

2020-2021 Revised CGIAR Research Financing Plan (2020-2021 FINPLAN)

Business Plan Action: 1.2 – Implement the 2019-2021 FinPlan

Purpose:

This document sets out a guidance note and revised 2020-2021 Research Financing Plan ('2020-2021 FINPLAN'), which represents an annual update to the 2019-2021 Research Financing Plan (approved by the Council on 10 January 2019) and supplementary guidance on the Window 1/Window 2 partial de-linking principles (approved by the Council during its 8th meeting in May 2019).

This document was reviewed and endorsed by the System Management Board at its 16th meeting on 28-29 January 2019 (Decision Ref: SMB/M16/DP3) and approved by the System Council on an electronic basis with effect from 4 March 2020 (Decision Ref: SC/M9/EDP2)

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Contents

Overview and Background 3

Updates to Guiding Principles for the Revised 2020-2021 FINPLAN 3

Revised Fundraising Targets for W1 & W2..... 4

Revised CSP Revenue and Usage Projections..... 5

Window 1 Liquidity & Stabilization Fund Projections and Usage 7

Window 2 Preliminary Allocations from Funders 7

Window 1 Planned Disbursements 8

Window 1 and Window 2 Planned Disbursements and Program Spending Guidance..... 9

Overview and Background

1. The [2019-2021 Research Financing Plan](#) was approved by the System Management Board during its 12th meeting, held virtually on 13 December 2018, and approved by the System Council on an electronic basis with effect from 10 January 2019.
2. Supplementary [guidance on the Window 1/Window 2 partial de-linking principles](#) was considered by the System Management Board during its 13th meeting, held in April 2019, and approved by the System Council¹ during its 8th meeting held in May 2019 and is to be considered an extension of the 2019-2021 Research Financing Plan.
3. The reliability of this fundraising targets in this plan is dependent on the level of accuracy with which the System can project funding to be available from Funders, by Window and with respect to Window 2 funds, also by CRP/Platform allocation. As such, it will be updated annually to maintain its accuracy and relevance. Likewise, the relevance of the plan with respect to funding for Programs, Platforms, and System Costs is dependent upon the ability of those entities to effectively spend the funds within the relevant period.
4. The objectives of the revised 2020-2021 FINPLAN is to:
 - a) Provide an updated allocation of Window 1 funds for 2020 to reflect the latest available information on funding availability, including updated projections of Window 2 funding which are based on latest indicative allocations from Funders. Unless otherwise stated, the objectives and guiding principles outlined in the 2019-2021 FINPLAN remain valid and applicable to this revision.
 - b) Introduction of initial transitional funding arrangements in support of the shift to the funding modality of the future as outlined in recommendation 5: More, and Pooled, Funding within the [One CGIAR recommendations](#) endorsed by the CGIAR System Council on 13 November 2019.

Updates to Guiding Principles for the Revised 2020-2021 FINPLAN

5. The following adjustments have been made to the guiding principles outlined in the 2019-2021 FINPLAN:
 - I. **‘Improving and institutionalizing collection of data’ Flagship within Big Data in Agriculture Platform**

The System Council approved, during its 8th meeting in May 2019², the creation of an additional module in the ‘Big Data in Agriculture Platform’, to provide a financing mechanism for impact assessment work to be undertaken as part of the SPIA work program. Revised allocation targets for ‘Big Data’ include amounts in support of the Standing Panel on Impact Assessment (‘SPIA’) work program. The budget ceiling for CGIAR Advisory Services included in Table 3 includes components of this work.

¹ Decision reference: SC/M8/DP7

² Decision reference: SC/M8/DP4

II. Gender Equality in Research Platform

The new Gender Equality in Food Systems Research Platform was approved by System Council during its 9th meeting in November 2019³. The allocations presented in this revised plan reflect funder-indicated funding allocations for 2020 and 2021.

III. Excellence in Breeding

The System Council approved, during its 8th meeting in May 2019, the creation of an additional module in the 'Excellence in Breeding Platform' to facilitate targeted funding of the Crops to End Hunger initiative⁴. Revised allocation targets for 'Excellence in Breeding' include amounts in support of the Crops to End Hunger initiative.

IV. Inclusion of Bean Flagship

The System Council approved the proposal for a flagship on common bean⁵, "Strategic and applied research to meet the demand for beans in Africa and Latin America" for inclusion in the CGIAR Portfolio from 1 January 2019 on the proviso that the 2019-2021 Financing Plan has a 'US\$ 0' indicative allocation for Window 1 and Window 2. This revised financing plan has been prepared on that basis.

