



Hamish John Appleby/IWMI

**CGIAR SYSTEM
ORGANIZATION
AUDITED FINANCIAL
STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2019**



INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Year ended 31 December 2019

To the members of the CGIAR System Management Board

In compliance with the assignment entrusted to us by you, we hereby report to you, for the year ended 31 December 2019 on the audit of the accompanying financial statements (hereafter "the Financial Statements") of CGIAR System Organization as attached to this report.

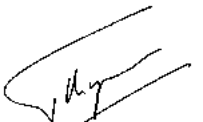
These Financial Statements were prepared under the responsibility of the Management. Our role is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the Financial Statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the Financial Statements give, in all material respects, a true and fair view of the assets and liabilities and of the financial position of the CGIAR System Organization as at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards.

Marseille, 25 May 2020

PricewaterhouseCoopers Audit



Vincent Thyssen
Partner

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Bureaux : Bordeaux, Grenoble, Lille, Lyon, Marseille, Metz, Nantes, Neuilly-Sur-Seine, Nice, Poitiers, Rennes, Rouen, Strasbourg, Toulouse.

CGIAR System Management Board

Members of the CGIAR System Management Board are selected and appointed by the CGIAR Research Centers, typically for a two-year term. Membership rotations are staggered to ensure a balance between continuity of expertise and bringing new voices to the System Management Board. The System Management Board is composed of three independent voting members, six Center-affiliated voting members and the Executive Director of the CGIAR System Organization as an ex-officio non-voting member. The tables below set out the System Management Board's composition during the 2019 fiscal year.

List of System Management Board members from 1 January 2019 until 31 August 2019

Marco Ferroni	Chair; Independent member	Until 30 November 2021
Isatou Jallow	Independent member	Until 30 November 2020
Kanayo F. Nwanze	Center-affiliated member	Until 30 November 2021
Amos Namanga Ngongi	Center-affiliated member	Until 31 August 2020
Barbara Wells	Center-affiliated member	Until 31 August 2021
Claudia Sadoff	Center-affiliated member	Until 31 August 2020
Geoff Hawtin	Center-affiliated member	Until 31 August 2019
Gordon MacNeil	Center-affiliated member	Until 31 August 2019
Yvonne Pinto	Center-affiliated member	Until 31 August 2020
Elwyn Grainger-Jones (ex-officio non-voting)	Executive Director, CGIAR System Organization	For length of term in office

List of System Management Board members from 1 September 2019 until 31 December 2019

Marco Ferroni	Chair; Independent member	Until 30 November 2021
Isatou Jallow	Independent member	Until 30 November 2020
Kanayo F. Nwanze	Independent member	Until 30 November 2021
Amos Namanga Ngongi	Center-affiliated member	Until 31 August 2020
Barbara Wells	Center-affiliated member	Until 31 August 2021
Claudia Sadoff	Center-affiliated member	Until 31 August 2020
Hilary Wild	Center-affiliated member	Until 31 August 2021
Matthew Morell	Center-affiliated member	Until 31 August 2021
Yvonne Pinto	Center-affiliated member	Until 31 August 2020
Elwyn Grainger-Jones (ex-officio non-voting)	Executive Director, CGIAR System Organization	For length of term in office

Letter from the chair of the board

2019 was an important year, during which the CGIAR System Council and the CGIAR System Management Board took decisions that set a new direction for CGIAR, enabling it to work towards solving the most urgent challenges of the 21st century. As these statements reflect, the financial resources of the CGIAR System Organization were strategically utilized through 2019 to support and advance CGIAR's vision and mission and the evolution of a more impactful CGIAR.

A key milestone in that evolution was the November 2019 endorsement by the System Council of an interconnected set of recommendations of the CGIAR System Reference Group for a unified and integrated “[One CGIAR](#)”. One CGIAR has the aim of ending hunger by 2030 through science to transform food, land and water systems in a climate crisis. It will ensure that CGIAR is well-placed to remain relevant, effective, and impactful in a changing world. It will also facilitate the creation of real and valuable contributions to CGIAR's [System Level Outcomes](#), and the United Nations' Sustainable Development Goals.

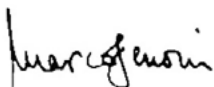
The agreement to move to One CGIAR builds on one of the 10 priority actions in the [CGIAR System 3-year Business Plan 2019-2021](#), which was launched at the end of 2018. As envisaged in the Business Plan, a [platform on gender equality in food systems research](#), recommended by the System Management Board, was approved by the System Council in 2019. The platform will provide global leadership on strategic gender and inclusion research in agriculture, with contributions across CGIAR. CGIAR's commitment to gender equality was also underscored with the System Management Board adopting the target of at least 35% representation of women in professional roles by the end of 2020 for CGIAR Research Centers and the System Organization collectively, with a longer-term aspirational goal of at least 40% for consideration as CGIAR develops its ambitious forward vision for the CGIAR System as a “2030 Plan”.

2019 also saw the establishment of CGIAR's Advisory Services Shared Secretariat in Rome, co-located alongside a core presence of System Organization staff, hosted by the Alliance of Bioversity International and International Center for Tropical Agriculture (CIAT). This consolidation brings increased CGIAR capacity and representation in a key location for the food security community.

