

2017 CGIAR Research Financing Plan (2017 FINPLAN)

The 2017 FINPLAN was approved during the System Management Board meeting in Rome 28-29 March 2017 (**Decision Ref: SMB/M5/DP3**)

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1. FINPLAN 2017 Guiding Principles for 2017 W1 Allocations

The objective of this 2017 FINPLAN is to achieve the 2017 funding allocations approved by the System Council in November 2016. These were in the form of total system-level (Windows 1 and 2 combined) funding allocations of US\$191 million¹. The document also provides a Center perspective of the overall projected CGIAR Research plan (including W3 and Bilateral projection).

The following guiding principles to achieve this objective for FINPLAN 2017 were developed with the help of the Corporate Services Executive (CSE):

1. Platforms shall be fully funded at the System Council approved indicative W1/2 allocation level, if possible. (System Management Board **Decision #3** supports the approach to fund all Platforms as per System Council approved allocation without reductions in case of funding deficits)
2. No overall budget ceiling at CRP or Platform level is imposed for W3 and Bilateral contributions.
3. W1/2 carry-over from 2016 phase 1 CRPs is excluded from the annual System Council allocation ceilings but shall not increase the overall CRP budget such that it exceeds the W1/2 6-year total budget (assuming the System Council will approve the 6-year W1/2 funding envelope).
4. Carry-over of W1/2 funding within the 6-year period of a CRP or Platform is possible if the approved total (6-year) W1/2 funding request is not surpassed (assuming the System Council will approve a 6-year funding envelope).
5. W1/2 funds for a specific CRP or Platform is unrestricted and indistinguishable when received by the Lead Center.
6. W2 provided by donors will be disbursed to Lead Centers, even if the amount is larger than the approved annual W1/W2 allocation. This requires lifting of the W1/2 program funding request in the event disbursements exceed the 6-year approved budget (assuming the System Council will approve the 6-year W1/2 funding envelope).
7. The final calculation of the W1 allocation to each CRP is determined only after the total W2 funding for the portfolio is confirmed (most likely Q3 or Q4).
8. Once total W2 funding for the year is confirmed, all CRPs and Platforms that have less than 100% of the total approved annual W1/2 allocation are eligible for W1 funds (subject to availability of W1 funds, excluding balancing funds).
9. W1 funds will be distributed to those eligible CRPs using a methodology approved by the System Management Board.
10. If less W1 funding is received than required to satisfy the System Council approved indicative W1/2 allocation, the System Management Board approved W1 allocation proposal shall be followed (section 2 below)
11. If more W1 funding is received than the required amount to fund CRPs and Platforms at the System Council approved 2017 W1/2 budget, such additional W1 funds will remain in

¹ Funders indicative commitment \$180 million, balancing fund and re-allocation \$11 million

the balancing fund with the intention to: a) absorb changes in future funding commitments; b) provide flexibility in case of unforeseen shifts between W1 and W2 funding; c) build up resources allowing increased up-front W1/2 commitments.

2. March 2017 – Status of Funding Projections for W1/2, W3 and Bilateral

Windows 1 and 2

During the Mexico System Council meeting the System Council members projected funding the CGIAR 2017 Portfolio with \$180 million of which \$90 million were expected to be contributed to Window 1 and \$90 million to Window 2. A subsequent exercise in form of a survey and various calls to key Funders was undertaken in March 2017 to forecast more accurately W2 funding for 2017 (see projected distribution by Funder – chart 1).

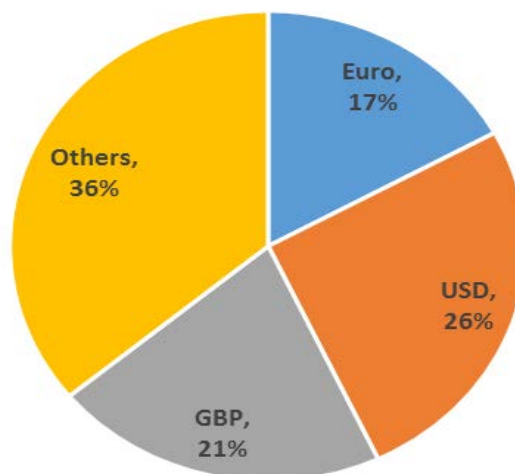
Key messages from this exercise are that as of March 2017:

1. With a few key exceptions, overall system funding appears to be **holding up well** against the estimates provided by Funders in Mexico in late 2016.
2. But there are several **uncertainties** around the numbers originating from i) political developments in a key donor, ii) possible exchange rate uncertainties, and iii) the possibilities of funding shifting between windows (potentially from W1 to W2, and W3 to W2).
3. These uncertainties suggest a reasonable **confidence interval of 90-95% on the current assumptions**.
4. In numbers, this means that the central funding assumption remains the \$180 million of new W1/2 funding indicated for 2017 in the Mexico 2016 System Council meeting, **but with a potential under or overshooting of 5-10% (\$9-18 million)**.
5. **W1/2 funding risks are not all downside:** there remains a potential for additional contributions based on increasing confidence on the CGIAR system in terms of the outcome of its recent governance reforms, its results-management system and processes for prioritization.

