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THE WORLD BANK

Washington, D.C.

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02

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CGIAR - G-14 - International Food Policy Research Institute (IFPRI) -
Division files 02

G14

DATE: December 29, 1988
TO: J. Mellor and L. Halsey, IFPRI
FROM: Hennie Deboeck-De Zutter, CGIAR Secretariat
SUBJECT: 1988 Chinese Contribution

We have arranged for the disbursement of the 1988 Chinese contribution to IFPRI of US\$ 10,000. Please inform us when funds have been received. Regards.

.s

G14

mail ifpri ex ar su 1989 funding

DATE: December 28, 1988
TO: John Mellor, IFPRI
FROM: Curtis Farrar, CGIAR Secretariat
SUBJECT: 1989 Funding

We promised that as soon as there was any further light on the funding situation in 1989 we would send information to all of you. This is a report on the present situation, and a proposal for your consideration.

1. We shall proceed as soon as possible to disbursements of the first tranche of the 1989 World Bank contribution based on the formula in my circular of November 22, i.e. expected funding of 98% of the level as reduced by eliminating unfunded new starts, and increases in working capital, and after technical adjustments. The purpose of doing this is to make sure that funds are in your hands close to the start of the new year.

2. Exchange rate movements since ICW have been mostly against the dollar, i.e. they have made possible a gain of about \$3 million in the dollar value of contributions if we take rates as of mid December rather than those we used earlier. Doing this has the effect of placing a potential burden on the stabilization mechanism. This is a risk we should not take lightly, for reasons that will become clear below.

3. From the perspective of the World Bank, presently going through its budget exercise for 1990, there is little likelihood that the overall funding situation will become easier a year hence. It may be that the distance between approved levels and expected funding will become larger next year rather than diminish. We would therefore be particularly vulnerable to the possibility of a strengthening dollar and a need to replenish the stabilization mechanism in a year when funds are already short.

4. Our working assumption is that any extensions of the system will be self-funding, i.e. that a new sustainability program will draw increased contributions, that a forestry initiative will do the same, that centers adopted from outside will bring their funds along with them, and so on.

5. On the expenditure side, it appears that requirements may be somewhat reduced in 1989. In at least a few centers, hiring and planned expansions have been going slower than initially expected, leading to a lower funding requirement in 1989 than the level submitted to and approved by the TAC. Capital expenditure is being delayed. Some technical adjustments reducing the requirements may also be in sight. Further, of course, there is the possibility in some centers of lowering effective costs through obtaining local currency at more favorable rates

than anticipated. Transactions of this kind should not, of course, be counted upon until they actually take place, and in the short run they would benefit the stabilization mechanism and the center involved.

6. It appears possible, depending in part on the actions to be taken by a few donors still making their 1989 decisions, that we could reach close to adequate funding, not of the approved level of \$238 million, but of some lower figure, say \$232-234 million, which represents the minimum levels needed by the centers to carry forward the approved programs on a tight fisted basis given the changes that have taken place since the original proposals were made.

7. Of course the basis for building future approved budgets would not be affected by any reduction in costs during 1989 because of delays in recruitment or initiation of activities. Technical adjustments, such as cost reducing steps, or increased local salaries, would apply as normal. At the same time, conservative financial management is obviously required at a time when future funding is as uncertain as it now appears. It clearly does not make sense to hire additional staff in 1989 on partial year funding unless one can see fairly clearly the source of full year funding in the future.

8. If, through combined efforts of many centers, we can identify such a figure, I think there would be a basis for my proposing to the Bank that we use the more favorable recent exchange rates, and take the attendant risk. I therefore ask each of you to provide, by January 9 at the latest, your present assessment of the lowest cost of implementing your approved program in 1989 as it now appears. Please hold to the inflation rates included in the approved program levels, and assume that any variation will be taken care of by the stabilization mechanism. And please stick with the elimination of working capital increases as listed in my November 22 message. If any of you have good news about possibilities of additional funding for essential programs, i.e. beyond the amounts included in our \$228 million figure, please share the information now so we can take it into account in the overall forecast for the year.

9. It may be that most of the positive response will have to come from centers with unfunded real increases in 1989. I hope, however, that some of the others will find it possible to accept funding levels below those approved.

10. To summarize, if the total requirements remain significantly above possible funding, we will probably stay with the exchange rates of November 4, and partition any amounts above 98% of the reduced program levels equally between ongoing programs and unfunded real increases. This is scenario one, as set forth during ICW, and in my November 22 message. If we can foresee reducing requirements during the year sufficiently so that we can reach them with a \$3 million exchange rate dividend and possible rises from one or two donors, we shall do that and attempt to provide full funding (or very close to it) of the reduced level.

11. We shall be sending shortly specific messages to some centers on particular points related to 1989 funding which need clarification.

12. John, it would be my hope that as a contribution to the system, you would be in a position to forego the 2% and operate for the year at 98% of your approved essential program. We are asking other centers to do the same thing, where they are in a position to do so. Perhaps you can handle this by finding a way to bring in additional restricted funding. I know about the problems this will cause, and we will work with you to try to ease them as much as possible.

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614

MAIL IFPRI AR SU FRENCH CONTRIBUTION

DATE: October 11, 1988
TO: J. Mellor and L. Halsey, IFPRI
FROM: Hennie Deboeck-De Zutter, CGIAR
SUBJECT: 1988 French contribution

We have instructed the World Bank's cashiers department to disburse US\$ 86,570 (equivalent FF 0.55 million) as France's contribution to IFPRI.

Please inform us when you receive the contribution. Regards, Hennie

.s

G14

MAIL IFPRI AR SU ITALIAN CONTRIBUTION

DATE: October 3, 1988
TO: J. Mellor and L. Halsey, IFPRI
FROM: Hennie Deboeck-De Zutter, CGIAR
SUBJECT: 1988 Italian contribution

We have instructed the World Bank's cashiers department to disburse the following as Italy's contribution to IFPRI:

(a) Unrestricted - \$	144,259 (Lire 200 million)
(b) Restricted -	400,000 for seasonality in agriculture

Total	\$ 544,259

Please inform us when you receive the contribution. Regards, Hennie

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IFPRI BOARD MEETING 27/28 Sept. (Washington)

File notes, MPC.

Environment.

John Mellor emphasised that IFPRI was being pushed to do more in this area, but was drifting and was in danger of doing nothing by default rather than by decision. He expressed the view that the CGIAR was already distorted into low input agriculture due to pressure from donors. (I think this questionable) McWilliams backed this up using the IRRI Review as an example which urged IRRI to stick with lowland irrigated rice rather than dilute efforts to upland rice, seen as relatively low potential. Schultz warned against being caught up in the sustainability whirlwind. Helleiner warned that many economic tools had problems handling the issue because of the very long time horizon.

Much of the discussion revolved around the question of research investment in marginal or fertile areas and there seemed to be a heavy consensus that the fertile areas should be the prime target. Ideas of;

- keep populations in situ longer with higher productivity in fertile areas.
- returns to research in fertile areas probably higher; larger and quicker, than in marginal areas.
- fertile areas would probably be the residual areas for agriculture once population has largely been urbanised.

One interesting point was on definition. Every technology changed the current environment. At what point did such changes become damage? Oram pointed out the weakness of NARS in both the social and environmental sciences.

In summing up Mellor pointed out the importance of relating IFPRI to CG system policy.

Next Years meetings were suggested for 2,3,4 October 1989 and the first week in February 1990.

Some worry was expressed on the rate of budget expansion, particularly whether quality could be maintained. Also on the geographical coverage.

Two types of researcher are being encouraged

- 'thinkers' given a budget of some \$30,000 a year and expected to produce at a high level.
- entrepreneurs' who might expand their funding base and contract research out.

Schultz asked how the quality of researchers was kept up. Fixed term contracts allowed termination and recruited concentrated through personal contacts and references.

Dick de Zeeuw was re-appointed Chairman for a (final) three year term. Ralph Kirkby Davidson will continue as Treasurer and Lorraine Halsey and Bob Bordanaro.

Mission Statement

IFPRI was seeking a mission statement and hope to evolve it from staff consensus. 5 retreats were planned for the November-February period and part of this would be used to develop a statement. John saw some pressure to have one in the context of the CG system. Bordanaro felt that knowledge of the CG system was weak amongst individual junior staff members and the wider system goals provided an appropriate context for IFPRI research. Alves was very outspoken against seeking to conform with the CG system which he felt was wholly out of step with the national programs need to build up effective institutional capacity.

Proposed Hunger Symposium

Mellor proposed that a schedule of sorts could be laid down for the eradication of poverty. It has strong intellectual content, which puts it in IFPRI's purview and would be very attractive to the donors. It will equate nutrition and poverty and be a growth based strategy to 'catch' the poor resident in higher potential agricultural areas of poor countries. Two foundations of a proposed program;

- Investment in rural infrastructure, including small and medium sized towns. Each job in infrastructure works in these areas will give a fivefold job multiplier.