Other welcome developments by the System Organization in 2019 were the online [CGIAR Financial Dashboards](#), providing user-friendly access to information collected from audited financial reports of the System Organization, and all CGIAR Research Centers, and the [CGIAR Results Dashboard](#), which provides an overview of the research-for-development results achieved by the CGIAR Research Programs and Platforms. Both are valuable tools that strengthen CGIAR's transparency and avenues of communication.

I would like to thank the members of the System Management Board and its Audit and Risk Committee, as well as the staff of the System Organization for their hard work and commitment during 2019. Important thanks also go to our Funders for their continued support, without which none of our work would be possible.

I close this letter by acknowledging the current serious global crisis we are facing due to the COVID-19 pandemic. CGIAR's efforts in 2019 place it in a strong position to fulfil a crucial role in providing science-based evidence, advice and recommendations to help understand and address threats that may arise to food, nutrition and water security as a result of the global pandemic and its impacts.



Marco Ferroni
Chair, CGIAR System Management Board

Statement on risk management

The CGIAR System Management Board has ultimate responsibility for ensuring that the CGIAR System Organization has in place appropriate risk management and internal control systems and practices. The System Management Board's responsibility includes the determination of the nature and extent of the principal risks that the System Management Board is willing to take to achieve the strategic objectives of the System Organization, and being satisfied that management has understood the risks, is implementing (the first line of defense) and monitoring (the second line of defense) appropriate policies, and is providing the System Management Board with timely information so that the System Management Board may discharge its responsibilities.

Financial, operational and reputational risk is an everyday part of CGIAR System activities given the range of factors, the number of countries in which research actions are undertaken, that CGIAR's operations are heavily focused on operating with and across multiple partnerships, and in certain settings, there are challenging development contexts that impact on day-to-day operations. The System Organization is one constituent part of the CGIAR System, with multiple other stakeholders having different roles and responsibilities.

The CGIAR System Organization's Risk Management Policy¹ adopted by the System Organization in 2019 provides for risk management to be embedded in its strategic and operational planning, day-to-day management and decision-making processes at all levels in the organization; it explains roles and responsibilities in risk management and commits to develop its approach to risk management in a manner consistent with the Risk Management Framework of the CGIAR System², the Risk Management Guidelines of the CGIAR System³ and any relevant legal requirements, and with due consideration of relevant best practice standards, such as ISO 31000 and COSO Enterprise Risk Management.

Along with the System Organization's Risk Management Policy, champions were also designated in all business units and trained to support increased focus on identification and management of operational risks, and a Senior Adviser, Risk Management was recruited to join in early 2020. Internal Audit continued to operate according to a workplan agreed with the CGIAR Audit and Risk Committee, with its progress and performance subject to regular review.

On a CGIAR System-wide basis, the Risk Management Community of Practice was reinvigorated, and specific emphasis laid on development of risk event notification and reporting guidelines, which are expected to be finalized and approved in 2020. 2020 will also see further moves to develop a System-wide risk register and other initiatives to better align risk management practices across the System. Considerable advances were also made in development of an Ethics Framework.

In continued support to the System Management Board and the CGIAR System, the System Organization and the CGIAR Audit and Risk Committee in 2020 will focus on i) enhancing further the risk identification and tracking process for CGIAR System risks (including CGIAR System Organization risks); ii) approving and implementing a CGIAR System-wide policy on risk events notification and reporting and iii) continued strengthening of all three lines of defense and moves towards combined assurance.



Clarissa van Heerden
Chair, CGIAR Audit and Risk Committee

¹ <https://storage.googleapis.com/cgiarorg/2020/03/CGIAR-System-Organization-Risk-Management-Policy.pdf>

² <https://www.cgiar.org/wp-content/uploads/2018/01/Risk-Management-Framework-APPROVED.pdf>

³ <https://www.cgiar.org/wp-content/uploads/2018/02/Risk-Mgmt-Guidelines-APPROVED.pdf>

Management's statement of responsibility for financial reporting

The CGIAR System Management Office has direct responsibility for the accounting of all CGIAR System Organization expenditures and has maintained a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that the financial records of the System Management Office are properly kept. On 17 June 2016, the CGIAR Research Centers and Funders adopted a CGIAR System Framework that sets out the overall governing framework of the CGIAR System and provides for a System Council and a CGIAR System Organization with its two constituent parts, a CGIAR System Management Board and CGIAR System Management Office.

The accompanying annual financial statements of the CGIAR System Organization for the year ended 31 December 2019, have been prepared in accordance with International Financial Reporting Standards (IFRS). PricewaterhouseCoopers Audit (PwC) has been engaged to examine and report on the financial statements of the CGIAR System Organization. The firm's examination is conducted in accordance with International Standards on Auditing (ISAs). PwC's report accompanies these 2019 Financial Statements.

