



Approved: 26 January 2018

## 2018 CGIAR Portfolio Financing Plan (2018 FinPlan)

This document was endorsed by the System Management Board at their 8<sup>th</sup> meeting on 11-12 December 2017 (Decision Ref: SMB/M8/DP6), and subsequently approved by the System Council on a no-objection basis with effect from Friday 26 January 2018. (Decision Ref: SC/M5/EDP1).

Distribution Notice:

This document may be distributed without restriction.

## Contents

1. 2018 FinPlan Guiding Principles for 2018 W1/2 Allocations.....	2
2. Funding Projections for W1/2, W3 and Bilateral .....	4
3. Year-end Expected Fund Status.....	7
4. 2018 Portfolio Budgeting Considerations .....	7
5. Allocation of W1 to CRPs and Platforms .....	8
6. Disbursement of W1 and W2 Funding .....	9
7. System Council Approved 2018 Scenario for W1/2 Indicative Allocation .....	9

### 1. 2018 FinPlan Guiding Principles for 2018 W1/2 Allocations

The objective of this 2018 FinPlan is to achieve the 2018 indicative funding allocation scenario decided by the System Council at its 5th meeting on 10-11 November 2017 (Decision SC/M5/DP10)<sup>1</sup>. That scenario included a total System-level (Windows 1 and 2 combined) indicative funding allocation of approximately US\$180 million<sup>2</sup> plus a stretch funding target (funding yet to be raised) of \$18 million, for a total of \$198 million.

This document also provides a Centers' perspective of projected W3 and bilateral funding (projection dated November 2017). W1/2 Center funding will be available early in 2018 after CRPs/platforms have informed W1/2 allocation to participating partners.

The 12 guiding principles for the 2018 FinPlan are set out below. These are largely unchanged from the 2017 FinPlan with the exception of the following, as endorsed by the System Council at its November 2017 meeting:

- i) Decision SC/M5/DP7.2: to permit Flagship-level earmarking of Window 2 funding contributions, noting that the mechanism is intended to provide flexibility to respond to the needs of individual Funders who may not otherwise be able to contribute funding to CGIAR's shared agenda funding mechanism;
- ii) Decision SC/M5/DP10.v: that platforms (excluding the GENE BANK platform) will be subject to the same funding cuts as CRPs; and

---

<sup>1</sup> Refer Chair's Summary, page 4: [https://www.cgiar.org/wp-content/uploads/2017/11/SC5-11\\_Chairs-Summary\\_13Nov2017.pdf](https://www.cgiar.org/wp-content/uploads/2017/11/SC5-11_Chairs-Summary_13Nov2017.pdf)

<sup>2</sup> Comprised of Funders' indicative contributions of \$170 million for 2018, and drawing down against the CGIAR Balancing Fund up to \$16 million, with System Action & Entities combined savings during 2017 and 2018 being projected at approximately \$3m.

- iii) Proposed modalities against which the System Council might consider making within-year changes to CRP and platform allocations upon the recommendation of the System Management Board (see principle 12 below).

**2018 FinPlan Twelve guiding principles:**

1. **Fully funding the GENE BANK platform**

GENE BANK platform shall be fully funded at the System Council approved indicative W1/2 allocation level.

2. **No budget ceiling**

No overall budget ceiling at CRP or platform level is imposed for W3 and Bilateral contributions.

3. **Carry-over from phase 1**

W1/2 carry-over from 2016 phase 1 CRPs is excluded from the annual System Council allocation but shall not surpass the original CRP/platform total (6-year) W1/2 funding request.

4. **Carry-over within 2017-2012**

Carry-over of W1/2 funding within the 6-year period of a CRP or platform is possible if the original CRP/platform total (6-year) W1/2 funding request is not surpassed.

5. **Indistinguishable W1/2 funds at Lead Center and thereafter**

W1 and W2 funds for a specific CRP or platform will be treated as indistinguishable in terms of financial and performance reporting when received by the Lead Center.