- Feeding program to give better human capital at school and higher school attendance attracted by the food.

Expected cost would be about \$ 15 billion into infrastructure over a five year period and the impact, via a 4-5 fold multiplier would be felt after 15-20 years.

He proposed a two stage program;

- a meeting of academics to underpin the intellectual aspects.

- a meeting of main awareness agencies and policy makers to sell it.

Much comment seemed sceptical.

Lattre; it will sound thin to a disillusioned media and demoralised aid establishment.

- major questions are being asked about the political and social contexts of many of the poorer countries.

Helleiner; That implies a 50% increase in ODA.

He felt 50% was too high for proportion of poor in fertile agricultural areas, my figures show nearer 37%.

- African institutional and infrastructural bases are so degraded that the multiplier effects would not be realised.

- cannot get away from the need for a very long haul.

MacWilliam; Careful to avoid getting into political wisdom area and out of enlightened policy which IFPRI is all about.

Schultz; a great deal of data on growth but no real understanding of what creates it. Very judgemental.

Lipton supporting and responding felt that many of the poor are

in countries that have demonstrated the capacity to do things. India was his example. He emphasised that the capacity to supply technology was the sine qua non of the ability to do this effectively. Technology supply must be there to get the multiplier effects.

Mellor: repeated the proposed sequence, a meeting for academics and then one for policy makers and awareness groups. He asked for time to think through the comments that had come forward.

Price policy seminar.

Day 2 of the Board meeting was a 'dry run' of a proposed policy seminar to cover structural adjustment and price policies. Emphasis was placed on the need to understand economy wide incentives as they affected agriculture. Presentations were given by Islam, who introduced the topic, Valdes and Lipton. Helleiner raised several strong points;

- doesn't get at the question of whether the marginal tax dollar should go into infrastructure development or price support.

- what of price stability ? Can this do a motivating job on its own ?

- Availability of inputs and services and especially consumer goods- isn't this a major factor in motivation. Often missing in the African situation.

- Is there anything in the macro-regime which affects the rate of technical change ?

I didn't attend the afternoon session. As a new board member Helleiner was obviously very strong and had done his homework.

cc CF, SO, EC.

**INTERNATIONAL
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1776 Massachusetts Avenue, N.W.
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(202) 862-5600
Telex: 440054
Cable: IFPRI

June 27, 1988

Mr. Curtis Farrar
Executive Secretary
CGIAR Secretariat
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433

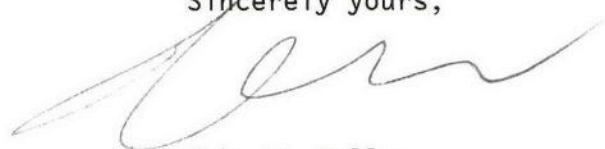
Dear Curt:

I am delighted to acknowledge receipt of the amount of US\$430,000 representing final payment of the World Bank's contribution to IFPRI for 1988.

We remain deeply grateful to the World Bank for its continued and generous endorsement of our program of work.

Best regards.

Sincerely yours,



John W. Mellor

Rd 6/29

RT

HD

File

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**INTERNATIONAL
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June 7, 1988

Mr. Ravi Tadvalkar
Senior Financial Officer
CGIAR Secretariat
The World Bank
801 19th Street, N.W.
Fifth Floor
Washington, D.C. 20433

Dear Ravi:

Enclosed please find 20 copies of a draft of IFPRI's 1989 funding requirements for you to take with you to the TAC meeting in Hyderabad. As we discussed, we generally followed the ILRAD model that you had given us. As we also discussed, the document contains the following tables:

- * **TABLE 1** = Summary of IFPRI's Financial Requirements
- * **TABLE 2** = Financial Requirements by IFPRI Research Area
- * **TABLE 5** = IFPRI Staffing Requirements
- * **TABLE 6** = Sources of Funding

I will send over Table 3 (Summary of IFPRI Expenses by Object of Expenditure) and Table 4 (IFPRI's Application of Funds) by mid month.

Please let us know if you need additional information.

Best regards.

Sincerely yours,



ANDREW ORLIN
Budget/Contracts Administrator

Enclosures

cc: John Mellor
Loraine Halsey

June 9, 1988

Ms. Loraine Halsey
Director, Finance
and Administration
International Food Policy
Research Institute (IFPRI)
1776 Massachusetts Avenue, Northwest
Washington, D.C. 20036

Dear Loraine,

I am pleased to attach a draft report on the potential for automating the IFPRI library. I have discussed next steps with Barbara and Tricia. We would like to revise this draft and present a final product and proposed action plan to Dr. Mellor in early July.

I will be traveling until June 20 and will contact you, Barbara, Tricia and Nancy to set up meetings to discuss the draft. Please let me know if there is anyone else you think should comment on it.

Thank you for asking me to do this project. I have enjoyed it very much and hope that the results will be of use to IFPRI.

Sincerely,

Eleanor Frierson

cc: Barbara Rose, IFPRI
Tricia Klosky, IFPRI
Nancy Walczak, IFPRI

bcc: Selcuk Ozgediz, CGIAR
Susan Turner, JTL
Leighton Cumming, JTL
Michael Gehringer, JTL
Sharon Henry, JTL

G-14, T-3

OFFICIAL FILE COPY

Enclosures

Hennie Deboeck-De Zutter

April 15, 1988

Dr. John W. Mellor
Director
International Food Policy Research
Institute
1776 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Dear Dr. Mellor,

I am sending you, attached, an updated report on 1988 funding prospects for the system and an updated statement on 1988 confirmed donors' contributions to IFPRI. The latter statement incorporates the individual communications on donors' contributions we have sent to you during the past quarter.

It is our intention to update periodically the information on funding to the system and to each center. I would appreciate receiving your comments on the usefulness of the attached reports as well as your suggestions for changes/improvements.

Thank you and best regards.

Yours sincerely,

Hennie Deboeck-De Zutter

Enclosures

HD:za

cc: Loraine Halsey
Director of Admin

(File G14-Disk1)

IFPRI - Confirmed 1988 Core Contributions
as of March 31, 1988

DONOR	TYPE ^{1/}	CURRENCY	PLEDGED	EXCHANGE RATE	US\$	EXCHANGE RATE	US\$	EXCHANGE	DESCRIPTION OF PROJECT FUNDING
			CONTRIBUTION	AS OF 12/31/87	EQUIVALENT	AS OF 3/31/88 OR AT DISBURSEMENT ^{2/}	EQUIVALENT	LOSS/(GAIN)	
			(in millions)		(in millions)		(in millions)		
AUSTRALIA	U	AUS \$	.287	1.3841	.20	1.4200	.20	.0052	
CANADA	U	CAN \$	.600	1.3000	.46	1.2353	.48	-.0242	
FORD	U	US \$	.150	1.0000	.15	1.0000	.15	.0000	
GERMANY	U	DM	.075	1.5695	.04	1.6400	.04	.0021	
GERMANY	U	DM	.075	1.5695	.04	1.6560	.04	.0025	
GERMANY	U	DM	.075	1.5695	.04	1.6560	.04	.0025	
GERMANY	U	DM	.075	1.5695	.04	1.6560	.04	.0025	
GERMANY	R	DM	.075	1.5695	.04	1.6400	.04	.0021	FAMINE IN AFRICA
GERMANY	R	DM	.075	1.5695	.04	1.6560	.04	.0025	FAMINE IN AFRICA
GERMANY	R	DM	.075	1.5695	.04	1.6560	.04	.0025	FAMINE IN AFRICA
GERMANY	R	DM	.075	1.5695	.04	1.6560	.04	.0025	FAMINE IN AFRICA
INDIA	U	US \$	.050	1.0000	.05	1.0000	.05	.0000	
ITALY	U	LIRE	200,000	1,157.0000	.17	1,228.0000	.16	.0100	
ITALY	R	US \$	.400	1.0000	.40	1.0000	.40	.0000	PROJ SEASONALITY IN AGR PHASE II
NETHERLANDS	U	DFL	.275	1.7645	.15	1.8590	.14	.0079	
NORWAY	U	NKR	1,000	6.2300	.16	6.2350	.16	.0001	
PHILIPPINES	U	US \$	.030	1.0000	.03	1.0000	.03	.0000	
ROCKEFELLER	R	US \$	.106	1.0000	.10	1.0000	.10	.0000	IMPACT OF TECHNICAL CHANGE
ROCKEFELLER	R	US \$	.035	1.0000	.03	1.0000	.03	.0000	WORLD RICE SUPPLY AND DEMAND AND RESEARCH
SWITZERLAND	R	US \$	.163	1.0000	.16	1.0000	.16	.0000	GROWTH LINKAGES PROJECT
SWITZERLAND	U	SFR	.200	1.2690	.15	1.3640	.14	.0110	
UK	U	POUND	.201	.5299	.37	.5297	.37	-.0001	
USA	U	US \$	1,575	1.0000	1.57	1.0000	1.57	.0000	
WB	U	US \$	1,250	1.0000	1.25	1.0000	1.25	.0000	
					-----		-----	-----	
					5.83		5.80	.0290	

^{1/} Refers to the type of contribution. Unrestricted is shown as "U"; restricted as "R".