The System Organization has fiduciary responsibility for all Window 1 & 2 funds disbursed from the CGIAR Trust Fund managed by the World Bank to Centers that are leading or participating in CGIAR Research Programs and Platforms. Consistent with prior years these funds are not reflected in the Financial Statements of the System Organization. These funds are for the implementation of CGIAR Research Programs and Platforms and are reported in the financial statements of the respective Centers.

The System Organization's Chief Audit Officer performs internal audit assurance and advisory engagements according to a Charter approved by the System Management Board pursuant to The International Standards for the Professional Practice of Internal Auditing. Internal Audit delivers findings and provides recommendations regarding the adequacy of the System Organization's policies and procedures and the effectiveness of their implementation.

Separately, the System Organization will prepare aggregated CGIAR System financial information and financial dashboards (as the annual "CGIAR Financial Report") which is based on the 15 Centers audited financial statements and the reporting of expenditures by CGIAR System entities⁴. The CGIAR System financial information presents System Organization and Center management, the CGIAR System Management Board and the System Council, with an accurate view of the System's operations, which enables identification and discernment of strategic opportunities and risks.



Elwyn Grainger-Jones
Executive Director, CGIAR System Organization



Jamie Craig
Director, Financial and Digital Services

⁴ As defined in the document titled "Policy on CGIAR System Cost Financing" accessible at: <https://cgspace.cgiar.org/bitstream/handle/10568/89415/Policy-on-CGIAR-System-Cost-Financing.pdf?sequence=5&isAllowed=y>

CGIAR System Organization

(An international not-for-profit organization)

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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CGIAR System Organization

STATEMENT OF FINANCIAL POSITION

For the years ended 31 December 2019 and 2018

(all figures expressed in thousands of USD)

	Note	2019 USD ('000)	2018 USD ('000)
Assets			
Current Assets			
Cash and Cash Equivalents	6	6,990	7,285
Accounts Receivable			
<i>Funders</i>	7	2,226	34
<i>Employees</i>	7	2	13
<i>CGIAR Research Centers</i>	7	889	252
<i>Others</i>	7	222	711
Prepaid Expenses	8	95	329
Accrued Income	9	18	-
Total Current Assets		10,442	8,624
Non-Current Assets			
Property, Plant and Equipment	10	12	-
Total Non-Current Assets		12	-
Total Assets		10,454	8,624
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable			
<i>Funders</i>	11	5,789	5,440
<i>Employees</i>	11	41	16
<i>CGIAR Research Centers</i>	11	138	330
<i>Others</i>	11	649	397
<i>Deferred Grant Revenue</i>		-	120
Accruals and Provisions	12	2,545	878
Total Current Liabilities		9,162	7,181
Undesignated Net Assets		1,292	1,443
Total Liabilities and Net Assets		10,454	8,624

CGIAR System Organization

STATEMENT OF ACTIVITIES AND OTHER COMPREHENSIVE INCOME

For the years ended 31 December 2019 and 2018

(all figures expressed in thousands of USD)

Note	2019				2018				
	Unrestricted	Restricted Portfolio	Restricted Non-Portfolio	Total	Unrestricted	Restricted Portfolio	Restricted Non-Portfolio	Total	
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	
Revenue and Gains									
Grant Revenue									
Window 1 & 2	13	-	-	12,559	12,559	-	-	8,056	8,056
Bilateral	13	-	-	1,728	1,728	-	-	510	510
Total Grant Revenue		-	-	14,287	14,287	-	-	8,566	8,566
Other Revenue	14	240	-	16	256	1,468	-	45	1,513
Total Revenue and Gains		240	-	14,303	14,543	1,468	-	8,611	10,079
Expenses									
CGIAR Collaboration	15	-	-	(2,405)	(2,405)	-	-	(247)	(247)
Non-CGIAR Collaboration	16	-	-	-	-	-	-	(289)	(289)
General and Administration		-	-	(12,487)	(12,487)	(1,429)	-	(8,069)	(9,498)
Total Operating Expense	17	-	-	(14,892)	(14,892)	(1,429)	-	(8,605)	(10,034)
Financial Income	18	250	-	-	250	311	-	-	311
Financial Expenses	18	(52)	-	-	(52)	(182)	-	-	(182)
		198	-	-	198	129	-	-	129
(Deficit) Surplus for the Year		438	-	(589)	(151)	168	-	6	174

(THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS)

CGIAR System Organization

STATEMENT OF CASH FLOWS

For the years ended 31 December 2019 and 2018

(all figures expressed in thousands of USD)

	2019 USD ('000)	2018 USD ('000)
Cash Flows Generated From / (Used In) Operating Activities		
(Deficit) Surplus for the Year	(151)	174
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities		
Decrease (Increase) in Assets		
Accounts Receivable	(2,329)	(636)
Prepaid Expenses	234	(33)
Deferred Revenue	(18)	-
Property, Plant and Equipment	(12)	-
Increase (Decrease) in Liabilities		
Accounts Payable	315	(1,163)
Accruals and Provisions	1,667	(93)
Net Cash (Used In) Operations	(295)	(1,751)
Cash and Cash Equivalents at the Beginning of the Year	7,285	9,036
Cash and Cash Equivalents at the End of the Year	6,990	7,285

