



CGIAR Financing Status Overview for 2011

INTRODUCTION

Traditionally, the CGIAR proposes a financing plan for the next calendar year approximately 6 months in advance, i.e. in this case for 2011 in mid-year 2010. This plan normally is based on the existing/approved Medium Term Plan (MTP) for activities, and best-estimates of financing from all sources. Financing sources include CGIAR Member contributions which can be (a) unrestricted to the total center activity within the MTP, (b) restricted to narrow project activity within the MTP, and (c) attributed to specific programs – a “higher level” restriction within the MTP. Additionally, non-Members provide financing in a variety of forms – occasionally as unrestricted funds, often as highly-restricted or targeted, and sometimes as in-kind contributions. Third, centers earn income in different way – from sale of surplus produce, asset sale/disposal, investment income, and so on. Finally, if available in sufficient quantity and under tightly-defined criteria (perhaps to mitigate a known one-time donor shortfall, for example), centers can use accumulated net assets (“reserves”) to supplement current income for program spending, and/or for capital investment. Use of reserves for current operations must not, however, lead to an unsustainable trajectory that requires permanent such drawdown of net assets. Additionally, reserves must be maintained and grown over time.

Construction of the financing plan normally is, therefore, a fairly mechanical exercise, because the harder work of defining the program boundaries and activities is already accomplished in the MTP-development process – and this is done using conservative forecasts of probable future financing. The traditional financing plan contains estimates that are quite well-grounded, because large unexpected changes between years in both programs and sources of income, are not usually encountered.

For 2011, the situation is dramatically different. There are a number of reasons for this:

1. The CGIAR Change process is only partly completed, and so major uncertainties and timeline questions still remain. In effect, centers and donors are dealing with many moving parts, and trying to make governance and management decisions based on partial information.
2. Basic center needs such as gene bank operation/maintenance, long-term infrastructure financing and other essential institutional requirements are recognized but to some degree are not easily reconciled with the desire to convert all unrestricted financing to programs. How this will resolve is still under consideration.
3. The understandable desire to “fast-track” several mega-programs (MP) is an excellent example of partial implementation noted above: not only is the system re-organizing along programmatic lines (as opposed to institutional ones), the drafters of the mega-programs and concept notes have, understandably, taken an objective of growth and

opportunity to heart, and have developed programs designed to fast-track results, as well as implementation. So there is substantial resource growth built into the first MP's.

4. The global economic challenges and uncertainties affect most if not all donors, adding more than the usual element of uncertainty. Decision-making may be delayed, adding pressures to the centers whose fixed costs do not change in the short term.
5. Perhaps related to point 4 above, financing for 2010 is not yet assured, and there is evidence of significant delays in donors being able to make commitments in this transition year. This compounds the uncertainties everyone experiences for 2011.
6. There is a legacy issue: while some existing restricted grant-supported research will easily and naturally align with MP, some may not, but the contracted activities must still be completed.
7. There are some technical issues and enhancements in centers' financial systems that still need to be resolved and completed, such as full implementation of full cost financing/recovery from project funds. Centers are working hard to design the necessary systems. The "new CGIAR" realizes that to some degree there will continue to be reliance on such restricted funding, but the rules of engagement have to change. This takes time and a commitment from all parties to make it work.

For the reasons noted above, and because there needs to be some early revision of the first drafts of the fast-tracked MP – which led to large projected financing gaps as we shall see – **this document is a financing overview and current status summary rather than a financing plan.**

There will have to be a second iteration of this when there is better information on:

1. What is going to be a reasonable program level to aim for in 2011 based on resource availability; and
2. When we will have information on what that resource availability really is going to be.

This 2011 summary excludes costs and income for activities such the Fund and Consortium Offices given the uncertainties still related to them, and is limited only to CGIAR programs.

2009 Financing Outcome and 2010 Estimates

The financial results from 2009¹ show a significant growth in external financing available for CGIAR programs, from the 2008 level. Funding in 2009 added to \$595 million, an increase of \$64 million (12%) from 2008. In addition, centers' and Challenge Programs' (CP) earned income was \$26 million, bring total resources to \$621 million.

