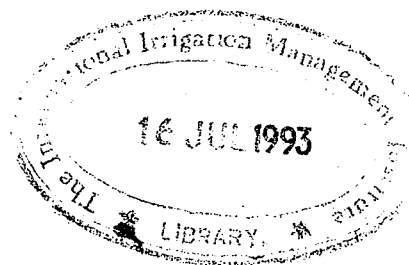


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Meeting the IARC Fund Raising Challenge:
IIMI's Project Development Office

By Marian Fuchs Carsch and Roberto Lenton¹



I Introduction

In 1986/87, shortly after its establishment as a non-associated International Agricultural Research Center, IIMI faced a financial crunch similar to the one the CGIAR is facing now: its core funds had reached a plateau and were in danger of decreasing, and there did not appear to be any prospects for improvement in the foreseeable future. Like the CGIAR centers today, IIMI was forced at that time to confront the situation and develop an alternative financial strategy that would enable it to achieve its mission despite the shortfall in core funding.

IIMI's response was to develop a realistic and sustainable financial strategy based on a combination of restricted funds, special projects, indirect cost recovery and a small core of unrestricted grants. In this presentation, I would like to describe the key features of our response (especially the establishment of a Project Development Office), and outline the lessons that emerged from our experience, in the hope that they will be of use to other CGIAR centers at this critical stage of the CGIAR's development.

IIMI's response to its early financial difficulties was based on three considerations:

1. The need for IIMI to follow a pattern of steady growth in financial terms, at least until it achieved a critical mass of scientists that would enable it to tackle the major problems facing irrigated agriculture world-wide.
2. The need for IIMI to maintain program coherence and avoid, to the maximum extent possible, the dangers inherent in a funding strategy based heavily on special project funding.
3. The need for IIMI to address important strategic matters resulting from the complex nature of IIMI's mission, strategy, and institutional relationships, and thus the need to protect the Director General and the senior management of the Institute from undue fund raising burdens at the expense of more important programmatic ones.

All three considerations led IIMI to the conclusion that its new organizational structure (approved by the Board in 1988) should include a Project Development Office, to help IIMI achieve its financial goals while maintaining program coherence and with the minimum impact

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on valuable management time. A Project Development Officer was recruited shortly thereafter, and the office came into existence in late 1989.

II. Organizational Approach and Scope of Activities

[Overhead: IIMI's Organizational Chart]

The Project Development Office (now called the Office of Donor Relations and Project Development, but known throughout IIMI as the PDO), is headed by an internationally recruited staff person, assisted by one nationally recruited professional. (A second nationally recruited professional will soon be added.) The head of the office reports directly to the Director General. She sits as an official observer on the Institute's Management Committee, and is a full member of IIMI's Budget Committee.

[Overhead: Simplified List of PDO Tasks]

The Office is currently responsible for the following tasks:

- * Assisting the Director General in all donor relations activities, including the drafting of most correspondence
- * Developing and helping to implement a donor strategy that covers core and complementary support
- * Developing guidelines for the preparation of proposals and proposal budgets, and ensuring appropriate review
- * Coordinating proposal preparation, donor follow-up and grant negotiations
- * Coordinating proposals for staff secondments
- * Assisting the Information Office in the preparation of donor-targeted materials.
- * Coordinating reporting to donors

IIMI has developed some special mechanisms to implement several of these tasks. Three that I believe might be of interest to other centers are discussed in more detail below.

A. Guidelines

The PDO has developed a set of guidelines to guide IIMI's management and staff through the proposal preparation process and to help staff in writing up their ideas. These guidelines aim principally at ensuring that all proposals fit within IIMI's program goals, and include (a) concept paper formats, (b) proposal formats and writing guidelines, and (c) budget guidelines. These guidelines were approved by IIMI's Management Committee, and provide standardization for all documents no matter where within the Institute they are prepared.

B. Development of Proposals

The PDO plays a pivotal process role in translating research ideas into funded projects. Three stages are distinguished: (a) concept paper, (b) proposal, (c) follow-up and negotiations.

[Overhead: Project Development Stages]

A key feature of the first two stages is the preparation of draft concept papers/ proposals and the holding of reviews. The PDO is responsible for scheduling, minuting and following up on these reviews.

The main outcome of the Concept Paper Review is a decision on whether or not the idea sponsor should be encouraged to pursue the idea to the proposal stage; this decision is made on the basis of the relation of the proposed activity to IIMI's existing and planned program, the staff involvement, the proposed sites and the likely sources of funding. At this stage, staff are encouraged to discuss the proposed ideas with potential donors, so long as the discussion is informal and makes no firm commitments.

