



GCARD

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CGIAR FUND INVESTMENT TRENDS

Jonathan Wadsworth (Executive Secretary, CGIAR Fund Council)

Context – the problems being addressed

Investments in agriculture development, including national and international research for global public good, fell during the 1980s and 90s. Due to time lags between research investment and impact on the ground, many current challenges can be traced to insufficient spending in the past. Moreover, serious underinvestment in international agricultural public goods research continues.

As a key aspect of reform, the CGIAR's multi-donor trust fund was formed to pool and harmonize donor funding to support research priorities. These priorities drive the CGIAR's ambitious research agenda, which was specifically developed to tackle major development challenges and sustainably reduce poverty, hunger and malnutrition.

By focusing on impact and results, the Fund aims to attract larger contributions from more diverse sources and improve the quality of funding by making it more predictable and secure, ensuring research continuity, ever greater efficiency, and better returns to investments, creating a virtuous cycle.

Current activities presented and discussed in the session

Long-term funding trends in the CGIAR (Graph 1) show that total funding was fairly static at around US\$300 million a year during the 1990s, growing at about 3.5 percent per year to reach US\$500 million in 2007. This growth was almost exclusively due to bilateral funding for restricted projects, with core funding contributions falling. In proportionate terms, the CGIAR dropped from two-thirds core (unrestricted) funding in 1995 to one-third in 2007, resulting in over 3 000 relatively small bilateral projects across the CGIAR. Not only did this create a huge administrative burden relative to the overall investment, but it also undermined system-wide priority setting.

The Fund was launched in December 2010, following the start of reforms in 2008. Graph 1 indicates how, despite a global economic recession that seriously affected many donors, increased funding for the CGIAR started to take off in 2008 when the target of doubling CGIAR funding to US\$1 billion in five years was first set.

Intended outcomes

The five-year trend of actual CGIAR funding to the end of 2011 shows an annual growth of 12%, reaching US\$735 million in 2011. As the Fund grows, it is expected that its contribution to the total CGIAR budget will also increase as donors convert from bilateral funding to the

multilateral collective approach.

With only two years of data, it is impossible to analyse trends or infer too much about how donors are adapting to using the Fund. Hence, Graph 2 should simply be taken as the comparison between 2011 and 2012 in terms of Fund receipts.

The Fund grew by 33 percent, reaching an expected US\$514 million in annual receipts in 2012 compared with US\$384 million in 2011. The large increase in the Fund was primarily due to an almost doubling of contributions through Window 3, with the total Window 1 and Window 2 income remaining about the same in 2011 and 2012. However, in 2012, growth of Window 2 contributions displaced about half those of Window 1.

Commitments to collective actions in 2012-2014 (national, regional or international)

i. With existing resources

As the Fund continues to grow, the goal is to ensure that the proportion of untied aid also continues to increase. Total receipts will also have to increase if the much needed impacts are to be realized from targeted investments in priority research.

In 2012, nine new donors joined the Fund, bringing the total to 35. Fund contributors (donors) participate in its governance and decision-making either as members of the Fund council or through their constituency representatives.

While increased participation in the Fund is a good sign of growing commitment to collective action; it should nevertheless be pointed out that 80 percent of the Fund resources are derived from only 20 percent of the Fund's donors.

ii. Immediate gaps to be filled

If expected and target Fund contributions for 2012 and 2013 of US\$400 million and \$600 million are met the one billion target could be reached in 2013, even allowing for a reduction in bilateral contributions from US\$500m to US\$400 million. This will provide full funding for the current set of CRPs making up the CGIAR research portfolio.

iii. With specific large scale programme investment

Estimates of how much should be invested in international agricultural research in order to ensure a sustainable food secure future for all by 2050 vary widely. What is clear is that we are not currently investing nearly enough to achieve this goal.

IFPRI models suggest that for every dollar spent in national research systems, we should invest at least another dollar in the CGIAR's international public goods research. Studies also estimate that annual national research investments need to reach US\$16 billion (measured in US dollar, not PPP dollar terms)* in 2025 to achieve food security in developing countries. This equates to an annual CGIAR budget of at least US\$2 billion in 2025, indicating the level of ambition that needs to be turned into reality over the next 10-15 years. This will require sustained investment growth well above recent trends.