¹ Data shown here are from center submissions to the Consortium Office for this exercise, and may differ slightly from what will be the official CGIAR statistics produced by the ex-CGIAR Secretariat and published in the annual CGIAR financial report, which as of late June is still a work in progress.

The funding expectation for 2010 can be described as one of optimism based on (1) prior indications of unrestricted support, (2) the portfolio of existing restricted grant activity and (3) an active and growing restricted grant “pipeline”. At the same time, however, it must be noted that there is a slightly growing sense of unease because, at the end of June, there is considerably less confirmed information available from donors who provide unrestricted funds, than is normally the case.

The table 1 shows the summary of financing for centers and Challenge Programs in 2009.

Table 1
CGIAR Resources for 2009 (US\$ million)

	External Financing			Earned Income	Total Resources
	Unrestricted	Restricted *	Total		
AfricaRice	5.4	14.5	20.0	0.1	20.1
Bioversity	15.3	20.1	35.4	0.1	35.5
CIAT	12.5	33.5	46.0	1.2	47.2
CIFOR	9.7	14.0	23.7	0.3	23.9
CIMMYT	9.7	36.0	45.7	1.6	47.2
CIP	10.8	21.3	32.1	0.6	32.7
ICARDA	11.4	19.6	31.0	1.3	32.2
ICRISAT	13.0	34.2	47.3	4.2	51.5
IFPRI	15.5	46.1	61.6	0.6	62.2
IITA	14.0	30.8	44.8	3.8	48.6
ILRI	15.6	36.4	52.0	3.8	55.8
IRRI	13.4	34.3	47.7	1.9	49.5
IWMI	8.2	18.9	27.1	2.5	29.6
World AgroForestry	11.9	16.1	28.0	2.9	30.9
WorldFish	6.4	10.9	17.3	0.4	17.7
TOTAL CENTERS	173	387	559	25	585
Generation Challenge Program	7.3	15.6	23.0	1.0	23.9
Challenge Program - Water and Food	11.5	1.2	12.6	0.0	12.6
TOTAL CHALLENGE PROGRAMS	19	17	36	1	37
TOTAL CGIAR	192	403	595	26	621

* net of intercenter funding, to avoid double-counting income

Two of the Challenge Programs are shown explicitly, while funding for the other existing CP’s (HarvestPlus and Sub-Saharan Africa) is included in the center totals.

Table 2 shows the current estimate of financing for 2010. At about mid-year 2010, the centers and Challenge Programs are operating on the assumption of a total of \$196 million of unrestricted funding, \$438 million of restricted funds, and earned income of \$25 million, for a

grand total of \$659 million, representing a 6% increase over 2009. All but \$4 million of the \$38 million increase is in the restricted financing category. Table 2 provides the estimates at the institutional level.

Table 2
Estimated CGIAR Resources for 2010 (US\$ million)

	External Financing			Earned Income	Total Resources
	Unrestricted	Restricted *	Total		
AfricaRice	5.7	13.4	19.1	0.1	19.2
Bioversity	15.2	23.7	38.9	0.3	39.2
CIAT	13.1	38.4	51.5	2.5	54.0
CIFOR	10.2	15.3	25.5	0.4	25.9
CIMMYT	12.8	45.1	57.9	1.7	59.5
CIP	9.8	24.5	34.3	0.5	34.8
ICARDA	11.4	24.0	35.4	0.7	36.2
ICRISAT	13.7	36.3	50.0	3.5	53.5
IFPRI	16.3	46.6	62.9	0.4	63.3
IITA	12.2	32.9	45.2	2.4	47.5
ILRI	14.6	22.2	36.8	6.8	43.6
IRRI	14.1	51.5	65.6	1.1	66.7
IWMI	9.5	20.1	29.5	2.3	31.8
World AgroForestry	12.4	20.9	33.3	1.4	34.7
WorldFish	6.6	13.5	20.1	0.7	20.8
TOTAL CENTERS	178	428	606	25	630
Generation Challenge Program	6.4	9.0	15.3	0.1	15.4
Challenge Program - Water and Food	12.1	1.1	13.1	0.0	13.1
TOTAL CHALLENGE PROGRAMS	18	10	28	0	28
TOTAL CGIAR	196	438	634	25	659