V. Possible impact of foreign exchange fluctuation

While all figures are presented in USD, there is implicit foreign exchange risk as approximately 50% of the funding to Window 1 and Window 2 originates in other currencies. Where possible, the Window 1 Liquidity and Stabilization Fund will be used to mitigate any unplanned downside foreign exchange impacts on Window 1 receipts. However, the impact (positive or negative) of any unplanned foreign exchange volatility in Window 2 receipts will be passed on to the respective Program or Platform. Information has been provided in Table 5 to facilitate this.

VI. All W2 fundraising figures presented gross of Cost Sharing Percentage ('CSP')

Consistent with prior year presentation, all W2 fundraising figures presented in this plan are gross and thus include the 2% CSP. However, all figures presented as targets for distribution to Programs and Platforms have been presented herein net of CSP.

Revised Fundraising Targets for W1 & W2

6. Based upon indicative allocations communicated by Funders and an assessment of the opportunities to attract additional Funders and funding to the CGIAR Trust Fund, an updated fundraising target for the CGIAR 2019 - 2021 Portfolio is set out in Table 1 below.

³ Decision reference: SC/M9/DP4

⁴ Decision reference SC/M8/DP5

⁵ Decision reference: SC/M7/DP3

TABLE 1: 2019-2021 FUNDRAISING TARGETS

(ALL FIGURES IN MILLIONS USD AND PRESENTED ON GROSS BASIS, INCLUSIVE OF CSP)

2019-2021 Fundraising Targets	2019 Actuals			2020 Targets			2021 Targets		
	W1	W2	W1/W2	W1	W2	W1/W2	W1	W2	W1/W2
Funder indications	87.7	108.2	195.9	82.5	104.1	186.6	86.6	104.1	190.7
Revised Growth Targets	0.0	0.0	0.0	21.9	2.8	24.7	23.8	5.1	28.9
Fundraising Targets	87.7	108.2	195.9	104.4	106.9	211.3	110.4	109.2	219.6

Revised CSP Revenue and Usage Projections

7. Based upon this projected revenue generation, Table 2 below indicates the amount of Cost Sharing Percentage ('CSP') projected to be available and the planned usage of CSP to fund System Entity costs. The CSP model and rate will be monitored annually with consideration given to lowering the CSP rate if greater certainty of sufficient revenue volume is realized alongside greater clarity of System Entity funding needs.⁶

TABLE 2: PROJECTED CSP REVENUE AND USAGE IN 2020⁷ (ALL FIGURES MILLIONS USD)

	2019 Actuals	2020 (Revised Budget)
Projected CSP Generated in System*	14.10	15.51
Less: System Entity Costs funded by CSP (see Table 3)	11.45	17.94
Projected Excess (shortfall)	2.65	(2.43)

*For purposes of this presentation, assumption is 10% YOY growth in 2020.

8. Table 3 below outlines the 2020 revised budget envelopes for the System Entities.

⁶ As provided for in the 'Policy on CGIAR System Cost Financing'

<https://cgspace.cgiar.org/bitstream/handle/10568/89415/Policy%20on%20CGIAR%20System%20Cost%20Financing.pdf?sequence=1&isAllowed=y>

⁷ Due to uncertainty related to 'One CGIAR' transition costs at the System Entity level, only 2020 figures have been presented. Projections for 2021 may be updated in the future as transition plans materialize.

TABLE 3: BUDGET CEILINGS FOR SYSTEM ENTITIES IN 2020 & FUNDING SOURCES (ALL FIGURES IN MILLIONS USD)⁸

	2019 (Projected)	2020 Original Budget	2020 (Revised Budget)
System Council Budget Group			
System Council	0.75	0.75	0.75
CGIAR's Advisory Services (ISDC, SPIA and the Advisory Services Secretariat)	2.61	6.35	8.16
	3.36	7.10	8.91
System Organization Budget Group			
Core 'Business as Usual'			
System Management Board	0.65	0.63	0.63
System Management Office	7.10	8.65	8.65
Trustee costs for CGIAR Trust Fund	0.61	0.63	0.61
	8.36	9.91	9.89
Center Functions & Services			
CGIAR System Internal Audit Function	0.39	0.29	0.41
Internal Audit Support Services	0.25	0.28	0.28
General Assembly	0.03	0.04	0.11
CGIAR System Partnership Forum	0.00	0.00	0.00
	0.67	0.61	0.80
Total System Organization Budget Group	9.03	10.52	10.69
Total System Entity Costs	12.39	17.62	19.60
Funding Sources			
System Organization reserves & Misc. Income	0.59	0.40	0.72
Window 2	0.35	1.30	0.94
Window 1 (supported by CSP generated)	11.45	15.92	17.94
	12.39	17.62	19.60

⁸ Excluded from this analysis and presentation is the utilization of the BMGF grant for CGIAR Strategic Modernization Funding Initiative in support of the transition to One CGIAR.

