

Final Report

ExCo Ad Hoc Committee on Funding System Priorities

CGIAR Business Meeting

Beijing, China

December 5, 2007

Committee composition

- Jonathan Wadsworth UK (Chair)
- Finn Christensen Denmark (left 2006)
- Kevin Cleaver World Bank (left 2006)
- Eija Pehu World Bank
- Jean Lebel Foundations
- Franklin Moore USA
- Njabulo Nduli South Africa (left 2006)
- Charles Haines Canada (co-opted 2007)
- George Rothschild Consultant

Resource people

- Ruben Echeverria
- Anne Marie Izac
- Shey Tata
- SC Sec
- Alliance Office
- CGIAR Sec

Summary

- 1. Problem statement – TOR**
- 2. Aims of a funding mechanism**
- 3. Funders Forum AGM06**
- 4. Framework Plans**
- 5. Funding entry points**
- 6. Proposed funding mechanism**
- 7. Are aims satisfied?**
- 8. Recommendations**

Now is a good time for real traction!

- **New CGIAR Chair**
- **New CGIAR Director**
- **Alliance “Way Forward”**
- **CGIAR system-wide review**
- **Change scoping team**

TORs

To develop a strategy for coordinated donor funding to implement the CGIAR **system priorities** starting with recommendations for mechanisms on how to fill the gaps in funding.

Broad interpretation of TORs

- **System priorities – not silos**
- **Framework plans – the operational middle between MTPs and SPs**
- **Excessive reliance on restricted funds**
- **Use of unrestricted funds**
- **Cost recovery – overhead rates**
- **Centre reserves - smoothing**

Yujiro Hayami, Michael Lipton, Harris Mule, 14 March 2003

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The results are lack of System-wide strategy, little sense of overall ownership, and loss of System efficiency.

Donors and Centers, each acting on their own priorities, together produce results that harm the priorities and productivity of all.

Essential principles of CGIAR funding

1. Incentives for donors to increase unrestricted funding and longer term funding
2. Funding through centres
3. Encourage harmonization (Paris declaration)
4. Improved stability of funding at system and centre level – with full cost recovery
5. Incentives for centre collaboration
6. Transparency and low transaction costs
7. Better information sharing amongst members

Messages from Funders Forum

AGM06

- SPs are a means to an end - competence
- Need for outcome orientation - results
- Supported by donor best (good) practice
- Programmatic approach (as in *Scenario 4*)
- Some support in principle for an “IFAR” approach as in *Scenario 5*

Importance of Framework Plans

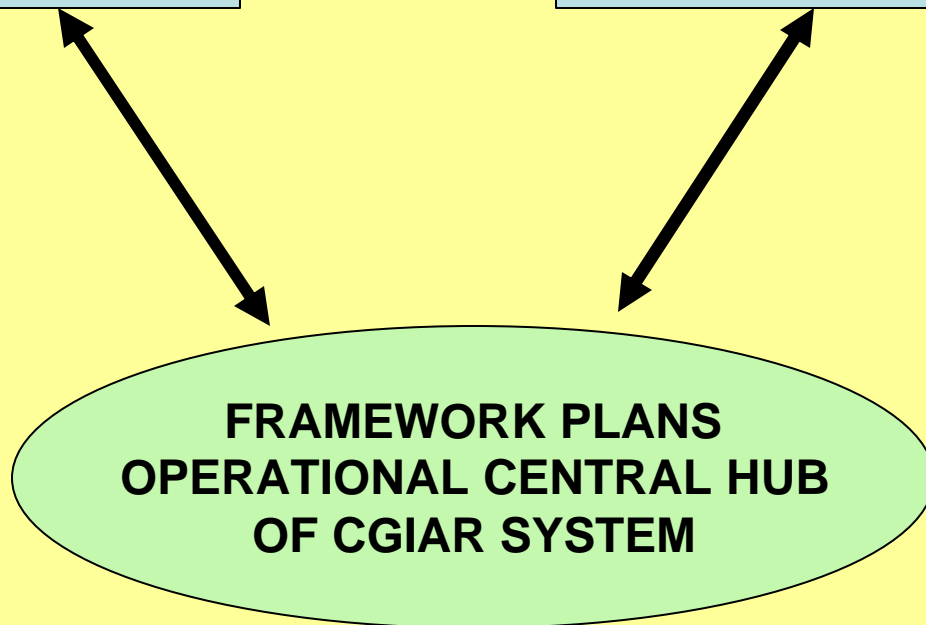
LINKAGE OF MTPS AND SPs WITH FRAMEWORK PLANS