6. **W2 disbursement and additionality if W2 allocation exceeds indicative W1/2 allocation**

W2 provided by Funders to a CRP/platform will be disbursed to Lead Centers even if the amount is larger than the approved annual CRP/platform W1/W2 indicative allocation. In such a case, this would require raising the W1/2 CRP/platform funding request in the event disbursements exceed the original 6-year CRP/platform budget request.

7. **Final allocation of W1 funds**

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 2018).

8. **Eligibility of W1 funds**

Once total W2 funding for the year is confirmed, all CRPs and platforms that have less than 100% of the total approved annual indicative W1/2 allocation are eligible for W1 funds (subject to availability of W1 funds, excluding such balancing funds that are not part of the 2018 FinPlan).

9. **Methodology of allocating W1 funds**

W1 funds will be distributed to those eligible CRPs and platforms using the methodology that the System Management Board approved for 2017: W1 is allocated across all funding gaps between W2 and System Council indicative W1/2 allocations such that these are all reduced by the same percentage amount until W1 funding is exhausted (only the GENE BANK platform is excluded from such calculations).

10. **Methodology on surplus funding beyond FinPlan levels**

If more W1 funding is received than the required amount to fund CRPs and platforms at the System Council approved 2018 indicative W1/2 allocation, System Council will be consulted on how to use such funds if they exceed the amount required to rebuild the balancing fund.

11. **Methodology of W2 FP funding and implications for W1 allocation**

Funders can allocate W2 funding to specific flagships ('FPs') within CRPs or platforms. No additionality shall apply at the CRP or platform level if W2 funding of a specific FP exceeds the requested W1/2 funding for that specific FP when the sum of W2 for all FPs is still below the System Council allocated W1/2 funding. It is up to the CRP/platform management to allocate W1 funding amongst the different FPs. Management and support costs (M&S), which are budgeted at the CRP/platform level, shall be *pro rata* allocated to FPs.

12. **Methodology for within-year modifications to SC indicative allocations**

Instances where the System Management Board may revert to the System Council to recommend an alteration to the existing indicative allocations and/or to recommend an additional allocation could include, for example, (i) interest from Funders in increasing W1/2 for significant research activities that fit within the existing or altered scope of a CRP/platform alongside the provision of new and additional financing for W1/2, or (ii) major new Funder investments in W3 that are provided on an unearmarked basis at the flagship or CRP/platform level, such that the required funding from W1 for these CRPs/platforms might diminish as a result.

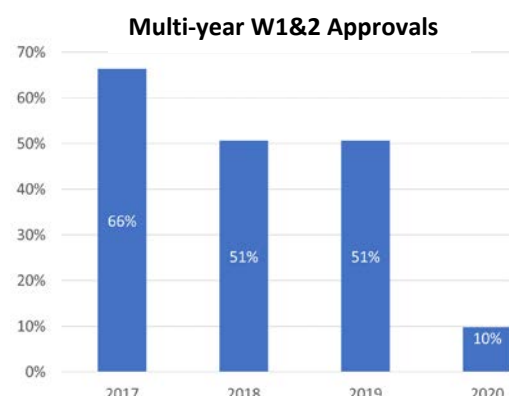
2. Funding Projections for W1/2, W3 and Bilateral

**Windows 1 and 2**

During the System Council 5th meeting on 10-11 November 2017, the System Council members projected indicative funding for the CGIAR 2018 Portfolio of \$170 million, of which \$79 million is currently projected to be contributed to Window 1, and \$91 million to Window 2. Up to a combined additional \$19 million was identified during that meeting as becoming available from: (i) drawing down on the CGIAR Balancing Fund (\$16 million, leaving \$11 million), and (ii) from projected reduced W1 requirements for the funding of System Actions and Entities (approximately \$3 million combined across 2017 and 2018).

**Key contextual and planning assumptions for W1/2 2018 projections shared at SMB 8:**

1. The proportion of multi-year approvals for W1/2 contributions is set to decrease in 2018 – from 66% in 2017 to approximately half of total W1&2 contributions in 2018. (See: *multi-year approvals profile chart*). It is anticipated that the ratio will be restored to the 2017 level when all Funders have completed the renewal of their multi-year approvals.

