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2017 CGIAR system entity budget envelopes

Purpose

This paper lays out for System Council consideration indicative budget envelopes for CGIAR System entities for 2017.

Given the formative stage of the new governance arrangements, these budgets are not, by and large, informed by rigorously-defined programs of work.

The budgets are not for decision. Rather, taking into account the views of the System Council, the System Organization (through its adhoc working group on funding system actions and entities), will then develop revised budget projections for the administrative costs and appropriate budget reporting structure of the CGIAR System for System Council approval as the forward agenda permits.

This paper will also be considered by the System Management Board during its second meeting on Monday 27 September 2016.

Document category: Working document of the System Council

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Background

1. The meeting of CGIAR Centers and Funders on the CGIAR System in Washington D.C. (6-8 June 2016) discussed and approved 2016 System Costs¹. The meeting noted that the 2016 System Costs would not be affected by the establishment of the CGIAR System Organization ("System Organization"), since from a legal perspective, there was no change in the legal personality of the System Organization from that of the CGIAR Consortium.
2. Notwithstanding the above deliberations, the establishment on 1 July 2016 of new CGIAR governance arrangements resulted in the discontinuation of a number of System entities, such as the Fund Council and Consortium Board, and the creation of a number of new System entities, most notably the CGIAR System Management Board ("Board") and System Council, while continuing a number of existing advisory bodies, such as the Independent Evaluation Arrangement ("IEA") and Independent Science and Partnership Council ("ISPC") – albeit with potentially revised terms of reference. Importantly, a single System Management Office now serves both the System Council and Board, where before two offices existed. While it is therefore not straightforward to align system costs in the current (2016) financial year and proposed indicative budget envelopes for 2017, this paper endeavors to make comparisons where feasible and meaningful.
3. For the purpose of this agenda item, System entities (which includes advisory bodies that are not separate legal entities) are taken to comprise the following nine (9) elements, as defined in the CGIAR System Framework and/or the Charter of the CGIAR System Organization:
 - a. CGIAR Trust Fund or, more specifically, costs associated with the Trustee;
 - b. General Assembly of Centers;
 - c. IEA;
 - d. ISPC;
 - e. Internal Audit Function;
 - f. Partnership Forum;
 - g. System Council;
 - h. System Management Board; and
 - i. System Management Office.

¹ As set out in the Co-Chair's summary for the 6-8 June 2016 meeting at paragraph 7, which record is accessible here: <http://cgiarweb.s3.amazonaws.com/wp-content/uploads/2016/05/Co-Chairs-Summary-June-6-to-8-20161.pdf>

4. At this relatively formative stage of the new CGIAR System, the specifics of several System entities are yet to be defined. Most notably, the General Assembly of Centers, the Internal Audit Function, and the Partnership Forum, lack sufficient specificity to enable the formulation of an indicative budget at this juncture. They are therefore not considered further in this analysis, but represent a cost that will be realized in 2017.
5. Over recent years, CGIAR has adopted a Center-led initiative focused on a common integrated enterprise resource planning system to support project, financial and human resource information management. The initiative, One Corporate System (OCS), aims to provide a tool for aggregating system-wide information. In this paper, budgets are developed, and are presented against the common codes and information structures in the OCS chart of accounts. This enables comparison between System entities and will, in time, create more automated and more efficient processes. All budget figures presented in this paper are in US dollars.

Overall budget analysis

6. The indicative CGIAR System budget for 2017 is **\$15.5 million**, or **1.7%** of the proposed CGIAR Portfolio. This represents a decrease of \$2.6 million, or 14%, against the 2016 budget of \$18.1 million². It should be noted, however, that no provision is made for the General Assembly of Centers, Internal Audit Function and Partnership Forum, for reasons previously outlined. In 2015, actual System Costs were \$17.5 million³.
7. The budget is comprised of personnel (\$8.13 million or 52.4%); consultants (\$3.75 million or 24.2%); travel (\$1.12 million or 7.2%); operating expenses (\$1.07 million or 6.9%); board fees and insurance (\$0.56 million, or 3.6%); meetings and workshops (\$0.33 million or 2.1%); partners (\$0.25 million or 1.6%); and site management and operation (\$0.20 million or 1.3%), as well as smaller amounts on publications (\$0.08 million) and capacity building (\$0.03 million).