^{2/} Exchange rates at disbursement are based on information received from centers and/or donors.

Consultative Group on International Agricultural Research

Mailing Address: 1818 H Street, N.W., Washington, D.C. 20433, U.S.A.

Office Location: 801 19th Street, N.W.

Telephone (Area Code 202) 334-8021

Cable Address—INTBAFRAD

UPDATED April 15, 1988

1988 Funding Prospects

Summary

1. At ICW87 our estimate of the 1988 funding prospects for the CGIAR was \$207 million based on indications provided by donors and our own assessments.

Last December, based on a reassessment of the situation, the 1988 funding estimate was revised upwards to \$218 million. The increase since ICW was due to exchange gains of \$9 million and to normal technical adjustments (which were all positive this year) of \$2 million.

Since then, the US\$ has strengthened vis-a-vis the non-dollar currencies. However, since the US contribution is \$2 million higher than in 1987, the current estimate now stands at \$217 million at March 31, 1988 exchange rates. The increase between the estimate at ICW and the present one is due to exchange gains (\$5 million) and to normal technical adjustments (\$5 million). The attached table provides the donor specific figures. The paragraphs below highlight some important features of 1988 funding.

Composition of 1988 Funding

2. The number of contributing donors remains at 34, broken down as 20 Part I countries, 5 developing countries, 2 Middle Eastern countries, 2 foundations and 5 international or regional organizations. As can be seen in the table below, about 55% of the CGIAR contribution is indicated in non-dollar currencies; the remaining 45% is in US\$. The non-dollar portion of 1988 funding is increasing due to the further weakening of the US dollar and to the fact that US\$ contributions have remained about the same in nominal terms between 1987 and 1988.

CGIAR Contribution - Currency Composition

	1987		1988	
	Amount (\$ m)	% of Total	Amount (\$ m)	% of Total
US\$ contributions	93.5	47	98.5	45
Non-US\$ contributions	107.4	53	119.0	55
in equivalent US\$ ^{1/}				
Total	200.9	100	217.5	100

^{1/} The weakening/strengthening of the US dollar by 1% on the average is worth \$1.1 million.

3. The entire increase of \$17 million over 1987 is due to increased funds from the Part I countries. This increase is due to effort (defined as increases in Part I countries' national currency pledges) and to the weakening of the US dollar vis-a-vis non-dollar currencies. In financial terms, effort accounts for about \$7 million (41%) and exchange gains for about \$10 million (59%) of the increase. (Details are in the attached table.)

Firmness of Aid Indications

4. The table below shows that we have firm indications from 28 donors (82%) contributing \$190 million (87%) of the estimated total. For the remaining six donors we have made estimates (see paragraph 6 for discussion of assumptions) based on information obtained from donors (informed estimates) or based on past experience (CGIAR secretariat estimates).

<u>1988 Aid Indications</u>			
	<u>No. of donors</u>	<u>US\$ millions</u>	<u>% of Total</u>
Firm indications	28	189.8	87
Informed estimates	4	26.8	12
CGIAR secretariat estimates	<u>2</u>	<u>0.9</u>	<u>1</u>
Total	<u>34</u>	<u>217.5</u>	<u>100</u>

5. The announced contribution, in the case of Belgium, includes items treated by centers as non-core contributions. Past experience also suggests that some of the announced Italian contribution is for non-core activities. These are partly offset by likely additional contributions from the EEC and UNDP. Our estimate accounts for these matters as described below.

Belgium. Indicated that the 1988 contribution will be the same as in 1987 namely Bfr 136 million. Past experience indicates that about Bfr 20 million of this amount are treated by centers as special projects. We have assumed the same treatment in 1988 or a core contribution of Bfr 106.0 million. We have contacted Belgium to obtain information on the 1988 contribution and allocation to the centers.

Italy. Announced a pledge of Lire 16 billion. At present, the Italian Government has allocated Lire 12.3 billion of which Lire 10.1 billion are for unrestricted core and restricted core projects and Lire 2.2 billion are for non-core projects. We have based our funding estimate on the allocated core contribution.

EEC. Announced a contribution of ECU 6.9 million. We have assumed that additional core contributions (US\$ 2.2 million) to four centers (CIMMYT, ILCA, ILRAD and WARDA) will materialize in 1988 and have obtained information on \$1.0 million.

UNDP. Announced a contribution of \$7.3 million. We have assumed that a contribution to WARDA will materialize in 1988.

Assumptions

6. As mentioned earlier, six donors did not provide firm commitments including one of the largest donors, Japan. We are in regular contact with these donors and have made the following assumptions:

African Development Bank. Based on informal indications the 1988 contribution will be at the level of the 1987 pledge or SDR 0.5 million.

China. Indicated that it will continue to contribute to the CGIAR in 1988 but that it was not in a position to indicate an amount. We assumed the same level in 1988 as in 1987 or \$0.3 million.

France. Indicated that its 1988 contribution will be at least at the 1987 level. The donor is trying to obtain a 25% increase in 1988 as has been the case in each of the last two years. We have assumed that this increase will materialize in 1988 or a contribution of FF 22.5 million.

IFAD. IFAD indicated that its contribution in 1988 will amount up to SDRs 5 million. However, this amount includes contributions to special projects and new initiatives which have not yet been approved by IFAD's Board. The nature of these potential new contributions is unclear at present and we are in close contact with IFAD who will inform us on the outcome. We have assumed, very conservatively, that the 1988 core contribution will be slightly higher than in 1987 to take into account the interest expressed by the donor to contribute again to a center which received its support in 1985. We assumed \$0.35 million as core contribution.

Japan. Has indicated that the 1988 contribution will be at the 1987 level or Yen 2.5 billion.

OPEC. Was not represented at ICW. The Fund normally discusses its support to the CGIAR during its June Board meeting based on project proposals submitted by the centers to the Fund in March. We have assumed the same contribution in 1988 as in 1987 or \$0.6 million.

Attachment

Hennie Deboeck-De Zutter
CGIAR Secretariat
EVL05

ESTIMATED FUNDING FOR CORE AND ESSENTIAL PROGRAMS

As of March 31, 1988
(In millions)

	1987 (Estimate)			1988 (Estimate)			Total change 1988 vs. 1987		Composition of the change due to:	
	National Currency	Exchange rates at disbursement or 12/31/87	US\$ equiv.	National Currency	Exchange rates at disbursement or 3/31/88	US\$ equiv.	Amount	%	Exchange %	Effort %
Part I countries ^{1/}										
Europe										
Austria (US\$)			1.00			1.00	0.00	0%		
Belgium (Bfr) ^{2/}	105.78	33.07	3.20	105.80	34.75	3.04	-0.15	-5%		
Denmark (DKR)	15.96	7.16	2.23	17.80	6.37	2.79	0.57	25%	55%	45%
EEC (ECU)	7.29	0.88	8.28	6.90	0.80	8.64	0.35	4%	226%	-126%
(US\$) ^{2/}			0.20			2.20	2.00		0%	100%
Finland (Markka)	10.00	4.43	2.26	10.00	3.99	2.51	0.25	11%	100%	0%
France (FF)	18.00	6.12	2.94	22.50	5.61	3.94	1.00	34%	26%	74%
Germany (DM) ^{2/}	19.41	1.85	10.49	19.21	1.66	11.60	1.11	11%	110%	-10%
Ireland (Punt)	0.47	0.66	0.71	0.10	0.62	0.16	-0.55	-77%	-2%	102%
Italy (Lire)	5000.00	1207.25	4.14	5000.00	1228.00	4.07	-0.07	-2%		
(committed in US\$)	5351.74	1207.25	4.43	6304.55	1228.00	5.13	0.70	16%	-13%	113%
Netherlands (Dfl)	11.94	1.99	6.00	11.57	1.86	6.22	0.22	4%	183%	-83%
Norway (Nkr)	22.60	6.65	3.40	24.60	6.24	3.94	0.54	16%	45%	55%
Spain (US\$)			0.50			0.50	0.00	0%		
Sweden (Skr)	31.00	6.43	4.82	33.00	5.87	5.62	0.80	17%	61%	39%
Switzerland (Sfr)	6.65	1.63	4.08	7.27	1.36	5.33	1.25	31%	70%	30%
(committed in US\$)		1.63	2.84	3.39	1.36	2.49	-0.35	-12%	0%	100%
U. Kingdom (pound)	6.28	0.61	10.30	6.60	0.53	12.45	2.16	21%	76%	24%
Subtotal			71.82			81.65	9.83	14%	63%	37%
Other Part I countries										
Australia (Aus\$)	4.44	1.52	2.92	4.27	1.42	3.00	0.08	3%	240%	-140%
Canada (Can\$)	15.80	1.33	11.88	16.90	1.24	13.68	1.80	15%	54%	46%
IDRC (Can\$)	1.41	1.33	1.06	2.13	1.24	1.72	0.66	63%	19%	81%
Japan (Yen) ^{2/}	2550.11	142.30	17.92	2550.11	124.35	20.51	2.59	14%	100%	0%
United States (US\$) ^{2/}			41.57			43.57	2.00	5%		
Subtotal			75.35			82.49	7.14	9%	54%	46%
Subtotal Part I countries			147.18			164.14	16.97	12%	59%	41%

^{1/} Including the EEC and IDRC who receive their contributions from Part I countries.