CGIAR System Organization

STATEMENT OF CHANGES IN NET ASSETS

For the years ended 31 December 2019 and 2018

(all figures expressed in thousands of USD)

	2019 USD ('000)	2018 USD ('000)
Balance As at 1 January	1,443	1,269
(Deficit) Surplus for the Year	(151)	174
Balance as at 31 December	1,292	1,443

CGIAR System Organization

NOTES TO FINANCIAL STATEMENTS

For the years ended 31 December 2019 and 2018

(all figures expressed in thousands of USD)

1. General Information

As defined in the Charter of the CGIAR System Organization (“Charter”), the purpose of the System Organization is to provide support to the CGIAR System. Led by the Executive Director, the CGIAR System Management Office manages the day-to-day operations of the System Organization, the CGIAR System Management Board and the CGIAR System Council, and facilitates collaboration within the CGIAR System.

The CGIAR System Organization is an independent international organization with such international legal personality as may be necessary for the exercise of its functions and powers, and the fulfilment of its purposes, including without prejudice to the generality of the foregoing, the legal capacity:

- (a) to enter into treaties, agreements, arrangements and contracts;
- (b) to acquire and dispose of movable and immovable property;
- (c) to institute and respond to legal proceedings.

The System Organization is not subject to statutory laws and regulations which would require the entity to prepare a full set of annual financial statements. However, due to decisions taken by the CGIAR System Council and the System Management Board in July 2016, the System Organization continued to operate pursuant to the “Joint Agreement entered into between the CGIAR Consortium and the Fund Council of the CGIAR Fund represented by the World Bank”⁵. Pursuant to article 19.3 of the Joint Agreement, the System Organization is required to present a full set of annual financial statements to provide all stakeholders with a comprehensive annual review of its business performance and financial position.

1.1. Headquarters Agreement with the French Government

On 4 March 2013, CGIAR signed an Agreement with the French Government regarding “Headquarters of the Consortium and its privileges and immunities in the French Territory”⁶. On 31 March 2015, an agreement was signed with the Région Occitanie (formerly titled Languedoc-Roussillon) providing an office building located at 1000 avenue Agropolis, F-34394 Montpellier Cedex 5, France, from where the System Organization operates. The building includes 790 sqm of office, meeting and open space, and the facility is built on a piece of land of approximately 1,000 sqm, which is part of the Agricultural Agropolis Park. The facility is provided by the Région Occitanie free of charge except for an agreed upon late modification for which the System Organization agreed to reimburse the Région with a payment of EUR 10,474 during the first five years of occupation. The agreement is in place for a duration of 20 years and if not renewed the facility shall be returned to the Région Occitanie.

⁵ Approved by the former Fund Council on 5 April 2011 and the System Management Board in July 2016

⁶ As now amended by the French Government in December 2016, to reflect the June 2016 governance transition and the new operating name of the CGIAR System Organization.

2. Vision and Mission

CGIAR's vision is a world free of poverty, hunger and environmental degradation. CGIAR's mission is to advance agricultural science and innovation to enable poor people, especially women, to better nourish their families, and improve productivity and resilience so they can share in economic growth and manage natural resources in the face of climate change and other threats. CGIAR's 2016–2030 Strategy and Results Framework (SRF)⁷ defines CGIAR's aspirations and strategic actions to deliver on our mission, with the actions of the System Organization operationally aligned to that SRF due to the organization's status as one part of the collective whole of the definition of the CGIAR System.⁸

3. Summary of Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1. Basis of Preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS). IFRS also covers all International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee, previously called the Standard Interpretation Committee (SIC).

The financial statements as of and for the year ended 31 December 2019 ("**Financial Statements**"), approved by the CGIAR System Management Board on 7 May 2020,* have been prepared on a going concern basis. The approach adopted by the CGIAR System Organization for the management of financial risks is discussed in Note 4 "Management of Financial Risks" below.

Financial statement formats and related classification criteria adopted by the System Organization, in accordance with IAS 1 – Presentation of Financial Statements, are as follows:

Statement of Financial Position has been prepared using the current/non-current distinction;

Statement of Activities and Other Comprehensive Income has been prepared by classifying expenses based on their function;

Cash Flow Statement presents the cash flows generated by operating activities using the "indirect method".

3.2. Other Accounting Policies

A brief description of the accounting policies and principles adopted in preparing the Financial Statements is provided in the following pages.

a) Foreign currency translations

Functional and presentation currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the CGIAR System Organization operates (the "functional currency").

The Financial Statements are presented in USD, which is the System Organization functional and presentation currency. Assets and liabilities denominated in other currencies are converted

⁷ SRF 2016–2030: http://www.cgiar.org/?s=strategy+and+results+framework&s_area=all

⁸ CGIAR System Framework, definitions, item (g).

* Decision Ref: SMB/M17/DP9; Meeting Summary available at https://storage.googleapis.com/cgiarorg/2020/05/0a8fed53-smb17-06_chairsummary.pdf

at the exchange rate in effect at the end of each fiscal year. Grants received in currencies other than USD are recorded at market exchange rates in effect at the time the grant is received or, if outstanding as of 31 December, revalued at the market exchange rate in effect on that day.