Research cycle
management

Strategic System level

**CENTRES & CPs
MID-TERM PLANS
X19**

**CGIAR SYSTEM PRIORITIES
(COMPARATIVE ADVANTAGE
AND CORE COMPETENCIES
OF CGIAR)**



Operational System level

THE FUNDING MATRIX

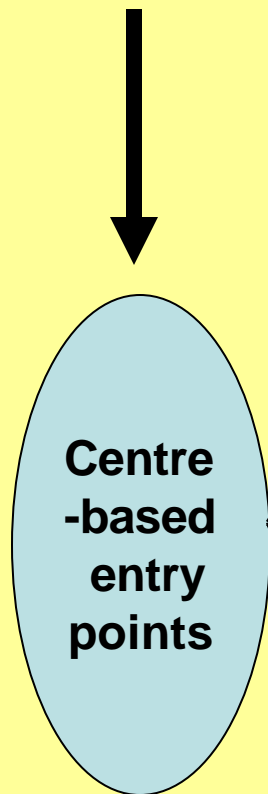
- Centres & CPs x system priorities
- Shows how donor action is limited by existing entry points

SP-based entry points

SYSTEM PRIORITIES													
CENTRE/CP	PRIORITY 1				PRIORITY 2				PRIORITY 3				etc
	A	B	C	D	A	B	C	D	A	B	C	D	
	CIAT		VI										
CIP													
IRRI													
SSA-CP													
etc													

Centre-based entry points

Group of willing donors jointly agree priority-based allocations and channel via centres



CENTRE/CP	SYSTEM PRIORITIES												
	PRIORITY 1				PRIORITY 2				PRIORITY 3				etc
	A	B	C	D	A	B	C	D	A	B	C	D	
CIAT		VI											
CIP													
IRRI													
SSA-CP													
etc													



Step 1: Framework plans and budgets (ANNUAL DEMAND MATRIX)

	SP1	SP2	SP3	SP4	SP5	TOTAL
	a b c d	a b c d	a b c d	a b c d	a b c d	
CIP						
IFPRI						
ILRI						
CIAT						
CP1						
CP2						
TOTAL						

Step 1: Framework plans and budgets (DEMAND MATRIX)

	SP1				SP2				SP3				SP4				SP5				TOTAL
	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d	
CIP	\$\$				\$\$				\$\$				\$\$				\$\$				\$\$\$
IFPRI	\$\$								\$\$				\$\$				\$\$				\$\$\$
ILRI	\$\$								\$\$				\$\$				\$\$				\$\$\$
CIAT					\$\$				\$\$								\$\$				\$\$\$
CP1	\$\$				\$\$								\$\$								\$\$\$
CP2									\$\$				\$\$				\$\$				\$\$\$
TOTAL	\$\$\$				\$\$\$				\$\$\$				\$\$\$				\$\$\$				\$\$\$\$\$

Step 1

Is an “offer contract”

Step 2 Donors declare intended funding - types IV, V, VI (SUPPLY MATRIX)

	SP1				SP2				SP3				SP4				SP5				TOTAL
	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d	
CIP	\$\$				\$\$				\$\$				\$\$				\$\$				\$\$\$
IFPRI	\$\$								\$\$				\$\$				\$\$				\$\$\$
ILRI	\$\$								\$\$				\$\$				\$\$				\$\$\$
CIAT					\$\$				\$\$								\$\$				\$\$\$
CP1	\$\$				\$\$								\$\$								\$\$\$
CP2									\$\$				\$\$				\$\$				\$\$\$
TOTAL	\$\$\$				\$\$\$				\$\$\$				\$\$\$				\$\$\$				\$\$\$\$\$