^{2/} Includes donors' contributions to IFPRI's and ILRAD's essential activities previously financed as special projects.

	1987 (Estimate)			1988 (Estimate)			Total change 1988 vs. 1987		Composition of the change due to:	
	National Currency	Exchange rates at disbursement or 12/31/87	US\$ equiv.	National Currency	Exchange rates at disbursement or 3/31/88	US\$ equiv.	Amount	%	Exchange %	Effort %
Developing countries										
China (US\$)			0.30			0.30	0.00	0%		
India (Rupee)	6.49	12.98	0.50	6.50	13.00	0.50	0.00	0%		
Mexico (Peso)	550.00	2200.00	0.25	283.75	2270.00	0.13	-0.13	-50%	0%	100%
Nigeria (Naira)	0.75	4.00	0.19	0.75	4.00	0.19	0.00	0%		
Philippines (Peso)	5.00	21.10	0.24	4.77	20.73	0.23	-0.01	-3%	-58%	158%
			-----			-----	-----	---	-----	---
Subtotal			1.47			1.34	-0.13	-9%	-3%	103%
Middle Eastern countries										
Arab Fund (Dinar)	0.10	0.31	0.32	0.10	0.28	0.36	0.04	13%	0%	100%
OPEC (US\$)			0.60			0.60	0.00	0%		
			-----			-----	-----	---	---	---
Subtotal			0.92			0.96	0.04	4%	0%	100%
Foundations										
Ford (US\$)			0.75			0.75	0.00	0%		
Rockefeller (US\$)			1.27			1.31	0.04	3%	0%	100%
			-----			-----	-----	---	---	---
Subtotal			2.02			2.06	0.04	2%	0%	100%
International Organizations										
African Dev. Bank (SDR)	0.50	0.70	0.71	0.50	0.72	0.69	-0.03	-4%		
IDB (US\$)			10.28			10.53	0.25	2%		
IFAD (US\$)			0.25			0.35	0.10	40%	0%	100%
UNDP (US\$)			8.03			7.39	-0.64	-8%		100%
World Bank (US\$)			30.00			30.00	0.00	0%		
			-----			-----	-----	---	---	---
Subtotal			49.27			48.96	-0.32	-1%	7%	93%
Total			200.87 ^{1/2/}			217.47 ^{1/}	16.60	8%	61%	39%

^{1/} Inclusive of \$2.0 million for essential activities (previously special projects).

^{2/} Italy disbursed in January 1988. Due to the strengthening of the US\$ vs. the Lira and the treatment of some projects as non-core by centers, the total Italian contribution allocated to core amounts to \$8.6 million instead of \$9.3 million as projected in December 1987. This explains the change in the total from \$201.6 million to \$200.9 million at present.

G14

MAIL IFPRI AR, SU US/EVL

DATE: April 14, 1988
TO: J. Mellor, L. Halsey, M. DeVol and A. Orlin, IFPRI
FROM: Hennie Deboeck-De Zutter, CGIAR
SUBJECT: 1988 US Contribution

WE HAVE BEEN INFORMED THAT THE 1988 US CONTRIBUTION TO YOUR
CENTER IS \$1.575 MILLION.

REGARDS, HENNIE

.S



G14


MAIL IFPRI AR, SU ITALIAN/EVL

DATE: March 17, 1988
TO: J. Mellor, L. Halsey, M. DeVol and A. Orlin, IFPRI
FROM: Hennie Deboeck-De Zutter, CGIAR
SUBJECT: 1988 Italian Contribution

WE HAVE BEEN INFORMED THAT THE 1988 ITALIAN CONTRIBUTION TO YOUR
CENTER IS AS FOLLOWS:

- LIRE 200 MILLION FOR UNRESTRICTED CORE;
- USDOL 400,000 RESTRICTED CORE FOR PROJECT
SEASONALITY IN AGRICULTURE PHASE II.

REGARDS, HENNIE

.S/ 

G14

MAIL IFPRI AR, SU INDIAN/EVL

DATE: March 15, 1988
TO: J. Mellor, L. Halsey, M. DeVol and A. Orlin, IFPRI
FROM: Hennie Deboeck-De Zutter, CGIAR
SUBJECT: 1988 Indian Contribution

WE HAVE BEEN INFORMED THAT, SUBJECT TO VOTE BY INDIAN PARLIAMENT
AND APPROVAL OF GOVERNMENT OF INDIA, 1988 CONTRIBUTION TO YOUR
CENTER IS USDOL 50,000. FUNDS WILL BE DISBURSED THROUGH
ICRISAT.

REGARDS, HENNIE

.S



G14

MAIL IFPRI AR, SU 1988 CANADIAN CONTRIBUTION/EVL

DATE: February 29, 1988
TO: J. Mellor, L. Halsey and M. DeVol, IFPRI
FROM: Hennie Deboeck-De Zutter, CGIAR
SUBJECT: 1988 Canadian Contribution

WE HAVE BEEN INFORMED THAT 1988 INTENDED CANADIAN CONTRIBUTION
TO IFPRI IS CANDOL 600,000. PLEASE NOTE THAT CONTRIBUTION IS
SUBJECT TO PARLIAMENTARY AND FINAL APPROVALS.

REGARDS, HENNIE

.S
.END



MEMORANDUM

TO: Curtis Farrar
From Mike Collinson.

Q 2/8/88

Subject: your recent interaction with IFPRI on US funding,

On reading John Mellors list of activities in Africa I find many of them apparently 'behind the times'. Before we think of re-inforcing John's case to USAID either formally or informally I would very much welcome a closer look at the substance of the Africa projects. I was asked by IFPRI to review the output from one micro-level study in Zaire and was dissappointed in the quality of the work. I think the research objectives and designs of the projects mentioned should be evaluated in terms of priority and relevance before we throw any weight behind the IFPRI case.

6-14

February 3, 1988

Dr. John W. Mellor
Director
International Food Policy Research Institute (IFPRI)
1776 Massachusetts Avenue N.W.
Washington, D.C. 20036

Dear John:

Thanks for your letter of February 1, which certainly makes a good case for the applicability to IFPRI of funds earmarked for Africa.

I learned this morning that the USAID contribution will be \$42 million without drawing on Africa funds as such. This means that there is no need to justify US contributions for 1988 by identifying them with African portions of the essential programs of centers (or core programs for those operating on the old system).

But I think there will be such a need very soon. The dynamics of the US budget for 1989 look difficult, and it would take a rash man to predict that there would be \$42 million from the United States again next year much less 20% of the expected higher CGIAR total.

This suggests a need to identify packages of activities which can appeal to the regional bureaus of USAID as items appropriate for their financing on a project basis. As you know, such activities need to have backing from the field missions (which are influenced by the attitudes of their host governments). Support from the Science and Technology Bureau is helpful, but not critical. It will be easier to sell things that are new and additional, rather than the continuation of activities financed in the past with funds from USAID or other donors on an unrestricted basis.

To the extent that you can identify portions of your essential African program that could be supported in this way, you will be doing both IFPRI and the CGIAR a favor.

I'd be glad to talk about all of this, whenever you have time.

