

TASK FORCE ON FUNDING SYSTEM PRIORITIES

COORDINATED ACTION BY CGIAR MEMBERS

FINAL REPORT FOR THE ANNUAL GENERAL MEETING 2005

EXECUTIVE SUMMARY

I. BACKGROUND

A. Why the Task Force?

At the Annual General Meeting 2004 (AGM04), Denmark initiated a discussion on the topic of funding of Consultative Group on Agricultural Research (CGIAR) priorities and proposed that a task force of interested Members be commissioned to examine the possibilities and conditions for creating a mechanism or procedure to fund System priorities. AGM04 decided that interested Members, with the support of the CGIAR Secretariat, should explore the possibility of developing a mechanism to facilitate coordinated action by providing unrestricted funding in support of agreed CGIAR priorities recommended by the Science Council and approved by the CGIAR.

In the terms of reference for the Task Force on Funding System Priorities (TF), approved at the eighth meeting of the Executive Council (ExCo 8), the additional task was added of recommending funding options for financing the Science Council in 2006 and beyond. The budget of the Science Council for 2006 is \$3.822 million (endorsed at ExCo 9) but only two Cosponsors — the Food and Agriculture Organization of the United Nations (FAO) and the World Bank — have agreed to pay in 2006, with commitments of \$786,000 each. In the past 2 years, the World Bank made up the funding shortfall but cannot continue to do this. Therefore, it is urgent to find a mechanism to secure financing for the Science Council for 2006 and beyond by all Members to ensure its independence and continuing operations.

The TF (representing Canada, Denmark, Germany, India, Japan, and USA), supported by a consultant, held two meetings and had numerous virtual discussions. It produced a progress report that was presented to ExCo on 20 October at its ninth meeting, in Stockholm, Sweden.

B. Terms of Reference Objectives

The objectives of the TF are to (i) assess and evaluate opportunities for financing System priorities and, in addition, for financing the Science Council and its Secretariat, and (ii) propose one or more new financing mechanisms in support of CGIAR priorities recommended by the Science Council. ExCo 8 asked the TF to give utmost priority to the issue of the financing of the Science Council and its Secretariat.

II. SYSTEM PRIORITIES ISSUES

The TF identified a number of issues with impact on funding System priorities. The main issues are the need to

- (i) ensure the priorities are adequately funded,
- (ii) increase unrestricted funding,
- (iii) relax and broaden restrictions on restricted funds,
- (iv) channel restricted funds to System priorities, and
- (v) provide transparent information on the full costing of medium-term plan (MTP) projects.

Addressing these issues will improve the ability of the System to focus on its priorities and achieve intended results. These issues are discussed in more detail in the accompanying report.

The TF discussed at length how to provide Members with better information to enable them to make informed decisions for financing the priorities. As the Center research portfolios align with new System priorities gradually over the next 3 years (as proposed in the CGIAR System Priorities 2005-2015 document) a System matrix composed of Center projects (rows) and System priorities (columns) was thought to be an essential tool to provide Members with annual information on funding levels for Centers, MTP projects and associated System priorities. Such a matrix, completed through the cooperative efforts of the Centers, Science Council and CGIAR Secretariat, will highlight priority areas that may be underfunded (or inefficiently overfunded).

The TF believes that the improved information available in the matrix and funding coordination action among Members will best assist the System in achieving results in the identified priority areas.

A. OPTIONS

The TF examined possible mechanisms for allocating funding in accordance with the agreed program of work. Four possible options were determined and examined.

1. Status quo

CGIAR Members continue their current practice in financing the Centers. Members provide a mix of restricted and unrestricted funding and choose where to allocate those funds. Members continue to make their own funding decisions without coordination with other Members on priority areas.

2. Improved coordination among Members

Funding allocations are made in accordance with the matrix. ExCo reviews System priorities' needs (made explicit in the matrix) on an annual basis and makes recommendations to Members on the program of work and funding needs and priorities. AGM revises and/or endorses ExCo's recommendations. Members take these recommendations into consideration, individually, when making their allocations.