* net of intercenter funding, to avoid double-counting income

Context for 2011 Program financing

In order to make any sense of development for resource estimates in 2011 and beyond, we first summarize the original status of mega program plans and resource requirements. These are in two parts: the first draft of the “fast-tracked” MP, and the concept notes for the remaining MP. In the case of the fast-tracked MP, the resource estimates are fully developed, but likely in excess of what can be financed. Conversely, in the case of the concept note MP’s, the resource estimates are less certain, but adequate for “orders of magnitude” observations. Fast-tracked MP are MP 3.1 (rice), MP 3.2 (wheat), MP 3.3 (maize), and MP 7 (climate change). Table 3 summarizes the current resource demands for MP. Note that this table is in a format where cross-cutting genetic diversity was treated as a MP, and to ensure the elements are not omitted this line remains to capture expenditures. Other “platform” estimates are not yet available.

Table 3
Mega-Program Budgets for 2010-2013 (US\$ million)

		2010	2011	2012	2013	TOTAL
MP 1.1	Ag. Systems - drylands		36.1	38.5	41.2	116
MP 1.2	Ag. Systems - tropics		31.5	32.3	33.5	97
MP 1.3	Ag. Systems - coastal areas		18.6	19.7	21.0	59
<i>sub-total for MP 1</i>		<i>0.0</i>	<i>86.2</i>	<i>90.5</i>	<i>95.7</i>	<i>272</i>
MP 2	Policies/Markets	0.0	74.0	78.5	82.4	235
MP 3.1	Rice	100.2	120.8	132.8	145.5	499
MP 3.2	Wheat	0.0	72.6	89.5	97.4	260
MP 3.3	Maize	0.0	61.2	78.8	97.8	238
MP 3.4	Pulses	0.0	35.3	37.7	39.4	112
MP 3.5	Tubers	0.0	55.6	57.2	59.8	173
MP 3.6	Dryland cereals (incl barley)	0.0	13.8	14.5	15.3	44
MP 3.7	Livestock	0.0	29.8	31.2	32.8	94
MP -	Cross-cutting genetic diversity	0.0	32.1	31.0	31.6	95
<i>sub-total for MP 3</i>		<i>100.2</i>	<i>421.3</i>	<i>472.7</i>	<i>519.6</i>	<i>1,514</i>
MP 4	Nutrition	0.0	38.7	41.0	43.0	123
MP 5	Water	0.0	63.1	66.3	68.3	198
MP 6	Forests and Trees	0.0	56.0	58.7	61.5	176
MP 7	Climate Change	3.4	63.7	66.9	70.3	204
TOTAL		104	803	875	941	2,722

The plan for 2010 (rice and climate change) and the associated resource requirements are under review along with all aspects of the fast-tracked MP's. The centers involved in these two MP, however, will be undertaking some preliminary work as defined in the MP documentation. The figures in table 3 include resources requested or assumed to come from the CGIAR Fund, and so the total budgets are in excess of what is provided in the following section, as centers were requested to assume very minimal growth of unrestricted funds – i.e. that which will flow through the Fund.

2011 Resource Request

The preparation of a financing request for 2011 is unusually difficult given the transitional nature of the CGIAR program. This is compounded by the fact that even for the fast-tracked MP, additional change and re-submission is necessary given the very large resource demand in the first submission. The concept notes for the other MP are available but in some respects still incomplete, and full drafts of the MP will not be available for full evaluation (and at the same

time the revised fast-tracked ones are ready) in time for a full and definitive financing plan to be prepared on the traditional schedule.