Best regards,

Sincerely yours,

Curtis Farrar
Executive Secretary

Blind copies with incoming letter to me: Rives, Collinson, Plucknett.
With incoming letter plus draft letter to Dana: Tadvalkar/Deboeck ~~RECEIVED~~

CFarrar/ma/1988/2/01

OFFICIAL FILE COPY

File G 14

**INTERNATIONAL
FOOD
POLICY
RESEARCH
INSTITUTE**

1776 Massachusetts Avenue, N.W.
Washington, D.C. 20036 U.S.A.
(202) 862-5600
Telex: 440054
Cable: IFPRI

February 1, 1988

Mr. Curtis Farrar
Executive Secretary
CGIAR Secretariat
1818 H Street, N.W.
Washington, D.C. 20433

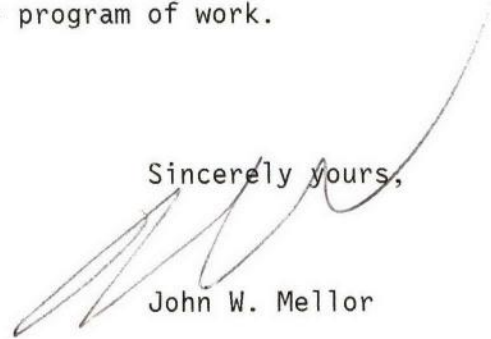
Dear Curt:

I am delighted to acknowledge receipt of the World Bank's contribution to IFPRI for 1988 in the amount of US\$750,000. We understand that this is in addition to the US\$500,000 prepaid in November 1987, thus bringing the total first tranche to US\$1,250,000.

We remain deeply grateful to the World Bank for its continued and generous endorsement of our program of work.

Best regards.

Sincerely yours,



John W. Mellor

**INTERNATIONAL
FOOD
POLICY
RESEARCH
INSTITUTE**

1776 Massachusetts Avenue, N.W.
Washington, D.C. 20036 U.S.A.
(202) 862-5600
Telex: 440054
Cable: IFPRI

February 1, 1988

Dr. Curtis Farrar
Executive Secretary
CGIAR Secretariat
World Bank
1818 H Street, N.W.
Washington, D.C. 20433

Dear Curt:

It is my understanding that the U.S.AID contribution to the CG system in 1988 may be \$42,000,000 and that the increase of \$2,000,000 over 1987 will be targeted for work in Africa. I am writing to make the case for IFPRI to receive at least \$300,000 of this increase.

Given what we both know about AID's concerns, it seems likely that policy reform issues in agriculture will be a high priority for AID. Thus I will try to encapsulate below some of the things that we are currently doing pertinent to these concerns in Africa. These activities are presumably guidelines to our present areas of comparative advantage. Furthermore, it seems likely that AID will have an interest in current and potential areas where we are collaborating with both AID field offices and with U.S.-based institutions. Thus I will briefly explore this area as well.

Currently, we are committing just over 40 percent of senior research staff time (14 person-equivalents) to policy research and analysis in Sub-Saharan Africa. Twenty research projects are underway in 12 countries, half anglophone and half francophone. By the end of this year, I anticipate that we will have five senior research staff members outposted to Sub-Saharan Africa on a long-term basis. Beyond outposting, most of our Africa projects involve short-term exchange of staff or other genuine collaboration with research institutions in the region. Furthermore, in addition to the 20 projects mentioned above, non-IFPRI collaborators will be carrying out work that will be integrated into our publications in another four African countries.

Four projects are underway in the general field of development strategy. The first is a comparative overview of pricing policy. Sponsored by the World Bank, with the African case studies contributed by non-IFPRI collaborators, this project includes work on Ghana, Cote d'Ivoire, Madagascar, Sudan, and Zambia. A common framework is being used to compare the experiences of these countries and those in other regions with regard to agricultural price and

trade policies. The effects of price and trade interventions in the last two decades, and the economic and political forces determining them, are being analyzed. Three other projects are being carried out in Zambia in the area of strategies for rural investment. The first assesses the effect of technological change in agriculture on access to basic services by rural people. The second identifies policies, especially in the infrastructure area, that could enhance long-term effects on growth and equity. A third project looks at the nature of rural service provision and its role in stimulating growth. Parallel survey work on this last project has also been completed in Malawi and Zimbabwe.

Three categories of projects are being undertaken in the category of technology policy. Given the importance of commodity-specific priorities in Africa, the first set of studies concern overviews for key food commodities in both regional and case study contexts. The changing roles of coarse grains and rice in West Africa continues to be the subject of a large collaborative project involving IFPRI with five collaborating institutes in the region. This was in effect the pilot project for a much larger effort on African commodity priorities. The latter work currently involves four U.S. members of our senior research staff, with the imminent addition of a fifth member. Fieldwork in the past was undertaken in Burkina Faso and is now scheduled for Senegal, Niger and Zimbabwe. A separate set of three projects assess experience with boosting rice production in the Gambia, Sierra Leone and Zaire. Finally, an edited publication involving several African collaborators is underway at IFPRI concerning the trends and prospects for cassava in the Third World.

A second category within technology policy of three projects concerns the constraints to the uptake of improved agricultural technology. Although case study approaches are used, the intention is to derive insights with regional policy significance. A project in Zambia is assessing the particularly African constraint to agriculture imposed by extreme seasonality, with its effects on labor productivity and technology uptake. Another activity examines the process of technology adoption in Zambia, from the research station to the farmer, and compares it with insights from Indian cases. Finally, another project assesses the constraints to adoption of specific improved technologies in the Zambian context.

The third category of projects within technology policy concerns the complex of issues involved in promoting the growth of agricultural production through improved fertilizer policies. IFPRI will play a major role on the policy analysis side with respect to the new IFDC regional center funded by AID at Lome, Togo. IFPRI survey work in this area is already underway in Rwanda and is expected to begin during 1988 in Zaire.

Research on poverty alleviation is a strong suit in IFPRI's work in Africa. Projects mentioned above in Zambia, Burkina Faso, Gambia and Sierra Leone will have strong messages for policymakers

with respect to the impact of agricultural and macroeconomic policy reform on both rural and urban welfare. Furthermore, another seven projects at IFPRI have welfare impacts of policies as their primary focus.

Three projects are devoted to looking at the impact of pricing, marketing and agricultural technology policies on rural welfare. A project in the Gambia addresses the tradeoffs in this regard among various government policies in this area. A project in Zambia is evaluating the effects on incomes, nutrition, health, and labor productivity of maize pricing and marketing policies. A companion project assesses the impact of technological change on the same variables.

A pair of projects in Kenya and Rwanda are assessing the impact the introduction of new crops for cash on smallholder farms on incomes, nutrition, and employment. The study in Kenya is examining the effects of increased sugar cane production for cash among smallholders in Kenya on incomes, nutrition, and health of women and children. The Rwanda study concerns potatoes and tea, and has a particular emphasis on the sustainability of farming in a densely populated area. Another project is assessing the impact of macroeconomic policies in Kenya under structural adjustment on the welfare of rural people. Finally, a major project is just beginning to initiate fieldwork on the causes and consequences of famine, with a view to determining policy measures to help preclude its recurrence. Preliminary plans call for outposted staff in Sudan and possibly Ethiopia.

Turning now to the question of collaboration with U.S. institutions: we have been anxious to maintain and expand such relations over time. Numerous IFPRI staff have made trips to U.S. universities to give papers and many U.S. academics from institutions such as Michigan State, Berkeley and Cornell have participated in our policy conferences and book series. Researchers in U.S. institutions are frequently contracted to referee our publication series. We now have a program to accept up to eight summer interns annually at our cost, typically from U.S. universities. More formally, we have worked collaboratively on training in Kenya with the Harvard Institute for International Development, farm modeling in West Africa with Yale, and most especially on fertilizer policy with IFDC.

Although our CG funds support a sizeable chunk of our activities in Africa, almost all our work in Africa involves gathering data at the farm and household level; the high cost of this has made recourse to special projects mandatory. Yet we are increasingly finding that special projects will not cover a substantial portion of the real costs of the projects.

I would envisage using the requested increment to CG funding to further support, extend and expand a number of our activities in Africa. Prime candidates here would be our work on commodity

priorities in Senegal, Niger and Zimbabwe, and our extensive work on nutrition and welfare issues in East Africa. Both would benefit from increased interaction, backed up with funds, with Michigan State and Cornell, for example. Increased CG funding would also permit expanded collaboration with visiting researchers from Africa to IFPRI for substantial periods, as highlighted in our five-year Program and Budget plan.

I would be very pleased to talk with you further about the AID incremental funding and to expand on potential activities by IFPRI in Africa.

With best regards.

Sincerely yours,

Loraine Halley

for John W. Mellor

(Read by Dr. Mellor but signed in his absence.)

To: ifpri

Subject: Message for Mr John Mellor/Mrs Lorraine Halsey/Mr Andy Orlin

Text:

Re 1987 Belgian contribution

We have been informed that disbursement of Bfr 1.0 million to IFPRI
has been initiated. Actual payment in 6-8 weeks.