Window 1 Liquidity & Stabilization Fund Projections and Usage

9. With the increase in pooled funding in 2019, the Window 1 Liquidity and Stabilization Fund was able to exceed the original target of \$34.4M and is expected to have \$39.47M at the end of 2019.
10. The approved System Council System Reference Group (SRG) recommendations support the concept of full-cost recovery across the CGIAR in the form of a more effective and universally applied cost recovery mechanism that will be put in place starting in 2022.
11. In each of the past five fiscal years starting in 2015, at least half of CGIAR Centers have incurred financial deficits due, in part, to insufficient full-cost recovery of direct and indirect costs required to deliver projects.
12. As a means of facilitating the transition towards One CGIAR and providing necessary funding to support ongoing delivery, this plan proposes setting aside up to \$6.5M (roughly equivalent to cost savings generated vs. budget by System Entities since the start of 2017) from the Window 1 Liquidity and Stabilization Fund as a call-down facility. Upon formation, the One CGIAR Executive Management Team of the CGIAR will be tasked with proposing to the One CGIAR Common Board (reconstituted SMB) the most appropriate means of utilization of this facility, if any, in 2020.
13. Updated projections of Window 1 Liquidity and Stabilization Fund are shown in Table 4 below:

TABLE 4: BUILD-UP OF WINDOW 1 LIQUIDITY AND STABILITY FUND 2019-2021 (ALL FIGURES IN MILLIONS USD)

	2019 (Actuals)	2020 (Revised Budget)
Opening Balance	31.25	40.05
W1 Contributions from Funders	87.70	82.50
Net Collection of CSP	7.30	(2.43)
W1 funds distributed for Research	(86.20)	(82.07)
Proposed Institutional Funding Support	0.00	(6.50)
	40.05	31.55

Window 2 Preliminary Allocations from Funders

14. Funders have indicated interest in providing W2 funding as outlined in Table 5 below.
15. Additional information with respect to the originating currency of the respective indicative funder allocations has been provided to facilitate the necessary risk management at the Program/Platform level.

TABLE 5: FUNDER W2 PRELIMINARY ALLOCATIONS (ALL FIGURES IN MILLIONS USD)

Activities	2019 W2 Disbursement (Net of CSP)	2020 Disbursement Targets (Net of CSP) W2	Contributions by Originating Currency (Net of CSP)									
			USD	GB Pound	CHF	AUD	Euro	NOK	SEK	NZD	CAD	JPY
Grains Legumes and Dryland Cereals	5.310	4.798	1.715	1.543	1.000	0.541	0.000	0.000	0.000	0.000	0.000	0.000
Fish	4.100	3.998	0.690	0.615	0.000	0.811	0.000	1.078	0.804	0.000	0.000	0.000
Forests, Trees and Agroforestry	2.540	2.609	1.764	0.000	0.000	0.845	0.000	0.000	0.000	0.000	0.000	0.000
Livestock	6.690	6.617	3.234	2.572	0.000	0.811	0.000	0.000	0.000	0.000	0.000	0.000
Maize	3.460	3.238	0.980	2.258	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Rice	7.610	7.548	2.498	4.729	0.000	0.270	0.000	0.000	0.000	0.000	0.000	0.050
Roots, Tubers and Bananas	9.870	9.531	0.000	6.586	1.999	0.947	0.000	0.000	0.000	0.000	0.000	0.000
Wheat	6.550	6.716	1.960	4.215	0.000	0.541	0.000	0.000	0.000	0.000	0.000	0.000
Agriculture 4 Nutrition and Health	13.060	15.500	7.299	3.387	1.649	0.744	2.421	0.000	0.000	0.000	0.000	0.000
Climate Change, Agriculture and Food Security	17.970	19.105	6.466	4.930	1.499	0.879	2.421	0.000	0.000	2.911	0.000	0.000
Policies, Institutions and Markets	7.110	6.788	3.918	1.129	0.000	0.203	1.539	0.000	0.000	0.000	0.000	0.000
Water, Land and Ecosystems	8.470	7.385	2.350	1.593	1.000	0.845	1.597	0.000	0.000	0.000	0.000	0.000
Genebanks	3.500	2.007	0.000	2.007	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Excellence in Breeding	7.830	0.909	0.294	0.615	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
BigData	2.030	0.828	0.000	0.828	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Gender	0.000	4.461	1.176	0.627	1.000	0.541	0.000	0.000	0.000	0.000	1.117	0.000
Center Alliances	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Totals	106.100	102.039	34.344	37.632	8.147	7.979	7.977	1.078	0.804	2.911	1.117	0.050