Accordingly, the Consortium Board (CB) and Consortium Office took the approach of requesting centers to summarize in data form the resources they estimated would be available for MP in 2011, even as these are not yet fully developed, but based on the assumed content and the centers' planned participation in them. Certain "rules" were followed:

- Centers were asked to assume 5% growth of unrestricted donor funding for the years 2010 to 2012, with the 2009 actual as a base. Centers should allocate the total of assumed unrestricted funds across all the mega programs, fast-tracked and otherwise.
- Centers should list existing restricted funds based on commitments – existing contracts and firm pledges.
- Centers were not asked at this point to forecast funding or expenditure for the still-to-be-elaborated "platform" activities, so this will have to be a future adjustment to a financing plan.
- Centers should conservatively forecast earned income for 2010-2012 taking into account current interest rates, etc.
- Centers should identify the 2011 funding gap which inevitably results from the status of restricted grant applications, and the very large first proposals of the fast-tracked MP as a restricted fund gap, not an unrestricted fund gap.
- For MP that are not yet fully developed, centers should make an estimate of their participation using both unrestricted and restricted funds, but with any resulting gap shown as a restricted fund gap.
- Centers should clarify what resources are available for Challenge Programs and what resources flow between centers as "funding" – the latter to enable the Consortium Office to ensure there is no income double-counting.

Table 4 provides the basic external funding estimates and requirements. Obviously, for years 2011 and 2012, there is a significant funding gap – the restricted fund total at the center level is basically a plug figure to reconcile with spending based on the budgets for mega programs. As noted above, these budgets are very approximate at present. However, the numbers – high though they may be at this time, give an indication of where – in an essentially unconstrained financial environment – the resources would flow. This therefore does not take into account any Consortium Board and Fund Council decisions on MP priorities in a constrained environment, or based on scientific quality and/or research and development priority.

The growth trajectory for different fast-tracked mega programs is not consistent in percentage terms. For climate change, as essentially a new activity, there is no real basis for comparison with past activity, but for rice, wheat and maize, there is, and also the first drafts of the detailed proposals provide differential information on likely sources of funds. In this regard, there is better information and generally a lower percentage increase required to finance the rice

program than the maize and wheat programs, at least based on existing (and historical funding pattern) information.

Table 4
Donor Funding for 2009-2012 (US\$ million)

(At the center level, inclusive of funding for Challenge Programs other than Generation and Water/Food)

	2009 actual			2010 estimate			2011 request			2012 plan		
	Unres	Res	Total	Unres	Res	Total	Unres	Res	Total	Unres	Res	Total
AfricaRice	5.4	16.9	22.4	5.7	14.3	20.0	6.1	10.2	16.3	6.4	8.3	14.7
Bioversity	15.3	20.8	36.1	15.2	24.4	39.6	16.1	21.9	37.9	16.8	20.9	37.7
CIAT	12.5	35.2	47.7	13.1	40.1	53.2	13.7	42.5	56.2	14.4	45.7	60.2
CIFOR	9.7	14.0	23.7	10.2	15.4	25.6	10.7	16.8	27.5	11.2	16.0	27.2
CIMMYT	9.7	39.1	48.8	12.8	50.0	62.8	13.4	121.3	134.8	14.1	155.3	169.4
CIP	10.8	21.4	32.2	9.8	24.6	34.4	10.3	26.0	36.3	10.8	29.3	40.1
ICARDA	11.4	20.5	31.9	11.4	24.5	35.9	12.0	28.8	40.8	12.6	32.6	45.2
ICRISAT	13.0	34.7	47.8	13.7	36.9	50.6	14.4	39.6	54.0	15.1	39.8	54.9
IFPRI	15.5	46.9	62.4	16.3	47.3	63.6	17.1	47.8	64.9	17.9	50.2	68.1
IITA	14.0	34.4	48.4	12.2	37.7	49.9	11.7	42.2	53.9	11.9	44.8	56.7
ILRI	15.6	39.6	55.2	14.6	24.1	38.7	14.6	29.8	44.4	14.6	32.4	47.0
IRRI	13.4	34.6	48.1	14.1	52.2	66.3	14.8	59.9	74.7	15.5	67.7	83.2
IWMI	8.2	20.1	28.3	9.5	20.9	30.3	9.9	21.2	31.2	10.4	22.9	33.3
World AgroForestry	11.9	17.0	28.9	12.4	21.6	34.0	13.0	24.1	37.2	13.7	25.4	39.1
WorldFish	6.4	10.9	17.3	6.6	13.5	20.1	7.0	15.2	22.2	7.3	17.3	24.6
TOTAL CENTERS	172.8	406.2	579.0	177.6	447.3	624.9	184.8	547.4	732.2	192.8	608.5	801.4
Generation Challenge Program	7.3	15.6	23.0	6.4	9.0	15.3	11.3	5.3	16.6	11.8	5.0	16.9
Challenge Program - Water and Food	11.5	1.2	12.6	12.1	1.1	13.1	12.7	3.4	16.1	13.3	3.4	16.7
TOTAL CHALLENGE PROGRAMS	18.8	16.8	35.6	18.4	10.0	28.4	23.9	8.7	32.6	25.1	8.4	33.6
TOTAL CGIAR	191.6	423.0	614.6	196.0	457.3	653.3	208.7	556.1	764.8	218.0	617.0	834.9