Transactions and balances

Transactions denominated in foreign currency are translated into the functional currency using the prevailing exchange rate on the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the income statement.

b) Revenue recognition

Grant revenue

Most of the revenue is derived through the recognition of revenue from restricted grants. Restricted grants are those that are received from a transfer of resources, including Window 1 funds transferred from the CGIAR Trust Fund to the CGIAR System Organization in return for past or future compliance with specific conditions. These grants are recognized as revenue once there is reasonable assurance that the System Organization has complied with the conditions attached. Restricted grants are recognized as revenue where expenses for that grant are incurred.

Restricted grants in currencies other than USD, are recorded as income and expenses at the exchange rate in effect at the time of receipt of funds. Grants related to acquisition of assets are recognized as a reduction of the carrying value of the asset and systematically taken as a reduction of depreciation over the useful life of the asset to which they refer.

Other revenue

Other revenue is measured at the fair value of the consideration received or receivable. The System Organization recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the System Organization and risks and rewards of the underlying goods or services have been transferred.

c) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

d) Accounts receivable

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment.

Receivables are generally defined as claims held against others for the future receipt of money, goods or services and include claims from Funders, advances to employees, and advances to CGIAR Research Centers and claims against third parties for services rendered.

Accounts receivable from Funders consist of claims from Funders for grants pledged in accordance with the terms specified by the Funder. It also pertains to claims for expenses paid on behalf of projects more than cash received from Funders.

Recognition

- *Unrestricted grants*: Receivables from unrestricted grants are recognized in full in the period specified by the Funder. Before an unrestricted grant can be recognized as revenue, enough verifiable evidence should exist documenting that a commitment was made by the Funder and received by the organization.

- *Restricted grants*: Receivables from restricted grants are recognized in accordance with the terms of the underlying contract.
- Receivables from employees are recognized as they arise and cancelled when payment is received.
- Advances to other CGIAR Research Centers are recognized when the cash or other assets borrowed are delivered or when payment is made for a liability of another Center.
- Other receivables are recognized upon the occurrence of event or transaction which gives the System Organization a legal claim against others.

e) Property, plant and equipment

Property, plant and equipment are valued at acquisition cost, net of the corresponding accumulated depreciation, and accumulated losses for impairment that:

- Are held by the CGIAR System Organization for the delivery of its mission;
- Are expected to be used for more than one year; and
- Have an individual purchase price of USD 5,000 or greater including VAT, freight and installation costs.

All acquisitions that do not meet these criteria will be defined as “controllable assets” and expensed in the period of purchase.

Depreciation

Depreciation is the systematic allocation of the depreciable amount of an individual asset over its useful life. The System Organization will recognize depreciation on a linear basis as follows:

1. Office equipment, furniture and fixtures 5 years
2. Computer, network systems, and telecommunication equipment 3 years

Disposals

An item of property, plant and equipment and any significant part is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of activities and other comprehensive income.

f) Accounts payables

These amounts represent liabilities for goods and services provided to the CGIAR System Organization which are unpaid. Trade and other payables constitute current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

g) Provisions

Provisions are recognized when the CGIAR System Organization has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating costs.

Provisions are measured at the present value of the the CGIAR System Management Office’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

When the System Organization expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is certain. The expense relating to a provision is presented in the statement of financial activity net of any reimbursement.

h) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including bonuses (if any) that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Defined contribution plan

The CGIAR System Organization contributes to a defined contribution retirement benefit plan for all qualifying employees. The monthly contribution is 16% of gross salary. Contributions to the defined contribution plan are recorded as expenses as incurred. The assets of the defined contribution plan are held separately from those of the System Organization in the name of the Trustees.

i) Net assets

Net assets include general designated and undesignated reserves in their utilization. Designated reserves are typically dedicated to serve the acquisition or replacement of property, plant and equipment (capital fund) and are referred to capital invested in fixed assets.

j) Rounding of amounts

All amounts disclosed in the Financial Statements and notes have been rounded off to the nearest thousand unless otherwise stated.

k) Accrual basis

The CGIAR System Organization adopts an accrual basis of accounting. Under the accrual basis of accounting, transactions and events are recognized when they occur (and not when cash or its cash equivalent is received or paid) and these are recorded in the accounting books and reported in the Financial Statements during the periods to which they relate. Expenses are recognized in the Statement of Activities and Other Comprehensive Income based on a direct association between the costs incurred and the earnings of specific items of revenue.

l) Income taxes

Pursuant to the Headquarters Agreement with the French Government (see Note 1.1 "Headquarters Agreement with the French Government"), the CGIAR System Organization is exempt from income taxes. Consequently, the System Organization does not account for income tax in its financial statements.

3.3. New and Amended International Financial Reporting Standards Effective for the Current Year

The following standards and interpretations issued by the International Accounting Standards Board (IASB) have mandatory application in 2019 and have been applied in the preparation of these statements.

a) International Financial Reporting Standards (IFRS) 16

International Financial Reporting Standards 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 replaces IAS 17 effective 1 January 2019, with earlier application permitted. IFRS 16 has the following transition provisions:

- Existing finance leases: continue to be treated as finance leases.
- Existing operating leases: option for full or limited retrospective restatement to reflect the requirements of IFRS 16.