Window 1 Planned Disbursements

16. W1 funds will remain linked to W2 funds on an annual planning cycle, subject to annual revisions where necessary. They will be allocated in the annual 'FINPLAN updates' only after taking into consideration the planned W2 allocations by Funders, which will be updated annually.
17. Based upon the expected Window 2 allocations provided in Table 5 above, the proposed 2020 W1 allocations are in Table 6, following.

TABLE 6: WINDOW 1 PLANNED DISBURSEMENTS (ALL FIGURES IN MILLIONS USD)

Activities	2019 W1 Disbursement (Net of CSP)	2020 Disbursement Targets (Net of CSP)	
		W1	Recommended Planning Guidance (90% of W1 Targets)
Grains Legumes and Dryland Cereals	4.600	5.933	5.339
Fish	2.100	2.176	1.959
Forests, Trees and Agroforestry	6.700	7.387	6.648
Livestock	10.600	12.003	10.803
Maize	6.000	7.150	6.435
Rice	5.400	6.368	5.732
Roots, Tubers and Bananas	8.900	10.559	9.503
Wheat	5.900	7.102	6.392
Agriculture 4 Nutrition and Health	4.100	2.532	2.279
Climate Change, Agriculture and Food Security	0.600	0.201	0.180
Policies, Institutions and Markets	8.700	8.598	7.738
Water, Land and Ecosystems	2.000	1.827	1.644
Genebanks	15.300	12.987	12.987
Excellence in Breeding	1.100	0.953	0.858
BigData	3.200	3.974	3.577
Gender	0.000	0.000	0.000
Center Alliances	1.000	0.000	0.000
Totals	86.200	89.749	82.073

Window 1 and Window 2 Planned Disbursements and Program Spending Guidance

18. Aggregating the Funder-indicated W2 allocations and the planned W1 allocations discussed above provides the planned amounts for distribution during the 2020-2021 period as presented in Table 7 following.
19. Programs and Platforms are encouraged to plan to spend accumulated Window 1 and Window 2 funds that have been disbursed in prior years and not yet programmed as these amounts may not be available for carry-forward beyond 2021.
20. It is recommended that CGIAR Centers build budgets and plans of work considering their respective risk appetites based upon the information available in this FINPLAN.

TABLE 7: WINDOW 1/WINDOW 2 PLANNED ALLOCATIONS (ALL FIGURES IN MILLIONS USD)

Activities	2019 Disbursement (Net of CSP)	2020 Disbursement Targets (Net of CSP)			Recommended Planning Guidance (90% of W1 Targets + W2)
		W1	W2	W1 + W2	
Grains Legumes and Dryland Cereals	9.910	5.933	4.798	10.731	10.138
Fish	6.200	2.176	3.998	6.174	5.956
Forests, Trees and Agroforestry	9.240	7.387	2.609	9.996	9.257
Livestock	17.290	12.003	6.617	18.620	17.420
Maize	9.460	7.150	3.238	10.388	9.673
Rice	13.010	6.368	7.548	13.916	13.279
Roots, Tubers and Bananas	18.770	10.559	9.531	20.090	19.034
Wheat	12.450	7.102	6.716	13.818	13.108
Agriculture 4 Nutrition and Health	17.160	2.532	15.500	18.032	17.779
Climate Change, Agriculture and Food Security	18.570	0.201	19.105	19.306	19.286
Policies, Institutions and Markets	15.810	8.598	6.788	15.386	14.526
Water, Land and Ecosystems	10.470	1.827	7.385	9.212	9.029
Genebanks	18.800	12.987	2.007	14.994	14.994
Excellence in Breeding	8.930	0.953	0.909	1.862	1.767
BigData	5.230	3.974	0.828	4.802	4.405
Gender	0.000	0.000	4.461	4.461	4.461
Center Alliances	1.000	0.000	0.000	0.000	0.000
Totals	192.300	89.749	102.039	191.788	184.112