Complementing the external funding is center earned income. Table 5 provides an early estimate from the centers for 2010-2012, as well as the actual 2009 value for comparison.

Table 5
Earned Income 2009-2012 (US\$ million)

	actual	estimate	estimate	estimate
	2009	2010	2011	2012
AfricaRice	0.1	0.1	0.1	0.1
Bioversity	0.1	0.3	0.3	0.3
CIAT	1.2	2.5	0.5	0.5
CIFOR	0.3	0.4	0.4	0.4
CIMMYT	1.6	1.7	1.7	2.0
CIP	0.6	0.5	0.4	0.5
ICARDA	1.3	0.7	1.1	1.3
ICRISAT	4.2	3.5	3.0	3.0
IFPRI	0.6	0.4	0.4	0.4
IITA	3.8	2.4	2.1	2.1
ILRI	3.8	6.8	4.4	4.4
IRRI	1.9	1.1	1.1	1.1
IWMI	2.5	2.3	1.9	1.4
World AgroForestry	2.9	1.4	0.6	0.6
WorldFish	0.4	0.7	0.6	0.6
TOTAL CENTERS	25.2	24.7	18.5	18.6
Generation Challenge Program	1.0	0.1	0.9	0.0
Challenge Program - Water and Food	0.0	0.0	0.0	0.0
TOTAL CHALLENGE PROGRAMS	1.0	0.1	0.9	0.0
TOTAL CGIAR	26.1	24.7	19.3	18.6

For 2011, it is possible to be more precise about the currently-estimated funding needs and gaps at the center and MP level, though the fast-tracked MP are under revision and the concept notes for the other MP are still quite preliminary. Table 6 shows the result of center submissions based on assumed participation in MP's. This does not necessarily reflect eventual actual income. Obviously, the restricted income projection contains significant "unconfirmed and unidentified" sources, at virtually all centers.

Table 6
Funds Proposed for Programs in 2011 (US\$ million)

	External Funding			Adjustments	Total
	Unres	Res	Sub-total	(see footnote)	Resources
AfricaRice	6.1	10.2	16.3	-2.2	14.1
Bioversity	16.1	21.9	37.9	-0.5	37.4
CIAT	13.7	42.5	56.2	-1.9	54.3
CIFOR	10.7	16.8	27.5	0.3	27.8
CIMMYT	13.4	121.3	134.8	-5.9	128.8
CIP	10.3	26.0	36.3	0.2	36.5
ICARDA	12.0	28.8	40.8	-0.3	40.5
ICRISAT	14.4	39.6	54.0	2.5	56.5
IFPRI	17.1	47.8	64.9	-1.2	63.6
IITA	11.7	42.2	53.9	-0.0	53.9
ILRI	14.6	29.8	44.4	3.8	48.2
IRRI	14.8	59.9	74.7	-0.3	74.5
IWMI	9.9	21.2	31.2	1.4	32.6
World AgroForestry	13.0	24.1	37.2	0.0	37.2
WorldFish	7.0	15.2	22.2	1.0	23.2
TOTAL CENTERS	184.8	547.4	732.2	-3.0	729.2
Generation Challenge Program	11.3	5.3	16.6	0.9	17.4
Challenge Program - Water and Food	12.7	3.4	16.1	0.0	16.1
TOTAL CHALLENGE PROGRAMS	23.9	8.7	32.6	0.9	33.5
TOTAL CGIAR	208.7	556.1	764.8	-2.1	762.7