Regards. Hennie DEboeck-De Zutter

.s

1/29/88

G14

Mail Id: IPM-157-880129-090071272

IFPRI -- Sent

File G14

IFPRI

Subject: Message for Andy Orlin

Text:

Re: Swiss contribution

I would like to confirm our conversation of this afternoon that \$144,927 from Swiss Government is their 1988 unrestricted core contribution to IFPRI. Regards. Hennie Deboeck-De Zutter
.s

Mail Id: IPM-157-880127-131860603

IFPRI -- Sent

To: .q

>off

Off At 14:39 01/27/88 EST

Time used: 00h 01m connect, 00m 01s CPU, 00m 01s I/O.

clr cnf

Revised Draft: January 26, 1988

Dr. Dana Dalrymple
AID-CGIAR Coordinator
Office of Agriculture
Agency for International Development
Washington, D.C. 20523

Dear Dana:

I do appreciate the opportunity to discuss IFPRI's long-term research strategy, current efforts, and financial needs. I did want to take a moment in this paper to outline one aspect of the financial problem.

As you know, we have made tremendous progress in broadening our CG financial support base. In 1988, the Europeans will provide around \$1.7 million and 25% of our CG support. The Japanese alone are providing \$700,000 and 10% of our CG budget, and we expect the latter to increase significantly. You will note in particular, that France and Belgium are contributing to IFPRI. The only large European contributor that does not contribute to IFPRI is Sweden, and we are hopeful that even Sweden will come on board in the not too distant future. There then remains a number of very small contributors who concentrate their contributions and do not include IFPRI in their allocation. On the other hand, there are other small donors who do give a disproportionately enlarged contribution to IFPRI - Norway is an example of the latter.

Our problem is that a few substantial donors do not contribute to IFPRI because of our location. The Inter-American Development

Letter to Dana Dalrymple
Date: January 26, 1988

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Bank which contributes more than \$10 million a year to the system and whom one would expect to contribute \$250,000-\$300,000 to IFPRI contributes only to centers located in Latin America. The European Community which also contributes about \$9 million does not contribute to IFPRI ostensibly because of our location, although that may be complicated by other factors as well. There is no difficulty in making up for a lack of contribution from one or two small contributors by extra contributions from others. It is a problem with respect to two contributors as large as the Inter-American Development Bank and the European Community. As I look over the full range of contributors, the United States seems to be the most logical for making a somewhat disproportionately large contribution to IFPRI.

Our problem is compounded somewhat in that we are one of the few centers to which the TAC is recommending significant budget increases on the basis of the critical impact of improved policy to the rest of the system - this means that the TAC has been over the last few years and intends to continue increasing the proportion of the system's resources that go to IFPRI. This poses a problem for us with donors who are not increasing their contributions to the system. Those that are increasing their contributions may allocate a major share of the increment to us to reflect the changing proportion. Those who are not increasing their contribution have to reduce their contribution to some other centers in order to increase their contribution to those that are expected by the TAC to grow more than proportionately.

Letter to Dana Dalrymple
Date: January 26, 1988

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At least for the time being, this also raises a problem for us with respect to the U.S. contribution.

A third problem complicates this significantly, in that the World Bank has been making a substantially disproportionately large contribution to IFPRI. That has just about made up for the deficiency with respect to the two large contributors to the system who do not contribute to IFPRI. The World Bank apparently is going to reduce the extent to which it will make disproportionately large contributions to individual centers. Although this is not supposed to happen immediately, it does create a potential problem for us.

When I add all of these up I come out with a case for a 5-10 percentage point larger contribution to IFPRI from the U.S. than its average contribution to the system - that is, if the U.S. is contributing 20% of the system budget, that it would contribute 25-30% of our budget. In 1987, the U.S. contributed 24% of the IFPRI budget of \$6 million. That, it seems to me is in a reasonable range. If the U.S. kept its 1988 contribution the same as 1987, it would then be contributing 22% of our CG budget of \$6.8 million in 1988. That does leave us with a problem. We would be most grateful if the 1988 contribution could be pushed up to 25% of our \$6.8 million CG budget which would represent \$1.7 million, the same as the Europeans and a \$200,000 increase. In terms of the 1988 situation, we could specify at least \$200,000 of additional work in Africa that could be

Letter to Dana Dalrymple
Date: January 26, 1988

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allocated against the AID \$2.0 million which we understand would be earmarked for Africa work. We would be delighted to talk with the Africa Bureau or you and your colleagues on this. We have in mind in particular work on Price Policy and Nutrition Policy.

Thanks very much for your consideration. With best regards.

Sincerely yours,

John W. Mellor

Enclosure: a/s

1988 FORECAST For January 1988 Exec Fin Comm Mtg., BBJantr3, 12/28/87

Page 9

Table II
INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE
1988 CGIAR Funding and Plan of Action

Country	Target: 31 1987 CGIAR Contribution	1987 Projected Funding	Donor Support Confirmed (C)	1988 Funding Projection
CGIAR DONATIONS				
Australia	\$87,600	\$164,000		\$201,000
Belgium	\$75,000	\$25,000		\$50,000
China	\$15,000	\$10,000		\$20,000
CIDA	\$324,000	\$374,000		\$374,000
Ford Fndation	\$22,500	\$150,000		\$150,000
France	\$89,400	\$74,000		\$74,000
Germany	\$312,900	\$162,000		\$170,000
India	\$15,000	\$50,000		\$50,000
Italy	\$304,500	\$153,000		\$153,000
Japan	\$471,000	\$695,000		\$695,000
Netherlands	\$174,900	\$239,000		\$239,000
Norway	\$102,000	\$145,000		\$145,000
Philippines	\$7,200	\$53,000		\$53,000
Switzerland	\$207,900	\$77,000		\$144,000
United Kingdom	\$308,100	\$319,000		\$319,000
USAID	\$1,200,000	\$1,475,000		\$1,475,000
World Bank	\$900,000	\$1,350,000		\$1,680,000
Subtotal	\$4,617,000	\$5,515,000		\$5,992,000
CG Donations	\$4,617,000	\$5,515,000		\$5,992,000
Earned Income		\$70,000		\$70,000
TOTAL UNRESTRICTED CGIAR FUNDING		\$5,585,000		\$6,062,000
RESTRICTED CGIAR DONATIONS				
Germany-Famine Research		\$26,000		\$164,073
Germany-Commercialization Research		\$64,000		\$58,245
Italy-Seasonality Research		\$191,000		\$220,221
IDRC-Coarse Grains Research		\$31,000		\$0
Rockefeller-China Rice Research		\$73,000		\$257,183
Rockefeller-Asian Rice Research		\$64,000		\$40,278
Subtotal		\$449,000		\$740,000
TOTAL CGIAR FUNDING (CG Restricted and Unrestricted)		\$6,034,000		\$6,802,000

MAIL IFPRI AR, SU CONTRIBUTIONS/ev1

DATE: January 21, 1988
TO: John Mellor and Loraine Halsey, IFPRI
FROM: Hennie Deboeck-De Zutter, CGIAR
SUBJECT: 1987 Italian and 1988 Australian Contributions

AAA) RE 1987 ITALIAN CONTRIBUTION. HAVE INSTRUCTED CASHIER'S DEPARTMENT TO DEPOSIT USDOL 465,666 IN IFPRI'S ACCOUNT:

UNRESTRICTED - USDOL 165,666 (LIRE EQUIVALENT 200 M)
RESTRICTED - USDOL 300,000 FOR SEASONALITY IN AGRICULTURE.

BBB) RE 1988 AUSTRALIAN CONTRIBUTION. CONTRIBUTION RECEIVED. HAVE REQUESTED CASHIER'S DEPARTMENT TO DISBURSE USDOL 202,134 (EQUIVALENT AUDOL 287,000) TO IFPRI'S ACCOUNT.

CCC) PLEASE LET ME KNOW WHEN FUNDS HAVE BEEN RECEIVED.

REGARDS, HENNIE

.S
.END



HDeboeck:ev1/File G14/Disk2

G14

Consultative Group on International Agricultural Research

Mailing Address: 1818 H Street, N.W., Washington, D.C. 20433, U.S.A.

Office Location: 801 19th Street, N.W.

Telephone (Area Code 202) 334-8021

Cable Address—INTBAFRAD

January 14, 1988

Dr. John W. Mellor
Director
International Food Policy
Research Institute (IFPRI)
1776 Massachusetts Avenue, N. W.
Washington, D. C. 20036-1998

Dear John:

I am writing you to provide information on the funding IFPRI is likely to receive from the members of the CGIAR for approved budgets for essential programs in 1988.