Chart 1
Funding Projection by Funder



Chart 2
Currency Mix

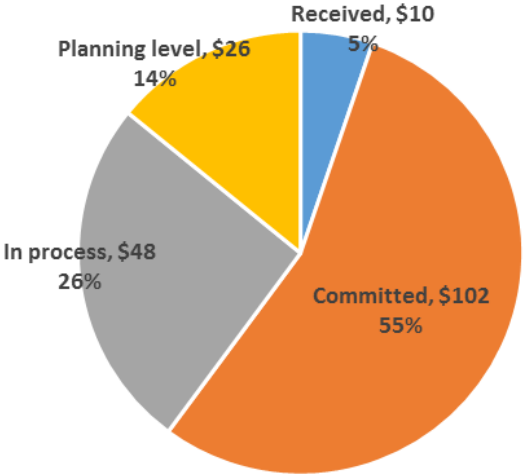


6. Compared to the funding assumptions for the 2017 System Council allocation, FINPLAN 2017 projects that the **W1:W2 distribution** will be \$80 million (W1):\$100 million (W2) instead of the \$90 million:\$90 million originally predicted for 2017.

7. In terms of **currency denomination (chart 2)**, the projected contributions vary widely from USD (26%), GBP (21%), Euro (17%) and others (34%).

8. In terms of **security of funding (chart 3)**: only \$10 million (5%) has so far been received in W1/2, but a further \$102 million (55%) is already committed but not formally approved by Funders, and \$48 million (26%) is in the process of approval - leaving \$26 million or 14% at the planning level.

Chart 3
Level of Security



Window 3 and Bilateral Center Projection

To give an overall CGIAR Research view of projected revenues, CSE directors in January 2017 provided Center projections of both W1/2 and W3 and Bilateral funding. W1/2 matches with the System Council indicative allocated W1/2 funding to CRPs and Platforms. The W3 and Bilateral projections exclude the risk associated with geopolitical developments which some Centers apply to their budgets. However, a significant difference exists between W3 and Bilateral funding projection made by CRP/Platform and Centers. It is assumed that the actual amount will be in between the CRP/Platform forecast and the Center projection.

Center 2017 Projection - CSE January 2017					
	Projected W1/W2	Projected W3 + Bil portfolio	Projected non-portfolio (non-CRP)	Projected non-portfolio on CGIAR Research	Projected CGIAR Research
AfricaRice ¹	4.0	18.1	3.0	12%	25.1
Bioversity	8.8	19.7	3.0	10%	31.5
CIAT	22.9	59.4	2.0	2%	84.3
CIFOR	5.3	29.3	8.4	20%	43.1
CIMMYT	27.8	102.5	10.1	7%	140.4
CIP	20.2	37.2	1.5	3%	58.9
ICARDA	5.3	25.2	9.1	23%	39.6
ICRISAT	5.2	29.1	6.4	16%	40.7
IFPRI	23.2	101.4	22.8	15%	147.4
IITA	9.9	102.7	8.9	7%	121.5
ILRI	21.4	35.3	15.0	21%	71.7
IRRI	16.8	46.0	12.0	16%	74.8
IWMI	8.8	15.6	0.5	2%	24.9
ICRAF	8.2	47.8	4.9	8%	60.9
WorldFish	3.8	25.7	na	na	29.5
Total Center	191.6	695.0	107.6	11%	994.5

¹ Africa Rice in March provided a revised non-portfolio up-date
Minor revisions were provided by different Centers since January

Overall Funding Estimates

For the 2017 FINPLAN the following funding levels are estimated:

As of January 2017	W1-2	W3	Total Fund	Bilateral Portfolio incl. from removed CRP and FPs	Non-CRP outside of Portfolio	Total FinPlan
Opening Balance (Balancing Fund)	\$30					
W1 indicative commitment of which \$10 received in advance ¹	\$90					
W2 indicative commitment	\$90					
Total Expected Funding	\$210	\$290	\$500	\$387	\$108	\$995

^[1] In December 2016 \$10 million W1 funding was received from two Funders as an advance payment for 2017 - of which \$3.6 million was specifically provided for the 3 Platforms.