Based on CGIAR System Management Office’s analysis, the CGIAR System Organization does not have any leasing contract that should be considered under the IFRS 16 standard.

As mentioned in “1.1. Headquarters Agreement with the French Government”, in accordance with the agreement signed on 31 March 2015 with the Région Languedoc Roussillon, the Headquarters of the CGIAR System Organization is provided by the Région Occitanie free of charge. Therefore, there are no right of use asset and no debt to recognize under IFRS 16.

4. Management of Financial Risks

The activities of the CGIAR System Organization are exposed to the following financial risks: market risk (including exchange rate risk), credit risk, and liquidity risk. As discussed in Note 20 “Subsequent Events — COVID-19 Pandemic”, on 30 January 2020, the World Health Organization declared a global health emergency with regards to COVID-19. On 11 March 2020, COVID-19 was further declared a pandemic by the World Health Organization. Most governments are taking restrictive measures to contain its further spread, affecting free movement of people and goods, which has placed the global economy into a state of uncertainty. It is unknown how long these conditions will last but it is too early for the System Organization to have a reasonable estimate of the future impact for the System Organization.

The CGIAR System Management Office identifies and assesses financial risks in accordance with the CGIAR System Organization Risk Management Policy, Risk Management Framework of the CGIAR System, and the accompanying Risk Management Guidelines of the CGIAR System.

4.1. Market Risk

The CGIAR System Organization is exposed to market risks associated with exchange rates.

a) Exchange rate risk

The System Organization operates internationally and is exposed to foreign exchange risk arising when its business transactions are in currencies other than USD, the latter being the currency with which the organization predominantly operates. The System Organization is exposed to foreign currency risk arising primarily through foreign exchange operations risk. Although the System Organization predominantly executes operating activities in USD, it is nevertheless exposed to foreign currency risk in connection with scheduled payments in currencies other than USD.

In general, this mainly relates to foreign currency denominated payables for local and international operations and payments of salaries which are denominated in EUR. The System Organization monitors the exposure to foreign currency risk arising from operating activities and based on the limited transactions in foreign currencies, does not use derivative financial instruments to hedge its foreign exchange exposure in relation to investments or cash flows.

The System Organization is primarily exposed to changes in USD/EUR exchange rates. The sensitivity of the Statement of Activities and Other Comprehensive Income to changes in the exchange rate arises mainly from EUR-denominated cash and cash equivalents, accounts receivable and payables.

The System Organization maintains its financial instruments in USD. The impact on the net surplus (deficit) of the organization of a reasonably possible change in the USD exchange rate in comparison to EUR can be determined by considering the impact of a 10% shift in the exchange rate.

31 December 2019	Exchange Rate to USD			Sensitivity Impact on Surplus (Deficit)		
	Rate as at 31 December	10% Higher	10% Lower	High	Low	Range
				USD	USD	USD
EUR	0.89	0.98	0.81	10	(27)	37

31 December 2018	Exchange Rate to USD			Sensitivity Impact on Surplus (Deficit)		
	Rate as at 31 December	10% Higher	10% Lower	High	Low	Range
				USD	USD	USD
EUR	0.88	0.97	0.79	14	(14)	18

b) Price risk

The System Organization does not hold any financial instruments subject to price risk.

c) Interest rate risk

The System Organization is not subject to any significant interest rate risk as the only maturing interest rate are on the funds held in the bank accounts.

4.2. Credit Risk

The CGIAR System Organization’s credit risk represents the exposure of the System Organization to potential losses due to counterparty inability to discharge the obligations undertaken. This exposure mainly relates to trade receivables deriving from claims for grants promised or pledged or for expenses paid on behalf of its operation or projects more than cash received from Funders.

The credit risk for the System Organization’s operation is considered low since its primary function is that of a secretariat and not an implementer of projects. In addition, Funders consist primarily of large international organizations, and governments. In the ordinary course of business, the System Organization faces the risk that receivables from CGIAR Research Centers may not be paid on the due date leading then to an increase in their age and in insolvency.

To mitigate the credit risk associated with its counterparties, CGIAR System Management Office constantly reviews its credit exposure and monitors the collection of receivables on the contractually agreed due dates. The assets are reported gross of impairment losses calculated based on the default risk of the counterparties, considering the information available on solvency as well as historical data. Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The organization mitigates this risk by ensuring that funds are maintained only in reputable well-established financial institutions.

For trade receivables:

- Reviews of aging reports are carried out monthly and provisions for doubtful amounts made for any potentially unrecoverable amounts. A provision will be included in the accounts made for all receivables that are past due, and not supported with an agreed upon settlement plan, on the following basis:
 - 10% provision for receivables or services outstanding between 6 months and 9 months
 - 50% provision for receivables or services outstanding between 9 months and 12 months;
 - 100% provision for receivables outstanding more than 12 months.

If a payment is received for a debt that was previously provisioned, the payment is recorded in the receivables sub-ledger and the provision is reversed.

