

Summary of ExCo 13 Discussion and Recommendations to the CGIAR on Medium-Term Plans and 2008 Financing Plan¹

Science Council Chair Rudy Rabbinge presented the SC commentary on Center and Challenge Program MTPs for 2008-2010; Shey Tata (CGIAR Secretariat) followed with presentation of the 2008 Financing Plan.

R. Rabbinge reported that, overall, discipline and effort have gone into preparing the current MTP documents that, in general follow a standardized format and show improvement in quality over last year's submissions. The improvement was especially noted in the descriptions of the background and rationale for the proposed research and capacity building efforts, the results to be delivered in the plan's timeframe, and the plausible outcomes expected in the near and long term.

As the goal for the Centers and CPs is to develop quality MTPs such that they would require less in-depth SC commentary, this year the SC identified six quality MTPs that will not require in-depth review in 2009.

This was the second year in which Centers and CPs used the MTPs to demonstrate the contribution of their research agenda to the approved System Priorities (SPs). Centers, by and large, allocated their research to the SPs much more appropriately this year than last year. However, the SC noted that development of frameworks for implementation of the SPs was moving more slowly than anticipated, and thus the SPs allocations still do not present a coherent agenda for priority research in the System. In cases where a framework had been drafted (e.g., SP 1A), the plan should have been used as the organizing principle for formulating the Center's research. The SC looks forward to seeing a more integrated (across Centers) approach to addressing SPs in subsequent MTPs with clear roles and responsibilities elaborated.

He noted that there seems to be oversubscription to the SPs, as only 5.7 percent of allocations are to non-SP activities, due to downstream research and development activities, while noting SC's praise for the efforts of IRRI and IFPRI for their inclusion of new and innovative research in the MTP. The SC noted that Centers cited the weaknesses of the NARS as justification for conducting certain activities themselves that are not appropriate for an international agricultural research center. The SC expects that during framework planning these non-SP activities will be either dropped or devolved or, if Centers consider them essential for securing impact, that they are presented in the non-SP agenda.

The SC recommends a change in the process of monitoring achievement at Centers. Setting output targets against which achievements can be monitored has become one of the key purposes of the MTPs. Presenting a set of clear, measurable and verifiable outputs and output targets that are ambitious and that contribute to achieving the research

¹ Excerpt from Thirteenth Meeting of the CGIAR Executive Council (October 16-17, 2007) Summary Record of Proceedings, November 2, 2007.

goal has greatly enhanced the quality of the logframes. In the first years of the Performance Measurement (PM) System exercise, emphasis was put on using the MTP as a basis for monitoring annual research achievement through the output target indicator. Experience to date suggests that this created a strong disincentive to aim high, and may have adversely affected setting ambitious but appropriate targets for CGIAR science. Therefore, the SC recommends de-linking the MTP output planning from the PM System. The monitoring of achievement of output targets should be the responsibility of the Centers and CPs themselves.

Finally, the SC will continue to work with Centers and CPs to streamline the development of the rolling MTPs. The ICT-KM unit of the System Office, in collaboration with a number of Centers is developing a very promising MTP reporting tool that will be comprised of a Center/CP module for compilation and submission, and a System database. With this system and the generally more satisfactory level of reporting now observed in the Center MTPs, the SC believes it may not be necessary to assess MTPs every year in similar detail. The SC therefore expects to gradually move from reviewing MTPs to reviewing the strategic plans of Centers and CPs.

S. Tata presented a summary of the investment proposals and financing plan of the 2008 CGIAR agenda, prepared this year in collaboration with ICRISAT.

The proposed research agenda for 2008 requires an investment of US\$529 million, which includes the CPs. This represents an increase of \$71 million (16 percent) over the actual 2006 level. The financing of the proposed research agenda is expected to be provided from \$478 million in investor grants, \$22 million from Center income, and \$29 million from other sources and Center reserves (other sources refer to funding still under negotiation that cannot yet be attributed to specific investors). The projected level of investor grants would represent an increase of \$52 million (12 percent) over the actual 2006 level. Eleven Centers propose an increased funding over 2006 while five project a decrease. Nearly one-half of the budget (49 percent) will be spent on research programs for Sub-Saharan Africa. Unrestricted funding was projected to decrease from 43 percent in 2006 to 37 percent in 2008.