I. 1988 Funding Prospects

At present the systemwide funding outlook is estimated at \$218 million, which is higher than was estimated at ICW. The increase is due to the further weakening of the US dollar vis-a-vis non-dollar currencies (\$9 million of exchange gains) and to normal technical adjustments (\$2 million) which are all positive this year. (For complete details on the 1988 funding forecast, see Annex I.) It appears that the approved funding requirements of \$210.3 million for the system are fully met and that, consequently, the systemwide average funding level for 1988 is 100%. However, this phenomenon of full funding should be looked at as a temporary blessing rather than a lasting one. Centers should, therefore, be cautious in managing their 1988 budgets. This applies especially to commitments of a long-term nature such as staff additions.

II. IFPRI's 1988 Funding Requirements

As approved by the Group during ICW 1987, IFPRI's 1988 requirements amount to \$8.28 million. The recommended budget includes IFPRI's proposed rate of cost increases of 5%.

III. World Bank Funding Policy

The Bank will continue the practice of using its funds to bring all centers to the same ratio of funding versus approvals, subject to the limitation of 25% of the 1988 approved requirements. At present it appears likely that most centers will not have to draw on the World Bank contribution to the maximum extent. The first tranche of \$1.25 million to IFPRI has been disbursed. The second disbursement is scheduled for the latter half of 1988.

IV. Funding

We project that IFPRI will be fully funded in 1988 or at \$8.28 million. If you have any questions regarding this estimate or any additional information, please inform us as soon as possible so that the estimate can be adjusted if necessary. In addition we would appreciate if all centers informed us whenever contributions are received from a donor.

At present, \$1.79 million of IFPRI's net funding requirements of \$8.28 million have been confirmed by donors. Annex II gives you the details of these confirmed contributions. The information is less complete than in the past, but we are following up on donors who have not yet confirmed or allocated their 1988 contributions and will inform you as the information flows in.

V. Stabilization Mechanism

The mechanism will operate in 1988 as in 1987 (for details see Annex III). Exchange rates are guaranteed at the December 31, 1987 value and actual inflation rates, if higher than budgeted rates, will be covered from the mechanism.

As a special reminder, we urge centers to take all possible steps to hedge currency exposures and whenever possible use legitimate market opportunities for favorable local currency purchases. The secretariat is actively working with some centers in this area and would be happy to assist others when needed.

With best regards,

Sincerely yours,



Curtis Farrar
Executive Secretary

Attachments

1988 Funding Prospects

Summary

1. At ICW87 our estimate of the 1988 funding prospects for the CGIAR was \$207 million based on indications provided by donors and our own assessments. We have now re-assessed the situation, taking into account additional information we obtained from donors and the further weakening of the US dollar vis-a-vis non-dollar currencies which occurred since ICW. Our review confirms that the estimate is solid and likely to be exceeded unless the US contribution drops significantly below the 1987 level of \$40 million assumed by us to be the probable 1988 level. The current estimate now stands at \$218 million at December 31, 1987 exchange rates. The increase between the estimate at ICW and the present one is due to exchange gains (\$9 million) and to normal technical adjustments (\$2 million) which are all positive this year. The attached table provides the donor specific figures. The paragraphs below highlight some important features of 1988 funding.

Composition of 1988 Funding

2. The number of contributing donors remains at 34, broken down as 20 Part I countries, 5 developing countries, 2 Middle Eastern countries, 2 foundations and 5 international or regional organizations. As can be seen in the table below, about 56% of the CGIAR contribution is indicated in non-dollar currencies; the remaining 44% is in US\$. The non-dollar portion of 1988 funding is increasing due to the further weakening of the US dollar and to the fact that US\$ contributions have remained about the same in nominal terms between 1987 and 1988.

CGIAR Contribution - Currency Composition

	1987		1988	
	Amount (\$ m)	% of Total	Amount (\$ m)	% of Total
US\$ contributions	94.7	47	96.5	44
Non-US\$ contributions	106.9	53	121.5	56
in equivalent US\$ ^{1/}				
Total	201.6	100	218.0	100

^{1/} The weakening/strengthening of the US dollar by 1% on the average is worth \$1.1 million.

3. The entire increase of \$16 million over 1987 is due to increased funds from the Part I countries. This increase is due to effort (defined as increases in Part I countries' national currency pledges) and to the weakening of the US dollar vis-a-vis non-dollar currencies. In financial terms, effort accounts for about \$4 million (24%) and exchange gains for about \$12 million (76%) of the increase (details are in the attached table).

Firmness of Aid Indications

4. The table below shows that we have firm indications from 25 donors (74%) contributing \$138 million (63%) of the estimated total. For the remaining nine donors we have made estimates (see paragraph 6 for discussion of assumptions) based on information obtained from donors (informed estimates) or based on past experience (CGIAR secretariat estimates).

<u>1988 Aid Indications</u>			
	<u>No of donors</u>	<u>US\$ millions</u>	<u>% of Total</u>
Firm indications	25	138.4	63
Informed estimates	3	27.0	12
CGIAR secretariat estimates	<u>6</u>	<u>52.6</u>	<u>24</u>
Total	<u>34</u>	<u>218.0</u>	<u>100</u>

5. The announced contributions, in the case of Belgium and IDRC, include for both donors items treated by centers as non-core contributions and in the case of IDRC several projects which are in the donor's pipeline but not yet approved by its Board. Past experience also suggests that some of the announced Italian contribution is for non-core activities. These are partly offset by likely additional contributions from the EEC, Switzerland and UNDP. Our estimate accounts for these matters as described below.

Belgium. Indicated that the 1988 contribution will be the same as in 1987 namely Bfr 136 million. Past experience indicates that about Bfr 20 million of this amount are treated by centers as special projects. We have assumed the same treatment in 1988 or a core contribution of Bfr 106.0 million. We are contacting centers to obtain information on the nature of the contribution.

IDRC. Announced a restricted core contribution of Can\$ 2.8 million. However, about Can\$ 1.0 million are being treated by centers as special project contributions (we will contact centers shortly to get an update on the matter) and another Can\$ 1.0 million are projects in the pipeline which have not been approved by IDRC's Board. We have, therefore, assumed the 1988 contribution at \$0.8 million.

Italy. Announced a pledge of Lire 16 billion. Past experience tells us that about Lire 4.0-5.0 billion of the pledged contribution are for non-core projects. We have assumed the same for 1988 resulting in a core contribution of Lire 10.8 billion.

EEC. Announced a contribution of ECU 6.9 million. We have assumed that additional core contributions (US\$ 2.2 million) to four centers (CIMMYT, ILCA, ILRAD and WARDA) will materialize in 1988.

Switzerland. Announced its core contribution at about \$7.6 million. We have assumed that this amount will be increased by additional contributions to the essential program of IFPRI.

UNDP. Announced a contribution of \$7.3 million. We have assumed that a contribution to WARDA will materialize in 1988.

Assumptions

6. As mentioned earlier, nine donors did not provide firm commitments including two of the largest donors, the US and Japan. We made the following assumptions for these donors:

African Development Bank. Was not represented at ICW. We have assumed that the 1988 contribution will be at the level of the 1987 pledge or SDR 0.5 million.

China. Indicated that it will continue to contribute to the CGIAR in 1988 but that it was not in a position to indicate an amount. We assumed the same level in 1988 as in 1987 or \$0.3 million.

France. Indicated that its 1988 contribution will be at least at the 1987 level. The donor is trying to obtain a 25% increase in 1988 as has been the case in each of the last two years. We have assumed that this increase will materialize in 1988 or a contribution of FF 22.5 million.

IDB. Was not in a position to give a specific aid indication at ICW. We have assumed that the 1987 level of contribution will be maintained in 1988 (\$10.3 million).

IFAD. IFAD indicated that its contribution in 1988 will amount up to SDRs 5 million. However, this amount includes contributions to special projects and new initiatives which have not yet been approved by IFAD's Board. The nature of these potential new contributions is unclear at present and we are in close contact with IFAD who will inform us on the outcome. We have assumed, very conservatively, that the 1988 core contribution will be slightly higher than in 1987 to take into account the interest expressed by the donor to contribute again to a center which received its support in 1985. We assumed \$0.35 million as core contribution.

Ireland. Was not in a position to indicate its 1988 contribution at ICW. We assumed the same amount as in 1987 (Punt 0.5 million).

Japan. The budget cycles in Japan and in the CGIAR do not coincide. Therefore, Japan was not in a position to give an aid indication for 1988. We have assumed, conservatively, that the 1988 contribution will be at the 1987 level or Yen 2.5 billion.

OPEC. Was not represented at ICW. The Fund normally discusses its support to the CGIAR during its June Board meeting. Centers have to submit project proposals to the Fund by March. We have assumed the same contribution in 1988 as in 1987 or \$0.6 million.

US. Was not in a position to give an aid indication as Congress had not approved its budget. We have assumed that the 1988 contribution will be the same as in 1987 or \$40 million.