3. System funding coordination forum

After ExCo makes recommendations to Members on funding needs and priorities based on the information provided in the matrix discussed above, and after AGM endorses the

agreed program of work, interested Members meet in a forum to discuss priorities, resource needs based on the matrix, and how they can act collectively to support System priorities as well as the priorities and needs of each Member making allocation decisions. The discussions can be extended to include Member commitments to specific allocations, to specific Centers, for specific priorities.

4. Allocation committee

Members form or assign a committee (or other body) to review the overall funding picture based on the needs identified in the matrix and known restricted funding and Member commitments. Interested Members provide the committee, through the CGIAR Secretariat, with figures on unrestricted funding available for allocation. The committee proposes the allocation of this available unrestricted funding to Centers based on the System priorities. This proposed allocation is presented to AGM for endorsement. Willing Members agree to follow the recommended allocation, with prior knowledge and approval.

B. Recommendation

The TF recommends option 3 and that a System funding coordination forum be held annually among Members to discuss their annual funding allocation. The Forum would be held annually at AGM. However, the TF recognizes that, depending on Member needs and interest, these options can overlap and coexist.

C. Next Steps

Next steps focus on streamlining and improving the fund allocation process by providing systematic information on a timely manner as detailed in the report starting with the revision of the MTP guidelines and other required studies for the production of the matrix of funding for 2007.

III. SCIENCE COUNCIL ISSUES

One of the four agreed pillars of CGIAR reform was the transformation of the CGIAR's Technical Advisory Committee into the Science Council. The process was fully completed in 2003 with the appointment of new chair, members and secretariat. It is urgent to secure the financing of the Science Council for 2006 and beyond.

The TF emphasizes that the selected mechanism for funding the Science Council and its Secretariat must be based on the principle that the Science Council is a core System investment that should be shouldered by all Members to ensure its full independence and uninterrupted operations. The Science Council performs a System function, as requested by the Members and developed as part of the reform program. Therefore, all Members should contribute to financing the Science Council. The TF discussed and identified potential long-term options for funding the Science Council and an interim solution for 2006 to support the Science Council operations while the long-term solution is decided and put into operation.

The TF identified a number of options for financing the Science Council. Criteria were developed for judging the options, and their pros and cons were discussed. The considered criteria included (i) full Member participation; (ii) maintaining the

independence and objectivity of the Science Council; (iii) the stability, sustainability and adequacy of funding; (iv) ease of implementation; and (v) political palatability.

A. Options

1. Members voluntarily contribute up to 1% of total Member funding

This option would be relatively easy to implement but is unlikely to provide stable, sustainable or adequate funding. It would not include all Members and is thus unlikely to be politically palatable.

2. Group of interested Members

A core group of Members including the World Bank and FAO provide initial financing. The group would be expanded to include other Members in the long term. Like option 1, this would be relatively easy to implement but would not provide stable, sustainable or adequate funding. It would not include all Members and is thus unlikely to be politically palatable.

3. Levy of an agreed percentage on annual Member contributions

A levy on Member contributions is likely to see more Members participate than options 1 or 2, but not all Members could or would contribute. This option would be difficult to implement as Member funding comes in many different forms. This limits the political palatability of this option.

4. An agreed percentage, estimated at up to 1%, levied on Centers' budgets

This option would be easy to implement and would provide stable, sustainable and adequate funding for the Science Council. Concerns of potential Center influence on the Science Council could be alleviated by creating a firewall between the source of funds and the Science Council operations. This option spreads the support for the Science Council most widely across Members. It is likely to be the most politically palatable option.

B. Recommendations

1. Interim financing

A core Member group consisting of the World Bank, FAO and other interested Members support the Science Council in 2006, while a long-term solution is decided and its modus operandi defined.

2. Long-term financing

Taking into account ExCo 9 input, including the suggestion of a firewall mechanism, the TF analysis suggests that option 4, a levy of up to 1% on Centers' budgets, best meets the criteria for a long-term funding mechanism. The TF emphasizes that the best interests of the System will be served if a decision is made on this issue at AGM05.