The Proposal Review ensures that the substance of the proposed work is of a high quality, and that the Institute is interested in the study and adequately staffed to take it on. If the proposal is approved, it is then submitted to the donor, with a cover letter, drafted by the PDO and signed by the Director General. (No final proposals are sent out of the Institute except under the signature of the DG.)

Follow-up with donors and grant negotiations is also the responsibility of the PDO, working under the supervision of the Director General. In particular, the PDO coordinates rewrites, budget reformulations, and correspondence with donors.

[The pattern is similar for proposals that are designed to yield restricted core contributions, although in such instances staff often develop far more detailed and substantive proposals, designed to persuade the donor to support unspecified work in a given program area or geographic location. For unrestricted core requests, the PDO can usually prepare the proposals without staff input, working under the DG's supervision.]

C. Donor Relations

An important task for the PDO is to ensure that IIMI has good relations with donors at the headquarters and field levels.

[Overhead: Donor Relations Chart]

At the donor headquarters level, the PDO coordinates the processing of the large volume of donor-related correspondence and interaction, and arranges at least two series of visits (in addition to CGIAR meetings) for the Director General and the PDO to donors of strategic importance each year. The PDO drafts the letters requesting the meetings, follows up by phone, prepares minutes of the meetings, and follows up by drafting appropriate proposals or requests. [Other staff also visit donor headquarters

in connection with specific activities; the PDO keeps track of these visits through staff trip reports, and ensures continuity of message.]

At the donor country level, the PDO works with the heads of IIMI's field offices to establish relations with local donors. This can be done in connection with the development of specific project proposals, or as a separate exercise involving an initial seminar, workshop, or informal get-together at which donors and IIMI share information about their priorities and interests, followed by individual meetings with each donor. The country head then has the responsibility of maintaining good relations with the donors, supported by visits from headquarters staff and Board members. Copies of all correspondence with donors is copied to the PDO.

At IIMI's headquarters, the PDO makes an effort to establish and maintain relationships with the local representatives of all donors. This may involve visits to IIMI, copying correspondence, issuing invitations to staff seminars and social interactions. In addition, the PDO assists in the preparation of special publications, and facilitates individual correspondence and invitations to Institute activities, all of which enhance donor relations.

III. Lessons Learned

After three and a half years of experience, IIMI has gained some thoughts into the practical benefits of having a Project Development Office, and learned some lessons about how to run a PDO. These are described below.

A. Practical Benefits

[Overhead: Practical Benefits]

Clearly, the most important practical benefit of a well-functioning PDO is that it frees up large amounts of time for other activities by the Director General by taking over the "process" part of donor work. But there are many other practical benefits as well, not all of which were recognized at the time that the Office was established. Some of these are:

1. Maintaining Critical Mass

Given the lag time and the success ratio inherent in project development, it is important to have lots of irons in the fire at the same time. At any moment IIMI has at least 20 proposals under active consideration, somewhere between the concept and the grant agreement stage; often, we have significantly more. The PDO ensures that there is no let up to proposal preparation, and that a critical mass of proposals is always in process.

2. Adjusting for Differences

Fund development is an art, not a science. Every donor is different, and needs to be treated differently. Each has a special approach to indirect costs, or a special topic or interest of particular significance. The PDO helps in developing an institutional understanding of each donor, and adjusts proposals accordingly.

3. Dealing with Failure

Not all proposals will get funded. In some cases the internal situation in the country will change, and the new counterparts will be less enthusiastic about the proposed activity. In other cases, the donor will not be interested or not have the funds. The PDO helps in addressing these difficulties by identifying alternative courses of action, communicating with staff, etc.

4. Handling Timing Issues

Most special project ideas take 12 - 24 months to bring from concept paper to grant approval. The PDO office plays a crucial role in keeping up the momentum throughout this entire period. The office also helps everyone involved in the sponsorship of the idea to understand the time lag, and plan appropriately -- it is important not to have a signed grant agreement and no staff available to do the work!

5. Developing Reliable Inside Sources

As all Center Directors are aware, it is of inestimable benefit to identify someone at the working level within the donor agency who will tell you the truth about the progress of your proposal as it transits the bureaucracy. Accurate bad news can save time, effort and travel in pursuit of non-starters. Reliable information about the timing of Board reviews, the likes and dislikes of key reviewers and similar information can help target material at the right time and of the right substance. A typical informant of this type will not be at the highest management levels, so it is normally easier for the Project Development Officer to establish such a relationship than for the Director General.

