having two exercises, and recognize that there is a challenge of coordinating the two.
- The Committee was pleased to see a great deal of agreement by ICRISAT management with recommendations provided in the reports.

- The Committee commends the quality of Science at ICRISAT as affirmed by the report.
- The Committee is concerned by the EMR report's finding that there are a disproportionate numbers of host country nationals on the Board and among the senior staff of the Center. Decisions and programs will inevitably be skewed to the host country in this situation. The Committee supports the report's recommendation that ICRISAT management explore with the host country government a reduction in the number of Board seats, and make greater effort to introduce geographic diversity among its staff.
- There is broad agreement within the Committee with the EPR's main recommendation to transfer the Center's headquarters and all its programs, except for the strategic plant genetic resources enhancement program, to Africa. The agreement ranged however from strong to acceptable with some caveats. The caveats included: the need to take into account broader organizational concerns of the CGIAR (appropriate location of all research, not just ICRISAT research), assessment of demand for an additional CGIAR Center in Africa (there is some indication that many African clients of agricultural research want more research but not necessarily more centers; consolidation might be needed), the difficult financing of relocation costs especially in light of declining unrestricted support, assessment of potential efficiency gains versus costs, and political constraints. It is not clear where a new HQ would be located. Given the financial limitations on the CGIAR, any move that greatly increased total ICRISAT costs would be unrealistic. Incremental programs in Africa are likely to have to be financed in part by reduced programs in India. We do note that ICRISAT has begun to move programs to Africa and that the percentage of its budget spent in Africa is increasing. We commend this rapid response by ICRISAT. It is conceivable that for some period of time, merely shifting programs and resources to Africa while maintaining the HQ in India, though second best, is most realistic. Broader discussion of this issue is needed.
- **Science Council Financing Options:**
 - The Committee appreciated FAO's submission regarding science council costs and potential financing options. The Committee recognizes the critical importance of the Science Council, and expresses the view that its financing should be seen in the context of all CGIAR system central overhead costs (which also include the System Office).
 - The Committee endorses the "hybrid option" presented by FAO in which the FAO continues to provide a direct in-kind and financial contribution, and a fund is opened into which all members of CGIAR are asked to contribute to overhead including for the maintenance of the science council.
 - The World Bank has agreed that in a transition period (as yet of indeterminate time), it will supplement the contribution of the FAO to ensure that the science council is financed, until the new system for financing is in place. The Committee recommends to FAO and the science council that in the transition period it maintain the current expenditure rate of \$ 2.2 million per annum, rather than the \$ 3.4 million proposed. Once the new financing mechanism is in place and more

CGIAR members are contributing to overhead, total costs can be reviewed.

- During the transition period, the CGIAR Secretariat would consult with CGIAR Members on a longer-term financing modality for the SC, and their possible contributions to it.
- Options to explore should include an “assessment” (or tax) scheme which would levy an overhead charge on all restricted funding.
- IFAD has informally expressed some interest in housing or sharing the costs of the Standing Committee on Impact Assessment (SPIA), and this arrangement could be used as a “pilot” by restricted donors on how to contribute to system central costs.

- **Performance Measurement:**

The Chair briefed the Committee on the progress of the Working Group on Performance Measurement (co-chaired by the two ExCo committees). Following the briefing and discussion within the Committee, the following consensus was reached:

- The Committee endorsed the concept of performance measurement in the CGIAR as a tool for enhancing transparency, information, accountability and learning.
- The Committee recognized that because EPMRs take place only every five years, they cannot be a substitute for annual performance measurement.
- The Committee recognized that CGIAR members do and will apply various measures of performance in their resource allocation decisions. Members can use the performance measures, once developed, to help guide their allocations, but will not be obligated to do so.
- The Committee recognized the pitfalls of using performance management systems discussed in the steering committee report, that need to be addressed during preparation of the indicators. Reporting requirements are already onerous for the Centers, so the performance indicators should be developed in part with the view of substituting for separate performance monitoring by individual donors. Performance indicators will only measure part of performance, EPMRs will continue to be necessary, and judgment is important in using the indicators, especially for resource allocation. Resource allocation will continue to be in part determined by donor and CGIAR strategy, not just center performance. It would be useful to measure performance of the CGIAR as a whole, and of the donors and investors as well, not just the individual centers.
- The World Bank intends to apply performance measures to help it allocate part (about 13%) of its funding of the CGIAR, next year. It will adjust the indicators to be used based on any output from the steering committee and any input from CGIAR members and the Centers.
- The Centers are encouraged to work with the steering committee in developing the most appropriate indicators.

- **2002 Financial Performance:**

- The Committee commended the four Centers (CIP, ICRISAT, ICRAF-World Agro forestry, and ILRI) that have responded to the Chairman’s call for action plans to address areas of 2002 underperformance.
- The Committee found however that many of the responses were merely explanations for financial problems, not solutions for them. The

Committee encourages those Centers and others still in process of preparing their responses (due by end of the year) to emphasize action plans for the future, rather than explanations of past underperformance.

- The Committee is broadly concerned about the decline in unrestricted funding. This is not healthy for the system. The idea of taxing restricted funds to cover overhead is supported.
- **Status of ISNAR :**
 - Committee endorsed the main recommendations of the report but is concerned about how the approximately \$4 million in closing down costs would be financed. We also found the new governance arrangements (the alliance) to be ambiguous. IFPRI's Board and management need to be fully in charge of the process, especially as IFPRI will be taking on financial liabilities. Various cost options of this merger need to be considered, including a low cost option in which ISNAR does not have a separate HQ, but has out posted staff in various centers and countries.
- **CIP EPMR Update :**
 - The Committee commended the Center for the progress report on implementation of the recommendations from its last EPMR that the Center had accepted. Of particular interest to the Committee were recommendations 12, 13, 14, 15, 16 and 17 focused on finance and governance matters. The Center reported progress on each of these with milestones and target completion dates for each recommendation.