S. Tata also presented a progress report on the Centers that had been requested by ExCo 12 to submit an action plan to address their low reserves or liquidity levels. Bioversity, CIAT and IWMI had reserves below the CGIAR-recommended minimum benchmark (of 75-90 days of operating expenditures). CIAT's liquidity level was also alarmingly low (below 90-120 days), while IRRI and WorldFish were cited for "high reserves" (over 180 days). Based on the action plans submitted, clarifications provided and analysis by the CGIAR Secretariat, the conclusion was that there was continued progress in addressing these issues by all Centers, except in the cases of CIAT and IWMI. In the case of CIAT, the ratios deteriorated in 2006 (compared with 2005) as a result of a restructuring by the Center. The Center is developing a reinvigoration plan, which coupled with ongoing management changes since the release of the sixth EPMR, will need to be analyzed before a clearer picture of its financial situation can be assessed. In the case of IWMI, the Center has requested additional time to develop a new strategic plan with the arrival

of its new Director General, which will be used as a vehicle for addressing its low reserves situation. The plans of these two Centers will be monitored and reported to AGM07.

Discussion:

- R. Rabbinge was commended for the clear and comprehensive SC commentaries on the MTPs. The continued improvement of the Center and CPs MTPs, which would allow the SC to move in the future to review of strategic plans was welcomed.
- It was recognized that alignment of the research agenda into the SPs was still in progress, and requires more time before it will be fully aligned. There was appreciation about the proposed online database to link the MTP with the finance and PM data.
- EIARD suggested SC to interact closely with FARA to streamline its recommendations on the SSA CP, considering this is the only CP which is led by an organization external to the CGIAR System.
- One member asked whether the SP-based analysis of MTPs also considered the international public goods (IPG) nature of networks and knowledge platforms. There were also some concerns about the low percentage of resources going into new research areas.
- The progress in the development of SP framework plans was recognized, as well as the need for the Alliance and SC to complete development of framework plans for the other SPs.
- Further analysis of the SC proposal to de-link the MTP output planning from the PM system was requested. A member suggested an approach of scoring the PM indicators which could be used in the MTP planning. Another member cautioned that we need to avoid the PM system “falling into cracks” as a result of de-linking MTP planning from the PM System.
- R. Rabbinge clarified that that SC was still concerned about SSA CP and its vague multitude of objectives and the deliverable outputs for monitoring and evaluation. He also commented that theoretically the output indicator could be improved but it was very difficult to do in practice.
- There were strong concerns about the continued trend of declining unrestricted funding and also the low recovery of indirect costs, which pose considerable challenges to Center financial health, and should be reversed. Another member also highlighted the need for Centers to have “business plans” which combined the programmatic and the financial aspects of operations.
- The impact of the continuing strengthening of major contribution currencies against the US dollar on the projected 2008 contributions was noted.
- EIARD also noted that some of the figures concerning projected contributions in the financing plan might be different (e.g., UK).
- A comment was made on the format of the finance plan presentation which was difficult to understand and should be improved. Clarifications are needed for some of the figures and terminology (e.g. “other sources” and “Center earned income”). A clarification was sought on the increased budget of the System Office. S. Tata clarified that the increase in the SO budget was due to the cost of

- two large initiatives—the CGIAR External Review and the change management process.
- Italy requested a clarification on why there were delays in dispersing its funding to the Centers. S. Tata explained that the issue had now been sorted out.

Conclusion and ExCo Recommendation to the CGIAR:

- *ExCo recommends CGIAR approval of the 2008 financing plan.*
- *ExCo requested the CGIAR Secretariat to:*
 - 1) *Improve presentation of the financing plan with more clarity;*
 - 2) *Further analyze the impact of the weakening US dollar on the 2008 funding projections;*
 - 3) *Make every effort to clear any bottlenecks in the disbursement of Member funds through the MDTF in the World Bank.*
- *Further analysis of the SC proposal to de-link the MTP output planning from the PM system is required. ExCo requested SC and the CGIAR Secretariat to submit a proposal to ExCo 14 that does not devalue but optimizes the utility of the PM System, maintains incentives, and ensures high output goals.*
- *ExCo endorsed the SC recommendation for analysis of Center MTPs by the SC every third year, or as required by SC assessment, instead of automatically yearly. It also expressed support to the online tool linking the MTPs, the finance and the PM databases.*