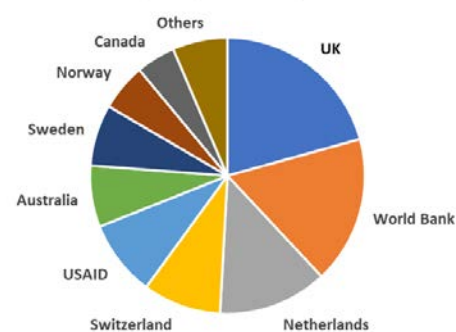


2. Exchange rate and shifting fund allocations between programs are projected to have a **minor** impact in 2018. In terms of **currency denomination**, the projected contributions are - as might be expected – mainly in the form of US dollars, UK sterling and Euros (See: *Currency Mix chart*)



3. A **stretch W1&2 funding target** of 10% or \$18 million is included in the 2018 FinPlan at the CRP/platform level with the purpose of encouraging combined resource mobilization efforts for W1/2 funding.

Funding Projection by Funder



4. The **central funding assumption is for \$170 million of new (Funder provided) W1/2 funding**, with some uncertainty around funding volumes from one key funder and significant risk of undershooting if the stretch funding target is not achieved (See: *Funding Projection by Funder chart*).

5. In terms of **security of funding for 2018**: 46% or \$81 million is already confirmed, 16% or \$28 million is committed and the remaining 37% or \$65 million is in the planning stage (See: *Level of Security chart*).

Level of Security



**Window 3 and Bilateral Center Projection**

To give an overall CGIAR Research view of projected revenues, Centers at the end of November 2017 provided projections of W3 and Bilateral funding. In some cases, collaboration costs are included and can lead to double counting.

The W3 and Bilateral projections exclude the risk factor which some Centers might apply to their budgets. Center projections for W1/2 funding, resulting from CRPs/platforms where the Center is a participating partner, should be available early in 2018 after CRP/platform management allocated W1/2 funding.

2018 Projection - Forecast November 2017							Projected non-Portfolio (Incl. in Total)	Projected non-Portfolio of Total
Projected W1/W2 <sup>1</sup>	Projected W3 Funds <sup>2</sup>	Projected Bilateral Funds <sup>2</sup>	Projectd Center Funds	Projected W3 + Bilateral + Center	Total Projected CGIAR Research			
AfricaRice	4.9	7.5	1.0	13.4	13.4	2.6	20%	
Bioversity	5.9	16.3	2.5	24.8	24.8	3.6	14%	
CIAT	29.0	20.2	-	49.3	49.3	11.2	23%	
CIFOR	7.0	20.0	-	27.0	27.0	4.1	15%	
CIMMYT	60.5	56.1	-	116.6	116.6	13.9	12%	
CIP	24.4	7.6	-	31.9	31.9	2.6	8%	
ICARDA	5.8	26.0	-	31.8	31.8	7.3	23%	
ICRAF	22.9	34.9	-	57.8	57.8	11.9	21%	
ICRISAT	24.6	23.4	-	48.0	48.0	7.4	15%	
IFPRI	36.5	51.3	1.0	88.8	88.8	19.0	21%	
IITA	51.1	41.8	-	92.9	92.9	10.3	11%	
ILRI	28.7	17.3	2.2	48.2	48.2	14.8	31%	
IRRI	17.1	36.5	2.2	55.8	55.8	5.7	10%	
IWMI	1.3	23.6	-	24.9	24.9	.1	0%	
WorldFish	6.2	16.6	0.3	23.1	23.1	5.6	24%	
GCDT	-	-	-	-	-	-	-	
<b>Total Center</b>	<b>198.1</b>	<b>326.0</b>	<b>399.0</b>	<b>9.3</b>	<b>734.3</b>	<b>932.4</b>	<b>120.2</b>	<b>13%</b>

<sup>1</sup> Center W1/2 allocation from CRPs/platforms is not yet available. Includes 10% or \$18 million stretch target

<sup>2</sup> W3 + bilateral projections are not confirmed. Some collaboration cost might be double counted.