Component budgets and assumptions

8. A complete budget description, by entity and heads of expenditure, is presented in [Appendix 1](#). Key points, by entity, are outlined below, including, to the extent possible, comparisons with current and prior years.

² The 2016 budget included \$1.7 million to support the Transition Team and associated arrangements.

³ Excludes \$0.34 million income for the CGIAR Consortium.

CGIAR Trust Fund or, more specifically, costs associated with the Trustee

9. The proposed 2017 budget ceiling for the Trustee is **\$0.6 million**, and is comprised entirely of operating expenses. This represents a decrease of \$0.03 million, or 5% against the 2016 budget of \$0.63 million. The actual expenditure for the Trustee in 2015 was \$0.62 million.

Independent Evaluation Arrangement

10. The proposed 2017 budget ceiling for the IEA is **\$1.88 million**, and is comprised of personnel (\$0.80 million); consultants (\$0.98 million); travel (\$0.08 million); and operating expenses (\$0.03 million). This represents a decrease of \$0.60 million, or 24% against the 2016 budget of \$2.48 million. The actual expenditure on the IEA in 2015 was \$3.16 million.

Independent Science and Partnership Council

11. The proposed 2017 budget ceiling for the ISPC is **\$3.52 million**, and is comprised of personnel (\$1.66 million); board fees and insurance (\$0.39 million); consultants (\$0.89 million); travel (\$0.20 million); operating expenses (\$0.02 million); publications (\$0.04 million); partners (\$0.25 million); and meetings and workshops (\$0.08 million). This represents a decrease of \$0.37 million, or 9.5% against the 2016 budget of \$3.89 million. The actual expenditure on the ISPC in 2015 was \$3.56 million.
12. By reason that the System Council intends to review the Terms of Reference of both the ISPC and IEA (with the likely timing of that review occurring by March 2017), the actual figure for 2017 may need to be reassessed in due course.

System Council

13. The proposed 2017 budget for the System Council is **\$0.73 million** and relates to support costs to the Chair pursuant to the TOR for the Chair approved at the 1st System Council; and the cost for five developing country representatives including alternates to attend System Council meetings. Personnel (\$0.52 million), travel (\$0.16 million), and meeting costs (\$0.05 million). Previously such costs were included in the Fund Office budget and not reported independently, precluding prior year comparison.

System Management Board

14. The proposed 2017 budget ceiling for the System Management Board is **\$0.52 million**, and is comprised of board fees and insurance (\$0.18 million); consultants (\$0.03 million); travel (\$0.23 million); operating expenses (\$0.05 million); and meetings and workshops (\$0.05 million). While not directly comparable, this represents a decrease of \$0.04 million, or 6.5% over the 2016 Consortium Board

budget of \$0.56 million. The actual expenditure on the Consortium Board in 2015 was \$0.48 million.