Step 2

Is the donor response

**(centre and CP entry points,
funding types iv, v and vi)**

Step 3: Subtraction of DEMAND from SUPPLY reveals over (\$\$), under (\$\$) and adequately (\$\$) funded cells

	SP1				SP2				SP3				SP4				SP5				TOTAL
	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d	
CIP	\$\$				\$\$				\$\$				\$\$				\$\$				\$\$\$
IFPRI	\$\$								\$\$				\$\$				\$\$				\$\$\$
ILRI	\$\$								\$\$				\$\$				\$\$				\$\$\$
CIAT					\$\$				\$\$								\$\$				\$\$\$
CP1	\$\$				\$\$								\$\$								\$\$\$
CP2									\$\$				\$\$				\$\$				\$\$\$
TOTAL	\$\$\$				\$\$\$				\$\$\$				\$\$\$				\$\$\$				\$\$\$\$\$

Step 3

Reveals **gaps** & **hot spots**

Step 3 adjustment: Type III (Centre level URF) redistributed to reduce hot spots (\$\$)

	SP1				SP2				SP3				SP4				SP5				TOTAL
	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d	
CIP	\$\$				\$\$				\$\$				\$\$				\$\$				\$\$\$
IFPRI	\$\$								\$\$				\$\$				\$\$				\$\$\$
ILRI	\$\$								\$\$				\$\$				\$\$				\$\$\$
CIAT					\$\$				\$\$								\$\$				\$\$\$
CP1	\$\$				\$\$								\$\$								\$\$\$
CP2									\$\$				\$\$				\$\$				\$\$\$
TOTAL	\$\$\$				\$\$\$				\$\$\$				\$\$\$				\$\$\$				\$\$\$\$\$

Step 4: Willing donor group type I, II, III (priority-based) funds to top up under funded (\$\$) cells