The adjustments include eliminating inter-center funding transfers (to avoid double-counting), and adjusting for earned income and surpluses (by definition, if a surplus occurs, those funds were not used for programming; earned income adds to availability).

The needed funds above, totalling \$763 million, represent an increase of 17% (\$112 million) over the 2010 expected level, and 24% more than the actual 2009 external financing.

The summary of potential expenditure for MP in 2011 is shown in table 7 below. Here again centers were requested to show a financing gap, if any, in restricted fund terms (the small unrestricted gap is an artefact resulting from slightly modified growth submissions from several centers). What emerges most obviously is the very large gap especially for the centers that are significantly participating in the largest fast-tracked MP's, since those resource requests for 2011 were extremely elevated compared to existing activity levels at the participating centers.

Obviously, the total shortfall of \$242 million, necessitated largely by the large budgets of the fast-tracked MP for 2011, is not a credible financing plan estimate, unless the CGIAR was prepared to make dramatic cuts – i.e. a shift of funds from many centers' programs to the MP, as the total financing probably would not increase significantly. It is for this reason that the Consortium Board has requested that the MP program and budgets be reviewed immediately with the intention of reducing the aggregate demand to a level more congruent with income potential. Such a reduction will not be an across-the-board percentage cut, but will be based on priorities and other factors.

Table 7²
Forecast 2011 Program Expenditure and Resource Gap

	2011 MP Expenditure									2011 MP Resource Gap		
	MP 1	MP 2	MP 3	MP 4	MP 5	M 6	MP 7	Other	TOTAL	Unres	Res	Total
AfricaRice *	0.0	0.0	22.7	0.0	8.7	0.0	1.0	0.0	32.4		19.2	19.2
Bioversity	2.2	2.2	13.5	3.9	1.2	3.5	5.4	5.4	37.3		0.0	0.0
CIAT	3.2	5.7	24.7	2.4	8.4	0.2	4.1	0.0	48.7		13.9	13.9
CIFOR	0.0	0.0	0.0	0.0	0.0	27.4	0.0	0.0	27.4		5.1	5.1
CIMMYT	0.0	0.3	127.2	2.6	0.0	0.0	0.0	0.2	130.3		85.9	85.9
CIP	7.9	2.2	17.9	1.5	2.3	0.0	2.5	2.1	36.3		5.9	5.9
ICARDA	13.9	0.2	18.0	0.9	5.0	0.0	2.0	0.0	40.0		6.9	6.9
ICRISAT	10.6	8.4	22.6	1.4	4.7	0.0	2.5	2.8	52.8		13.5	13.5
IFPRI	0.0	41.4	0.0	11.0	1.9	0.5	2.5	3.0	60.2		13.9	13.9
IITA	13.8	1.1	29.6	2.0	1.4	3.1	0.9	0.0	51.8		12.0	12.0
ILRI	8.8	2.4	18.3	8.8	1.4	0.0	3.0	0.0	42.8		13.3	13.3
IRRI	0.0	0.0	71.1	0.0	0.5	0.0	1.0	0.0	72.6		30.8	30.8
IWMI	4.0	0.0	0.0	1.3	18.6	0.0	2.7	0.0	26.6		7.0	7.0
World AgroForestry	1.9	2.5	0.0	0.8	4.7	21.2	4.5	0.0	35.6		5.2	5.2
WorldFish	9.5	1.9	5.2	0.8	0.8	0.0	2.0	2.9	23.0		8.2	8.2
CENTERS	75.7	68.3	370.7	37.2	59.6	55.9	34.1	16.2	717.7	12.7 *	240.7	240.7
CP - Generation	0.0	0.0	17.4	0.0	0.0	0.0	0.0	0.0	17.4		0.0	0.0
CP - Water & Food	0.0	0.0	0.0	0.0	16.1	0.0	0.0	0.0	16.1		1.3	1.3
Challenge Programs	0.0	0.0	17.4	0.0	16.1	0.0	0.0	0.0	33.5	0.0	1.3	1.3
TOTAL CGIAR	75.7	68.3	388.1	37.2	75.7	55.9	34.1	16.2	751.2	12.7	242.0	242.0