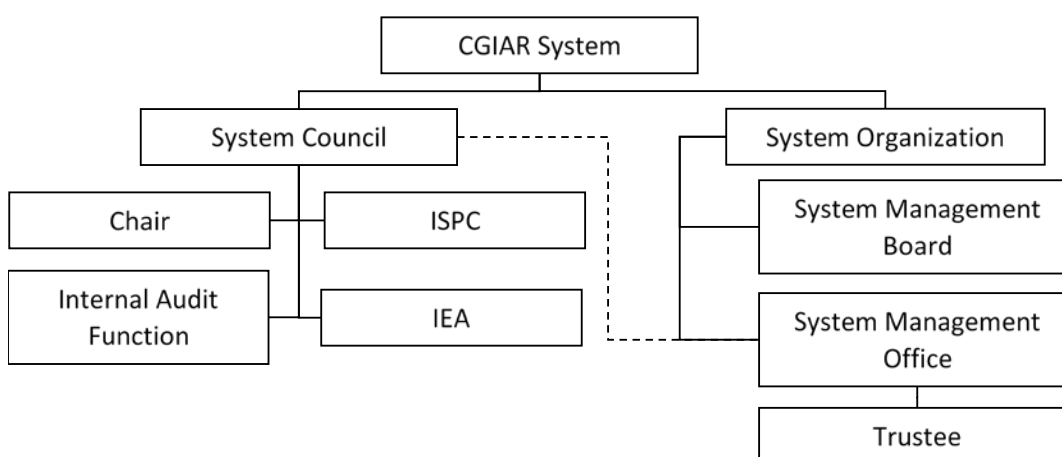
System Management Office

15. The proposed 2017 budget ceiling for the System Management Office is **\$8.28 million**, and is comprised of personnel (\$5.15 million); consultants (\$1.86 million); travel (\$0.46 million); operating expenses (\$0.38 million); site management and operation (\$0.20 million); publications (\$0.04 million); capacity building (\$0.03 million); and meetings and workshops (\$0.17 million). This represents a decrease of \$0.62 million, or 7% against the combined 2016 Consortium⁴ and Fund Office budgets of \$6.89 and \$2.00 million respectively. The personnel budget is \$0.20 million less than the combined former Consortium Office and Fund Office budgets (\$4.23 million and \$1.10 million respectively). The actual expenditure on both the Consortium Office and Fund Office in 2015 was \$10.10 million.

Budget reporting structure

16. In presenting the budgets in Appendix 1, no budget reporting structure has been assumed. However, for clarity and ease of interpretation, as well as operational efficiencies, it would be desirable for future reports on System costs to adopt some form of hierarchical structure, with units and sub-units. A proposed reporting structure is presented in Figure 1 below. System Council views on preferred report formats are invited at the meeting, or subsequently via to systemcouncil@cgiar.org.

Figure 1 Proposed arrangement of System entities for budgeting purposes



⁴ Excluding, for purposes of comparison, the Consortium Board budget of \$0.56m which is considered above.

Funding

17. At the conclusion of 2016, it is currently anticipated that there will be some level of residual funding in the existing Trust Fund, which is intended to be closed. That level is likely to be relatively modest – indicatively \$1 to \$2 million – and arises from the Cost Sharing Percentage (CSP, 2%) that is charged to Window 2 and Window 3 funds received and eventually transferred to Window 1, and other minor adjustments. When System entity budgets are submitted to the System Council for approval, the System Council will also be asked to approve a proposal that any residual monies in the existing Trust Fund be used to support System costs during 2017.

Appendix 1 – CGIAR System Indicative Budget 2017, By System entity (US\$ 000)

Budget Header	OCS AEC ¹	CGIAR System Budget	Trustee	IEA	System Council	ISPC	System Management Board	System Management Office
Personnel	M100	8,132.4		800.0	520.0	1,660.0	0.0	5,152.4
Board Fees & Insurance	M120	562.0				385.0	177.0	0.0
Consultants	M150	3,753.5		980.0		885.0	25.0	1,863.5
Travel	M200	1,121.4		75.0	160.0	200.0	230.4	456.0
Operating Expenses	M300	1,070.0	600.0	25.0		20.0	50.0	375.0
Site Mgmt. and Operation	M350	195.6					0.0	195.6
Publication	M400	83.0				40.0	0.0	43.0
Capital	M500	0.0					0.0	0.0
Depreciation	M550	0.0					0.0	0.0
Partners	M600	250.0				250.0	0.0	0.0
Capacity Building	M700	30.0					0.0	30.0
Meetings and Workshops	M750	330.0			50.0	75.0	40.0	165.0
Overhead	M800	0.0					0.0	0.0
Contingency	M900	0.0					0.0	0.0
Total		15,528.0	600.0	1,880.0	730.0	3,515.0	522.4	8,280.6

1 AEC = Agreement Expenditure Class (Expenditure Categories in OCS)