### **Overall Funding Estimates**

For the 2018 FinPlan the following funding levels are estimated:

As of January 2018	W1-2	W3	Total Fund	Bilateral Portfolio	Center Funds	Non-CRP outside of Portfolio	Total FinPlan
<b>Opening Balance (Balancing Fund)</b>	\$27						
W1 indicative commitment	\$79						
W2 indicative commitment	\$91						
CSP from W1&2	\$3						
CSP from W3 & Bilateral	\$11						
<b>Total Expected Funding</b>	<b>\$211</b>	<b>\$326</b>	<b>\$537</b>	<b>\$279</b>	<b>\$9</b>	<b>\$120</b>	<b>\$945</b>

### 3. Year-end Expected Fund Status

Given the above assumptions on funding and the indicative funding allocation approved by the System Council, the CGIAR Trust Fund is projected to only have approximately \$11 million left as a balancing fund by the end of 2018:

As of January 2018	W1-2	W3	Total Fund	Bilateral Portfolio	Center Funds	Non-CRP outside of Portfolio	Total FinPlan
<b>Total Expected Funding</b>	<b>\$211</b>	<b>\$326</b>	<b>\$537</b>	<b>\$279</b>	<b>\$9</b>	<b>\$120</b>	<b>\$945</b>
W1&2 disbursement to Portfolio from 2018 new funds (excl. stretch funding target)	(\$170)						
Additional disbursement to Portfolio from Balancing fund (up to max. )	(\$19)						
System Cost in 2018	(\$14)						
Savings from System cost	\$3						
<b>Total Expected Use</b>	<b>(\$200)</b>	<b>(\$326)</b>	<b>(\$526)</b>	<b>(\$279)</b>	<b>(\$9)</b>	<b>(\$120)</b>	<b>(\$934)</b>
<b>Balance carried forward</b>	<b>\$11</b>	<b>\$0</b>	<b>\$11</b>	<b>\$0</b>		<b>\$0</b>	<b>\$11</b>

### 4. 2018 Portfolio Budgeting Considerations

While the overall W1/2 funding picture seems to be in line with the current assumptions for indicative funding allocation as presented to Funders during System Council's 5<sup>th</sup> meeting, funding uncertainties combined with possible currency fluctuations suggest that it would be prudent for Lead Centers and CRPs to avoid fully committing the full System Council 2018 indicative allocation unless/until the level of certainty increases during the year, when a more accurate projection might be available. It is also important to remember that allocations are based on a 10% stretch funding target. Only if additional W1 system funding or W2 CRP or platform funding can be mobilized can the 10% stretch target be reduced.

A useful guide at this point is the possibility of around 10-15% variation of the combined W1/2 end of year overall outcome, including the stretch target. This indicates that **Lead Centers and CRPs may wish to initially program for approximately 85-90% of their System Council indicative allocation, pending clarification during the course of the year on success in resource mobilization.**

## 5. Allocation of W1 to CRPs and Platforms

A key variable in the 2018 FinPlan is how best to use W1 in support of achieving the strategic funding objectives of the System Council for 2018. Two key parameters are System Council indicative W1/2 allocations, and the actual W2 contributions which will only become known as 2018 progresses.

During the System Management Board's 7<sup>th</sup> meeting it was agreed that the same principle of W1 allocation shall apply in 2018 as was applied in 2017, namely that W1 is allocated across all funding gaps between actual W2, as allocated by Funders in 2018, and System Council indicative W1/2 allocations for 2018, as decided during System Council's 5<sup>th</sup> meeting, such that these are reduced by the same percentage amount until W1 funding is exhausted<sup>3</sup>. Contrary to 2017, only the Genebank Platform is excluded from such reductions in 2018.

With the System Council's agreement in November 2017 that Funders may direct W2 funding at the individual flagship level (to meet their own internal organizational priorities and requirements), W1 will still be allocated at the CRP/platform level and not at the flagship level. Accordingly, if actual total W2 funding at the CRP/platform level exceeds the System Council's indicative combined W1/2 allocation for the relevant CRP or platform, no additional W1 funding is made available. This is so, even if one or more of the flagships within the CRP or Platform are not fully funded by the actual W2 contributions due to Funder preferences.