* The unrestricted income gap is shown at the system level as the intention was that growth to 2011 should be an across-the-board percentage for this exercise

The funding gap, while large, is probably overstated in real terms, because centers were requested to be conservative in their assumptions of contract grant renewals and successful

² Expenditures in this table were estimated by centers in a recent exercise and may not exactly match the earlier budget estimates for the MP as shown in table 3.

pipeline proposals coming on stream. At this point, without assigning probabilities to new and renewed project approvals and implementation, it is not possible to be much more precise. It is obvious, though, that this shortfall far exceeds the normal situation for centers in the Medium Term Plan process. Having said this, there are indications that future bilateral financing may be more robust, at least for some MP, than the numbers at present suggest. For example, in response to the interim review of the rice MP, it was stated by the proponent that they expect perhaps 50% of the needed funds to fill the gap, to be identified from new sources.

2010 and 2011 Opportunities and Risks

This section will attempt to summarize what the Consortium Board recognizes as resource and institutional realities during a transition period. The situation presents opportunities for greater impact, but also risks given the timetable and continuing uncertainties of resource-availability. This is complicated by a number of factors, including uncertainty over how long the “transition” actually will be (and long it should be characterized as such).

The opportunities are evident and are long-term, perhaps not to be realized immediately. They are based on the whole logic and design of a new approach for CGIAR programming. For well over a year now, there has been a major effort to design and articulate a new strategy and results framework (SRF), an exercise that is virtually complete. This necessitated many iterations and consultations, within and outside of the immediate CGIAR family. From it comes a new mechanism – the mega program – which essentially turns the traditional CGIAR approach to financing and executing research in a new direction: from an institutional-execution approach to a program-execution approach. In response to these changes, expectations for growth are established; the SRF makes it clear that impacts and results will increase if additional inputs are available. While we are realists and understand that funding growth can not be instantaneous, it is hoped that donors will respond to the call for higher resources to support the program in the coming years. This is part of the shared compact (or social contract) within the CGIAR: major change on the part of the “doers” will be enhanced by resource growth from the “funders”.

The risks are easily recognized, and they are more short-term in nature than the opportunities. The changes in the CGIAR will almost certainly result in some institutional realignments (expansion, contraction, perhaps new alliances, etc.), as well as a re-balancing of program priorities, over time. One fundamental question is: when? The answer to this question is at the heart of an important matter for 2010 and 2011: avoiding immediate and inadvertent, but long-term, resource damage at the institutional level. This does not mean “business as usual” or a reluctance to change, it means effecting change in an orderly manner, with the necessary information on which to base decisions. This is the approach that the Consortium Board is taking with the MP’s. While the Consortium Board and Consortium Office are reluctant to keep using the term “transition period”, there are realities that require it.

What exists with respect to introducing and operationalizing the new mega program approach at the moment are the following:

1. Four MP would be “fast-tracked” for early implementation. The first draft of these MP have been submitted, the Consortium Board has commented on them, and the proponents have received these comments as well as those of external reviewers. One (rice) has been re-submitted to the Consortium Board for a virtual decision to be made.
2. Concept notes for the remaining MP have been submitted and are available, albeit in variable states of elaboration and detail. The Consortium Board has sent its comments on each concept note, along with those of external reviewers, to the proponents. The CB hopes to receive the full proposals for these remaining MP’s, at the earliest, in early September.
3. Centers maintain existing programs, based on the MTP, for 2010 (with perhaps some change for centers engaged in the rice MP, and for centers involved in the climate change MP, which has its origin in the Climate Change Challenge Program, just getting underway).
4. For 2011, it is expected that at least some MP will be operational, but some probably will not be, or at least not for the whole year.