Hennie Deboeck-De Zutter
CGIAR Secretariat
December 31, 1987

ESTIMATED FUNDING FOR CORE AND ESSENTIAL PROGRAMS

As of December 31, 1987

	1987			1988			Total change 1988 vs. 1987		Composition of the change due to:	
	Nat. Currency	Exchange rates at disburs. or 12/31/87	US \$ equiv.	Nat. Currency	12/31/87 US \$ exchange equivalent rates		Amount	%	Exchange %	Effort %
Part I countries 1)										
Europe										
* Austria (US \$)			1.00		1.00		0.00	0%		
* Belgium (Bfr) 2)	105.78	33.07	3.20	105.73	33.07	3.20	.00	0%		
* Denmark (DKR)	15.96	7.16	2.23	17.80	6.05	2.94	0.71	32%	64%	36%
* EEC (ECU)	7.29	0.88	8.27	6.90	0.77	8.99	0.72	9%	162%	-62%
(US \$) 2)			0.20			2.20	2.00		0%	100%
* Finland (Markka)	10.00	4.43	2.26	10.00	3.93	2.54	0.29	13%	100%	0%
* France (FF)	18.00	6.12	2.94	22.50	5.32	4.23	1.29	44%	43%	57%
* Germany (DM) 2)	19.41	1.85	10.51	19.20	1.57	12.23	1.72	16%	107%	-7%
* Ireland (Punt)	0.47	0.66	0.71	0.47	0.59	0.79	0.09	12%	100%	0%
* Italy (Lire)	5000.00	1157.00	4.32	5000.00	1157.00	4.32	0.00	0%		
(committed in US \$)	6074.25	1157.00	5.07	5831.28	1157.00	5.04	-0.03	-1%	0%	100%
* Netherlands (Dfl)	11.94	1.99	5.99	12.10	1.76	6.86	0.87	15%	90%	10%
* Norway (Nkr)	22.60	6.65	3.40	25.00	6.23	4.01	0.61	18%	41%	59%
* Spain (US \$)			0.50			0.50	0.00	0%		
* Sweden (Skr)	31.00	6.43	4.82	33.00	5.76	5.73	0.91	19%	66%	34%
* Switzerland (Sfr)	6.65	1.63	4.09	7.27	1.27	5.73	1.64	40%	77%	23%
(committed in US \$)	4.63	1.63	2.84	3.20	1.27	2.52	-0.32	-11%	0%	100%
* U. Kingdom (pound)	6.28	0.61	10.26	6.60	0.53	12.46	2.19	21%	76%	24%
Subtotal			72.61		85.30		12.69	17%	71%	29%
Other Part I countries										
* Australia (Aus \$)	4.44	1.52	2.92	4.27	1.38	3.08	0.16	5%	174%	-74%
* Canada (Can \$)	15.80	1.33	11.86	16.90	1.30	13.00	1.14	10%	28%	72%
* IDRC (Can \$)	1.41	1.33	1.06	0.84	1.30	0.64	-0.42	-39%	-4%	104%
* Japan (Yen) 2)	2550.11	142.30	17.92	2550.11	121.00	21.08	3.16	18%	100%	0%
* United States (US \$) 2)			41.57			41.57	0.00	0%		
Subtotal			75.34		79.37		4.04	5%	93%	7%
Subtotal Part I countries			147.95		164.67		16.73	11%	76%	24%

1) Including the EEC and IDRC who receive their contributions from Part I countries.

2) Includes donors' contributions to IFPRI and ILRAD's essential activities previously financed as special projects.

* As indicated by donor

1987				1988							
	Nat.	Exchange	US \$	Nat.	12/31/87 US \$		Total change	Composition of the			
	Currency	rates at	equiv.	Currency	exchange equivalent		1988 vs. 1987	change due to:			
		disburs.			rates		Amount	%	Exchange	Effort	
		or							%	%	
		12/31/87									

Developing countries											

	China (US \$)		0.30			0.30	0.00	0%			
*	India (Rupee)	6.49 12.98	0.50	6.49 12.98	0.50		0.00	0%			
*	Mexico (Peso)	550.00 2200.00	0.25	275.00 2200.00	0.13		-0.13	-50%	0%	100%	
*	Nigeria (Naira)	0.75 4.00	0.19	0.75 4.00	0.19		0.00	0%			
*	Philippines (Peso)	5.00 21.10	0.24	5.02 20.73	0.24		0.01	2%	82%	18%	
Subtotal			1.47	1.35			-0.12	-8%	-4%	104%	

Middle Eastern countries											

*	Arab Fund (Dinar)	0.10 0.31	0.32	0.10 0.27	0.37		0.05	14%	0%	100%	
	OPEC (US \$)		0.60		0.60		0.00	0%			
Subtotal			0.92	0.97			0.05	5%	0%	100%	

Foundations											

*	Ford (US \$)		0.75		0.75		0.00	0%			
*	Rockefeller (US \$)		1.27		1.31		0.04	3%	0%	100%	
Subtotal			2.02	2.06			0.04	2%	0%	100%	

International Organizations											

	African Dev. Bank (SDR)	0.50 0.70	0.70	0.50 0.70	0.70		0.00	0%			
	IDB (US \$)		10.28		10.28		0.00	0%			
	IFAD (US \$)		0.25		0.35		0.10	40%	0%	100%	
*	UNDP (US \$)		8.03		7.59		-0.44	-5%		100%	
*	World Bank (US \$)		30.00		30.00		0.00	0%			
Subtotal			49.26	48.92			-0.34	-1%	0%	100%	

Total			201.63 1)	217.98 1)			16.35	8%	78%	22%	

* As indicated by donor

1) Inclusive of \$ 2.0m for essential activities (previously special projects).

H. Deboeck-De Zutter, CBIAR Secretariat

IFPRI - Confirmed 1988 Core Contributions
(as of January 11, 1988)

DONOR	CURRENCY	PLEDGED ^{1/} CONTRIBUTION	EXCHANGE RATE AS OF 12/31/87	US DOLLAR EQUIVALENT
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		(IN MILLIONS)		(IN MILLIONS)
AUSTRALIA	AUS \$.29	1.38	.21
FORD	US \$.15	1.00	.15
GERMANY	DM	.60 ^{2/}	1.57	.38
NETHERLANDS	DFL	.28	1.76	.16
PHILIPPINES	PESO	1.02	20.73	.05
ROCKEFELLER	US \$	.11 ^{3/}	1.00	.11
ROCKEFELLER	US \$	.04 ^{4/}	1.00	.04
SWITZERLAND	US \$	.16 ^{5/}	1.00	.16
SWITZERLAND	SFR	.20	1.27	.16
UK	POUND	.20	.53	.38
TOTAL				1.79

^{1/} Contributions are unrestricted core except for those specified in the following notes.

^{2/} Famine in Africa.

^{3/} Impact of Technical Change.

^{4/} World Rice Supply and Demand and Research Priorities.

^{5/} Growth Linkages Project.

Stabilization Fund

Objective

1. The CGIAR Stabilization Fund guarantees exchange rates for all donors who pledge in non-dollar currencies. Centers are informed of the applicable exchange rate in the letter on core funding. The fund provides the difference between the planning rate and the actual rate when actual disbursements are made by donors if lesser amounts are realized. If larger amounts are realized, centers are required to deposit the difference in the fund. The fund also guarantees the budgeted inflation rate, i.e. if inflation exceeds the budgeted rate, centers are compensated, and if inflation is below the budgeted rate, centers make payments to the fund.

Scope of Coverage

2. The expenditures covered by the fund are operating expenditures as well as capital expenditures provided that:

- (a) Centers have taken all possible steps to hedge currency exposures and have, whenever possible, used legitimate market opportunities for favorable local currency purchases when cost elements are exposed to risk;
- (b) Centers have explicitly discussed with the CGIAR secretariat at an early enough stage specific cost assumptions (including exchange rates) and the scope of the capital project.

Procedure

3. Centers who expect to have a claim on the mechanism are requested to keep the CGIAR secretariat regularly informed during the year. Centers are requested to submit a formal claim to the secretariat several weeks prior to ICW. The formal claim should contain documentation on exchange rates at which non-dollar currencies were disbursed by donors, on comparative inflation rates experienced during the past two years on major categories of non-dollar expenditures (such as research supplies, general maintenance supplies, office supplies, travel, fuel, utilities, housing, etc.), on inflation rates relating to dollar expenditures and on exchange rates (compared to budgeted rates) at which non-dollar expenditures were converted into US dollars. The secretariat will discuss with the centers the claims on the mechanism during ICW and payments will be made in November. Payments will be made only if the total claim for any center exceeds one percent of the funding requirements of the center.