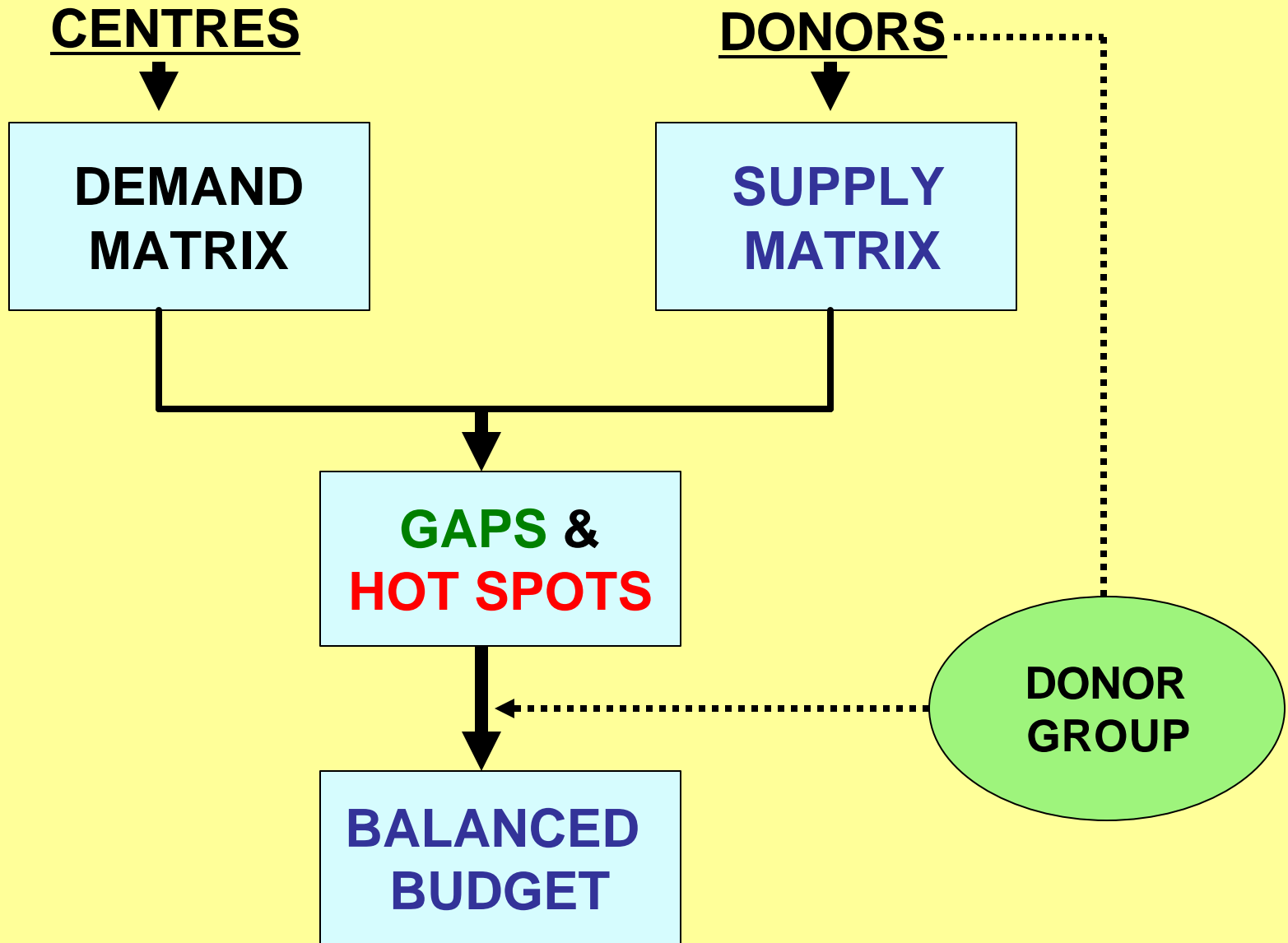
	SP1				SP2				SP3				SP4				SP5				TOTAL
	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d	a	b	c	d	
CIP	\$\$				\$\$				\$\$				\$\$				\$\$				\$\$\$
IFPRI	\$\$								\$\$				\$\$				\$\$				\$\$\$
ILRI	\$\$								\$\$				\$\$				\$\$				\$\$\$
CIAT					\$\$				\$\$								\$\$				\$\$\$
CP1	\$\$				\$\$								\$\$								\$\$\$
CP2									\$\$				\$\$				\$\$				\$\$\$
TOTAL	\$\$\$				\$\$\$				\$\$\$				\$\$\$				\$\$\$				\$\$\$\$\$

Step 4

**Willing donors balance the
CGIAR budget by filling
priority gaps**

Snapshot summary

- Schematic diagram of 4 step process



Will the proposal deliver on
intended objectives?

Does the proposed mechanism provide:

1. Incentives for donors to increase unrestricted funding and longer term funding
2. Funding through centres
3. Encourage harmonization (Paris declaration)
4. Improved stability of funding at system and centre level – with full cost recovery
5. Incentives for centre collaboration
6. Transparency and low transaction costs
7. Better information sharing amongst members

YES to all 7 points!

Recommendations

1. The ad hoc Committee's proposal is discussed at AGM07, and CGIAR Members decide definitively on endorsement of the four-step method.
2. ExCo establishes a standing panel on funding to oversee implementation of the mechanism and provide advice on funding issues.
3. Among the first tasks of the standing panel should be to draw up a donor code of conduct.

Yujiro Hayami, Michael Lipton, Harris Mule, 14 March 2003
(final word)

-repeated failure by intelligent people to take recommended, sensible action implies strong reasons, which are of three types.
- **First**, any change involves transaction costs.
- **Second**, “political economy” pressures lead individuals or groups to defend powers and privileges that they enjoy under present arrangements.
- **Third**, there are problems of collective action.