6. Enhancing Skills

As we all know, staff vary in their ability to write proposals; the role of the PDO is try to make up for whatever deficiency exists. For some staff it is necessary only to check the budget, schedule the review, and coordinate the follow-up. For other staff, especially non-native English speakers, the PDO may have to draft the proposal. For some who cannot tolerate following guidelines the PDO may have to prepare the budget. It is important to have in-house capability to complement whatever skills are present with the research staff.

7. Ensuring Brevity

Short proposals, carefully focused on the proposed activities, with all extraneous information ruthlessly relegated to annexes or omitted altogether, are welcomed by most donors. Most scientists, on the other hand, are inclined towards detailed proposals that can stand up to rigorous scientific scrutiny. The PDO helps encourage staff not to put inordinate amount of time into the first version of a proposal, and/or helps translate detailed proposals into attractive, short, simply presented proposals.

8. Avoiding Duplication

Almost all professional staff get involved in fund development to some extent; and Directors help maintain donor relations, especially with personal contacts in donor agencies. Having one office, the PDO, to coordinate information and follow up as needed, is of great value if duplication of effort is to be avoided.

9. Promoting Patience and Flexibility

A donor visit in 1990 may not yield a grant approval until 1993 or later; but if you don't visit, you will never get a grant. Likewise, a meeting with a given agency may have been designed to yield a specific result; but if this looks likely to fail, other sorts of donations or request for staff inputs may succeed. In our experience, the PDO plays an important role both in keeping a long-term perspective and in making mid-course corrections.

B. Organizational Lessons

Undoubtedly, there are many different ways in which a PDO can be run. Four lessons we have learned about what works and what does not are:

[Overhead - Organizational Lessons]

1. Donor Strategy

At IIMI we've devised a donor strategy to cover the MTP period. The strategy analyses reasons why a given agency might be more (or less) interested in IIMI's work, examines its contributions to other organizations, gives any inside tips that might affect its level of giving, and yields target contributions. This strategy helps us target our donor visits and identify which donors should be interested in which project ideas.

2. Recruitment

Selecting the right person for the job can make a critical difference in the effectiveness of the Office. At IIMI we conducted two world-wide searches until we were satisfied that we had a candidate with the appropriate background

(including donor experience) and people skills. Someone who really wants a researcher will not make a good PDO.

3. Structure and Budget

It may be tempting to include the PDO function in the DG's office, and to call the officer a Special Assistant to the DG. However, we have learned that if we want to attract the best candidate for this position, it is best to offer a separate office, budget, and other benefits. With appropriate autonomy for the PDO, the DG will have to do less supervising, and get more output in return. It is also preferable not to be niggardly with the PDO budget, but to include ample travel, fax, phone and e-mail funds.

4. Scale

A Project Development Officer has to travel a great deal. We have learned that a second and preferably a third professional with strong writing skills is needed to cover the office while the first is away, to help process the large volume of proposals and correspondence, and to help handle such specialized duties as seconded staff, donor-targeted materials and other ideas.

IV. Conclusions

By creating the PDO, we believe IIMI now has a professional, sustainable and cost-effective approach to fund development and donor relations. In particular, the establishment of the PDO has, by and large, enabled IIMI to achieve the three goals that I outlined at the beginning of my presentation:

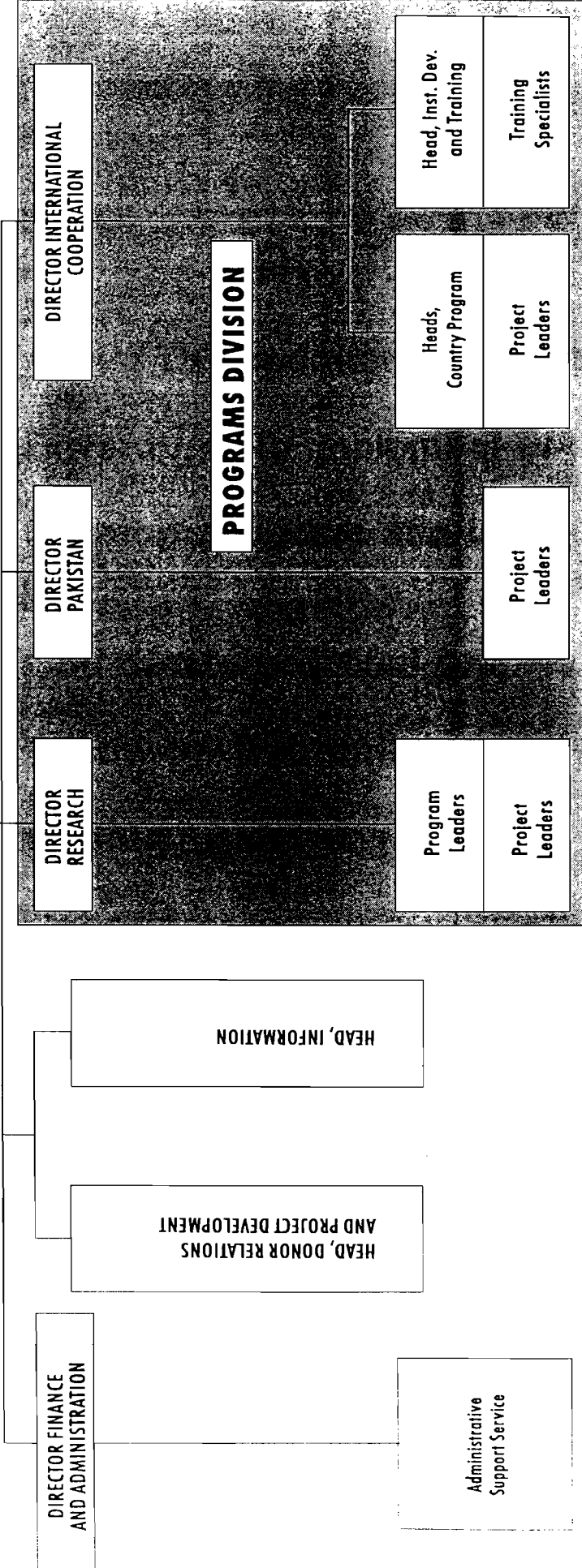
[Overhead - conclusions]

1. Financial Growth: Since the Office was created, IIMI's total budget has grown from \$5.8 million in 1988 to a projected 1993 total of \$10.7 million. IIMI now has some 20 donors, with additional donors expressing interest in joining IIMI's group of financial stakeholders soon. At the same time, the nature of IIMI's special project grants is evolving towards fewer, larger grants, for a longer duration. All of this took place without the benefit of an approved MTP and access to the World Bank donor of last resort mechanism. These financial gains have far exceeded the costs of the PD Office, which are below \$200,000 per year. No other organizational investment at IIMI has yet yielded comparable returns!
2. Strategic Development: Undoubtedly, the PDO has freed up large amounts of time for other activities by the Director General. In addition, other Directors and Country Heads have found it a relief to have an Office to which they can turn for donor work. Thus, the benefits in terms of increased attention to strategic and long-term program matters have been considerable. Without such freeing-up of management time, it would have been very difficult for IIMI to

address the many strategic issues that it faced between 1988 and 1992, including in particular the entry into the CGIAR system and the strategic reconsiderations that this entry involved.

3. Program Coherence: Although IIMI's generic research program has undoubtedly been held back by low levels of core funding, we have been able to avoid, at least to a reasonable degree, the dangers inherent in a special project orientation. In particular, IIMI was able to use its period as a "Non-Associated Center" to develop a strong program of collaborative field research in several key countries. This has provided IIMI with an excellent base of insights and field data on which to develop a coherent generic research program in the years to come.

**DIRECTOR GENERAL
DEPUTY DIRECTOR GENERAL**



PDO TASKS

- * Assist DG in donor relations**
- * Develop, help implement donor strategy**
- * Develop proposal and budget guidelines**
- * Coordinate proposal preparation**
- * Follow-up with donors**
- * Conduct grant negotiations**
- * Coordinate proposals for staff secondments**
- * Assist in donor-targeted publications**
- * Coordinate reporting to donors**

Project Development Stages

- 1. Concept Review** —> **Encourage preparation of proposal**

- 2. Proposal Review** —> **Facilitate submission to donor**

- 3. Follow-up** —> **Rewrite proposals, budgets, negotiate grants.**

Donor Relation Activities

Donor Headquarters: Correspondence, visits

Country Level Donors: Visits, workshops,
follow-up

IIMI Headquarters: Individual visits to
headquarters;
Special events

Plus Donor-targeted Materials:

IIMI Watch 3-4 times/yr

IIMI Review 2 times/yr

Brochures/Factsheets/Videos

Annual Report

Practical Benefits

Freeing-up management time

Maintaining critical mass

Adjusting for differences

Dealing with failure

Handling timing issues

Developing reliable inside sources

Enhancing skills

Ensuring brevity

Avoiding duplication

Promoting patience and flexibility

Organizational Lessons

A donor strategy helps

Careful recruitment pays off

Structure and Budget is important

Pay attention to scale

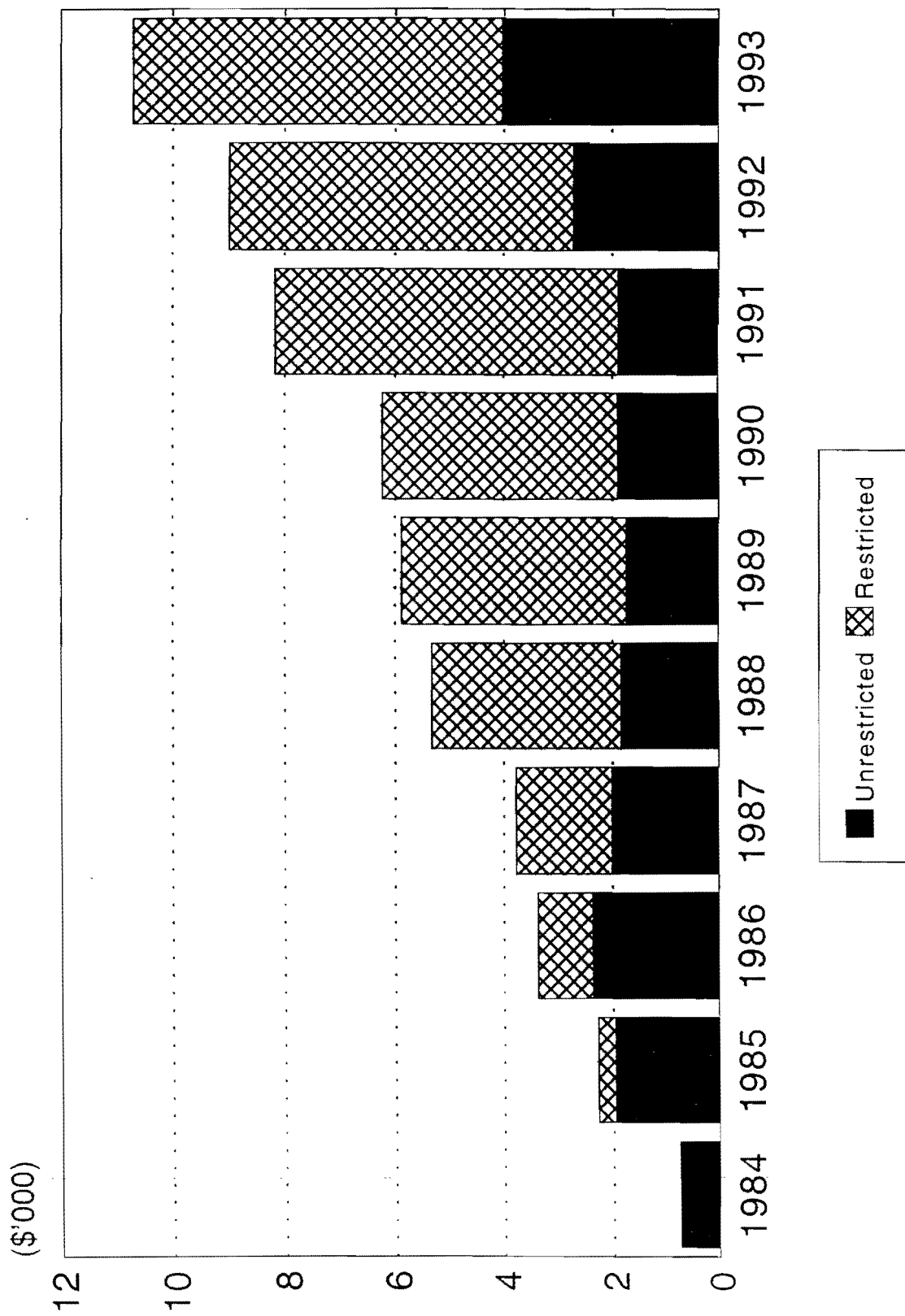
Conclusions

Financial growth

Strategic development

Program coherence

IIMI's Financial Profile 1984-1993



[Note: 1. Core/Complementary distinction only introduced in 1992]
 2. 1993 = provisional budget