- Advances to partner and hosted CGIAR Research Centers are subject to the System Organization's internal requirements to limit losses arising from funds advanced by the System Organization.

	As at 31 December	
	2019 USD ('000)	2018 USD ('000)
Not yet overdue	290	761
Overdue 1–30 days	66	3
Overdue 30–90 days	139	–
Overdue 91–120 days	30	13
Overdue by more than 120 days	112	199
Total	637	976

4.3. Liquidity Risk

Liquidity risk takes place when the CGIAR System Organization has insufficient financial resources available to meet its financial obligations and commitments when due. The System Organization's management of liquidity risk in the ordinary course of business involves maintaining a sufficient level of cash to maximize the efficiency of management of financial resources.

Cash flows required to settle other financial liabilities, other than those to lenders, do not differ significantly from the recognized carrying amount. In this regard, it is noted that there is no significant concentration of liquidity risk, either in relation to financial assets or in relation to the sources of finance due to short-term period:

As at 31 December 2019	Carrying Amount	Within 12 Months	Between 1 and 5 Years	Over 5 Years
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Payables	6,558	6,558	-	-
Other Current and Non-Current Liabilities	2,545	2,545	-	-
Total	9,103	9,103	-	-

As at 31 December 2018	Carrying Amount	Within 12 Months	Between 1 and 5 Years	Over 5 Years
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Payables	6,183	6,183	-	-
Other Current and Non-Current Liabilities	998	998	-	-
Total	7,181	7,181	-	-

5. Use and Estimate Assumptions

The preparation of financial statements requires that accounting standards and methods be applied, which in certain cases depend on subjective measurements and estimates based on past experience as well as assumptions which, on a case-by-case basis, are considered reasonable and realistic in the specific circumstances. The use of such estimates and assumptions influences the amounts reported in the statement of financial position, the comprehensive income statement, the statement of cash flows and the explanatory notes. Actual results for such items may differ from the amounts reported in the Financial Statements due to the uncertainties that characterize the assumptions and conditions on which such estimates were made.

6. Cash and Cash Equivalents

The following table sets forth a breakdown of cash and cash equivalents:

	As at 31 December	
	2019 USD ('000)	2018 USD ('000)
BNP Paribas Account - ICARDA Funds-in-Trust	-	294
BNP Paribas USD Account	657	6,456
BNP Paribas Certificates of Deposit (CoD)	6,097	-
BNP Paribas EUR Account	80	315
Société Marseillaise de Crédit (SMC) USD Account	155	7
Société Marseillaise de Crédit (SMC) EUR Account	-	42
Crédit Mutuel Arkéa Entreprise USD Account	-	166
Cash	1	5
Total	6,990	7,285

Short-term investments were made and matured during the year, namely Certificates of Deposit (CoD) with BNP Paribas in the amount of the estimated monthly salary and benefit commitments in USD. The investment return is accounted for as financial income.

The following investments namely Certificates of Deposit (CoD) with maturity dates in the year 2020 were made with BNP Paribas with the objective to preserve the funds received in October 2019 from the Bill & Melinda Gates Foundation (BMGF) under the CGIAR Strategic Modernization Funding Initiative Grant (Investment ID INV-002982), following the terms and conditions of the grant agreement. The investment maturity dates follow the Grant Implementation Plan.

Deposit Date	Maturity Date	Rate	Amount USD ('000)	Interest USD ('000)
14 November 2019	5 March 2020	2.20%	1,500	10
19 December 2019	19 March 2020	2.10%	700	4
14 November 2019	5 June 2020	2.10%	2,000	24
14 November 2019	5 October 2020	2.10%	1,897	36
Total			6,097	74

7. Accounts Receivable

All receivable balances are valued at their net realizable value, that is, the gross amount of receivable minus, if applicable, allowances provided for doubtful accounts.

7.1. Accounts Receivable — Funders

	As at 31 December	
	2019 USD ('000)	2018 USD ('000)
4 per 1000 — Africa Symposium	-	34
Window 1 & 2 (i)	2,221	-
Gender II (ii)	5	-
Total	2,226	34

“Accounts Receivable – Funders” consist of claims for grants promised from Funders or pledged in accordance with the terms specified by the Funder. It also pertains to claims from Funders for expenses paid on behalf of projects in excess of cash received.

- (i) Includes USD 1 million of funds for the special alliance fund contribution from Window 1.
- (ii) The amount at 31 December 2019 represents the final disbursement due in the year 2020 as per the conditions of the Grant Agreement #1008980-001 “Support to the CGIAR to Strengthen Gender Equality in Research and in the Workspace” funded by the International Development Research Centre of Canada (IDRC).

7.2. Accounts Receivable — Employees

	As at 31 December	
	2019 USD ('000)	2018 USD ('000)
Employees	2	13

The amount represents travel advances paid to employees in December 2019.