The above points are the basic situation, but there are major uncertainties still remaining. These include:

- The fact that the first drafts of the fast-tracked MP call for resources that are well in excess of current estimates of funding availability, assuming the system does not wish to make major and irrevocable program cuts in other areas until there is a firm basis to do so. Accordingly, these MP have been sent back for revision, with the request that changes are made reflecting various resource cuts – in other words, prioritizing based on all relevant factors.
- The concept notes are not yet ready to be sent for full elaboration as draft MP.
- The timeline for completing the drafts of all MP, and for the Consortium Board to evaluate them for proposal to the Fund is still a work in progress, but it seems certain that it will not be possible to have a full slate of developed MP in place such that 2011 can be a full implementation year for the new CGIAR approach.
- Funding at the institutional level for 2010 (i.e. unrestricted funds) is still very uncertain – at least the information to centers is very patchy, and well behind the pace of commitment that traditionally is available by mid-year.
- Funding for 2011 is even more uncertain, as is the desired harmonization of certain donor policies within the new CGIAR model.
- Based on some initial reactions, it is not clear that some of the technical requirements underpinning the successful transition to program funding are fully internalized and accepted by some donors. An example is full cost recovery.
- There are still some technical developments at the center/Consortium level that are incomplete, such as standardizing accounting and reporting processes, for the new MP

structure, and since by definition MP are partnership activities (however, the Challenge Program experience provides valuable managerial experience on which to build).

Since under almost any scenario, restricted funds will be an important source of MP finance, it is absolutely imperative that the CG-approved policy of requiring restricted-fund donors to provide full cost recovery is implemented. There is evidence that even at this early stage there is some resistance by some CGIAR Members to comply with this basic requirement. If the reason is because of uncertainty over how costs are calculated, the need is to clarify this, and the reluctance is understandable. If the resistance is simply because a donor is not able or is unwilling to pay the full costs, the reluctance is very serious, as proceeding could result in a moral hazard that is supposed to disappear in the new CGIAR. It will result also in a decline of sustainability at the institutional level. This reality cannot be ignored.

Conclusion

With respect to availability of unrestricted funds, the Consortium Board strongly asserts for some assurance of basic stability within the system. The Board is well aware that it is a strong desire, if not a precondition for continued CGIAR support for many donors, that funds go to programs, not institutions, and there is probably some impatience with the pace of implementation of the program orientation. It is possible to misinterpret the centers' concern about stability, as a reflexive desire to maintain a status quo. Nothing could be farther from the reality – everyone is aware that eventually there will be in all likelihood significant realignment of programs and therefore institutions, and center managers support this.

The concern is that if the relatively small percentage of unrestricted funding is not maintained more or less at the current distribution level, there will be unintended – and for some centers potential devastating – consequences, as mentioned earlier. The Consortium Board is as anxious as anyone to move quickly to re-orient the program map and hence where resources should flow. But the Consortium Board does not wish to precipitate an accident resulting from not-well-considered new program proposals. And the proposals are not yet ready for such comparative review. The Board will try to accelerate implementation of the fast-tracked cohort, and has instructed the drafting teams to re-submit implementable plans for 2011. But given the reality of the timetable, it seems unlikely that what are presently concept notes can be anywhere near ready for implementation within 6 months. And in any case, gearing up for new activities implies some scientific staffing changes, and many other administrative and technical adjustments.

Unrestricted funding is only about 30% of the total, but the proposal is for the CGIAR donors to accept the need for more-or-less a steady state unrestricted fund situation for both 2010 and 2011. The Consortium Office, with the assistance of center managers, can design a mechanism for allocation that handles the reality of current programming and MP activity in 2011. For 2010, the Board urges quick confirmation of unrestricted funding along the traditional lines.