Additionally, where actual flagship level W2 contributions change the overall W1 allocation because of Funder flagship funding preferences, CRP/platform management shall decide on W1 allocation amongst the flagships. Management and support costs, which are budgeted at CRP/platform level, shall be *pro rata* allocated to FPs to avoid these being unfunded in the occurrence of flagship earmarking.

---

<sup>3</sup> For additional information consult the CGIAR Allocation Strategy document [https://www.cgiar.org/wp-content/uploads/2017/11/SC5-06\\_AllocationStrategy.pdf](https://www.cgiar.org/wp-content/uploads/2017/11/SC5-06_AllocationStrategy.pdf)



## 6. Disbursement of W1 and W2 Funding

Disbursement arrangements are planned as follows:

- **The System Management Office** will request quarterly disbursement of W2 funds or more frequently if CGIAR Trust 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 allocations.
- **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.
- **W3 funding is disbursed directly to the Center by the Trustee** as funds are received from Funders. The Center shall account the full amount, including the Trustee retained CSP, as per the December 2017 approved IFRS Compliant CGIAR Reporting Guidelines.<sup>4</sup>

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 is 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 2018 Scenario for W1/2 Indicative Allocation

At its 5<sup>th</sup> Meeting, the System Council endorsed the following elements, as reflected in the table that is set out on the page that follows:

- Indicative W1/2 funding of \$180.1m
- GLDC requested allocation of \$11.5m but is reduced to \$8.1m before general CRP/platform funding cut. (FP2 - no funding)
- The 5 returning Flagships which were included in the Portfolio but not approved for W1/2 funding in 2017 are approved for W1/2 funding in 2018, with an indicative allocation of \$6.5m plus M&S of \$1.7m (instead of \$13.8m) prior to CRP/platform general funding cut.

---

<sup>4</sup> [https://www.cgiar.org/wp-content/uploads/2018/01/IFRS-Fin-Guidelines\\_APPROVED\\_Dec2017-1.pdf](https://www.cgiar.org/wp-content/uploads/2018/01/IFRS-Fin-Guidelines_APPROVED_Dec2017-1.pdf)

- Stretch funding target of 10% or \$18.0m (programs encouraged to under-execute unless realized)
- General CRP/platforms (except GENE BANKS) cut of approximately 2.3% or \$4.1m

**Indicative CRP and Platform 2018 allocations.**

	2017 SC approved allocation	2018 base request	2018 SC approved allocation *	% change from 2017 allocation	% change from 2018 base request
GLDC	0.0	11.5	7.9	na	-31%
Fish	3.8	7.1	5.4	44%	-23%
FTA	8.8	11.5	9.9	12%	-14%
Livestock	14.0	21.2	17.2	23%	-19%
Maize	11.3	11.9	11.2	-1%	-6%
Rice	16.1	16.7	15.7	-2%	-6%
RTB	22.2	23.4	21.7	-2%	-7%
Wheat	14.8	15.8	14.5	-2%	-8%
A4NH	19.4	20.9	19.0	-2%	-9%
CCAFS	20.8	22.1	20.3	-2%	-8%
PIM	18.3	18.8	17.9	-2%	-5%
WLE	7.9	10.5	8.9	13%	-15%
GENEBANK	24.9	21.1	21.1	-15%	0%
EiB	2.0	2.1	2.0	-2%	-7%
Big Data	6.7	5.7	5.4	-19%	-5%
<b>Total CRP</b>	157.5	<b>191.3</b>	169.7	8%	-11%
<b>Total Platform</b>	33.6	<b>28.8</b>	28.4	-15%	-1%
<b>Total</b>	<b>191.0</b>	<b>220.1</b>	<b>198.1</b>	<b>4%</b>	<b>-10%</b>

TOTAL Required                    191.0                    220.1                    198.1

**Total Funding**                    **191.0**                    **180.10**

**Stretch Target /Funding GAP**                    **0.0**                    **18.00**

\* Approved CRP/platform allocation (except for GENE BANK) includes a 10% stretch target