3. Year-end Expected Fund Status

Given the above assumptions on funding and the indicative funding allocation approved by the System Council, the Trust Fund is projected to have approx. \$17 million left as balancing fund by the end of 2017:

As of January 2017	W1-2	W3	Total Fund	Bilateral Portfolio incl. from removed CRP and FPs	Non-CRP outside of Portfolio	Total FinPlan
Total Expected Funding	\$210	\$290	\$500	\$387	\$108	\$995
W1 (March projection)	(\$80)					
W2 (March projection)	(\$111)					
System Cost (replenished by CSP)	(\$16)					
Balancing Fund CSP adjustment	(\$4)					
CSP income (projected)	\$18					
Total Expected Use	(\$193)	(\$290)	(\$483)	(\$387)	(\$108)	(\$978)
Balance carried forward	\$17	\$0	\$17	\$0	\$0	\$17

4. 2017 CRP Budgeting Considerations

While the overall W1/2 funding picture seems to hold in line with the indicative Funder allocation made in Mexico, geopolitical uncertainties combined with possible currency fluctuations and 40% of the indicative funding allocation is under pending approval or planning level, it seems prudent for Lead Centers and CRPs to avoid fully committing the full System Council 2017 indicative allocation until mid-way through the year when a more accurate projection is available.

The System Management Board agreed (**Decision #1**) that a useful guide at this point is the possibility of a 5-10% variation of the combined W1/2 end of year overall outcome set out in Section 2 above, indicating that **Lead Centers and CRPs may wish to under program by this amount pending clarification during the course of the year.**

5. Allocation of W1 to CRPs and Platforms

A key variable in this FINPLAN is how best to use W1 in support of achieving the strategic funding objectives of the System Council for 2017. Two key parameters are System Council indicative allocations – which are already known, and actual W2 outcomes – which will only become known at the end of 2017.

The question of how best to use W1 is part of a broader assessment of how to optimize CGIAR funding modalities, with a paper due for the System Council in May 2017.

The 5th meeting of the System Management Board decided on an approach for 2017 whereby W1 is allocated across all funding gaps between W2 and System Council indicative W1/2 allocations such that these are reduced by the same percentage amount until W1 funding is exhausted (Platforms are excluded from such reductions). This aims to offer a middle ground between full and zero coverage of the gap with W1, thus creating a greater incentive for W2 financing while partially helping reduce potential funding gaps for all CRPs.

6. Disbursement of W1 and W2 Funding

- The System Management Office will request quarterly disbursement of W2 funds or more frequently if fund inflows happen towards the end of the year.
- The System Management Office will request quarterly disbursement of W1 funds on a proportionate (equivalent percentage) basis as per annual W1/2 System Council approved indicative allocation.
- All funds disbursed will be considered as advances only against the final calculated allocation, regardless of the “Window” that the funds are received.
- Initially disbursed W1 funds might be claimed back if replaced by later W2 allocations, allowing to maintain a proportionate basis to the approved annual W1/2 allocation amongst CRPs and Platforms. Options shall be explored to adjust disbursed W1 funding in the following year instead of claiming back. Such flexibility depends on funds available in the balancing fund

The System Management Office has prepared a real-time dashboard showing up-to-date information on CRP and platform-level **funding** provided by Funders and **disbursements** to Lead Centers. The dashboard will be updated every time a transaction occurs.

The dashboard can be visited by clicking on the following link:

<https://public.tableau.com/profile/publish/Funding-Update-2017/Story1#!/publish-confirm>

7. System Council Approved W1/2 Indicative Allocation for 2017

	System Council indicative allocation for 2017	
	All Funding Sources	W1&2
GLDC	0.0	0.000
FISH	17.6	3.769
FTA	71.1	8.827
LIVESTOCK	37.3	14.018
MAIZE	65.6	11.311
RICE	78.3	16.113
RTB	113.9	22.224
WHEAT	42.8	14.810
A4NH	90.8	19.446
CCAFS	56.9	20.778
PIM	92.3	18.274
WLE	47.9	7.913
GENEBANKS	31.6	24.861
EIB	10.0	2.000
BIG DATA	6.7	6.705
Sub-total		191.050
OA-OD ¹		-2.624
Balancing fund ²		-8.400
Total	762.8	180.026

¹ Adjustment for Open Access /Open Data funds held

² Contribution from balancing fund