7.3. Accounts Receivable — CGIAR Research Centers

	As at 31 December	
	2019 USD ('000)	2018 USD ('000)
Africa Rice	23	8
Bioversity (i)	213	1
CIAT	1	1
CIFOR	19	44
CIMMYT	2	2
CIP	10	-
ICARDA	31	-
ICRISAT	12	5
IFPRI (ii)	252	-
IITA	59	28
ILRI (iii)	101	37
IRRI	15	9
IWMI	15	18
World Agroforestry (ICRAF)	118	95
WorldFish	18	4
Total	889	252

“Accounts Receivable — CGIAR Research Centers” mainly consist of receivables for meetings, hosting arrangements, shared services and others.

- (i) Includes advances to cover CGIAR System Organization and CGIAR Advisory Services Shared Secretariat activities hosted by Bioversity.
- (ii) Includes receivables for Big Data Platform activities hosted by the System Organization.
- (iii) Consists of advances to cover CGIAR Advisory Services Shared Secretariat activities hosted by ILRI.

7.4. Accounts Receivable — Others

	As at 31 December	
	2019 USD ('000)	2018 USD ('000)
Sundry Accounts Receivable	7	8
VAT Reclaimable	67	109
AIARC ⁹	125	578
Advances to Trade Creditors	23	16
Total	222	711

“Accounts Receivable – Others” mainly consist of:

- Outstanding reimbursement of VAT from the French government
- Advances to AIARC⁹, a third-party supplier to the CGIAR System Organization, for processing the monthly payroll, defined contribution pension contributions and health insurance premiums for the System Organization personnel.

8. Prepaid Expenses

The following table sets forth a breakdown of prepaid expenses:

	As at 31 December	
	2019 USD ('000)	2018 USD ('000)
CGIAR System Organization	73	94
Administratively Hosted Activities		
Internal Audit Support Services	22	-
Shared Services for CGIAR Research Centers	-	228
Big Data Platform	-	7
Total	95	329

9. Accrued Income

Accrued revenue relates to interest earned on investments namely Certificates of Deposit (CoD) for the period of October to December 2019 deposited in the CGIAR System Organization bank account in January 2020.

⁹ The Association of International Agricultural Research Centers (AIARC) is a not-for-profit 501(c)(3) membership corporation, headquartered in Alexandria, Virginia, USA.

10. Property, Plant and Equipment

The following table sets forth a breakdown of property, plant and equipment:

	2019 Total USD ('000)	2018 Total USD ('000)
Cost		
Balance as at 1 January	-	-
Additions	12	-
Disposals	-	-
Write-off	-	-
Balance as at 31 December	12	-
Accumulated depreciation		
Balance as at 1 January	-	49
Additions	-	-
Disposals	-	-
Write-off	-	(49)
Balance as at 31 December	-	-
Carrying-Forward Amount	12	-

Additions in the year 2019 represent the purchase of computer equipment. In the year 2018, office equipment (USD 42) and computer equipment (USD 7) were fully depreciated after the end of their useful life.

11. Accounts Payable

11.1. Grants Payable — Funders and Other Sources

	As at 31 December	
	2019 USD ('000)	2018 USD ('000)
CGIAR Research Centers' Board Orientation Program (i)	79	96
4 per 1000 Initiative (ii)	261	451
Gender II (iii)	154	347
Modernization Fund (iv)	5,236	-
Open Access (v)	-	140
Big Data Platform (vi)	-	106
Window 1 & 2 funds (vii)	-	4,300
Total	5,730	5,440

These include grants received from Funders which conditions for revenue recognition are not yet met and amounts payable to Funders in respect of any unexpended funds received in advance for signed contracts:

- (i) At the decision of CGIAR Centers, the CGIAR Research Centers’ Board Orientation Program took place in September 2018. Expenditures were covered by course fee paid by participants’ Centers, with any remaining funds held to support future Board Orientation Programs.
- (ii) The CGIAR System Management Board authorized the Executive Director to sign, on behalf of the System Organization, an agreement for the hosting of the Secretariat of the 4 per 1000 Initiative, with effect from June 2017.
- (iii) The CGIAR Strategy and Results Framework (SRF) 2016–2030 makes an explicit commitment to tackle gender equality throughout CGIAR, including by ‘closing the gender gap in equitable access to resources, information and power in the agri-food system by 2030’. The CGIAR Gender Equality Discussion Paper (“Gender II”) to develop an overarching and high-level CGIAR Gender and Diversity Framework covering both gender in research as well as gender and diversity in the workplace has been funded jointly by the Bill & Melinda Gates Foundation (BMGF), the Australian Centre for International Agricultural Research and the International Development Research Centre of the Government of Canada (IDRC).
- (iv) In 2018 the CGIAR System Council established the System Reference Group (SRG) to bring together Funders, CGIAR Research Centers, and partner countries to develop forward-looking recommendations on CGIAR’s research focus, delivery model, and institutional structure. The SRG recommendations were unanimously endorsed by the CGIAR System Council, at its 9th meeting on 13–14 November 2019. The actions set out in the recommendations of the SRG are supported by the CGIAR Strategic Modernization Funding Initiative granted by the Bill & Melinda Gates Foundation (BMGF) in October 2019.
- (v) The remaining funds in the Open Access Open Data (OA-OD) Special Initiative project were fully utilized in the year 2019.
- (vi) The CGIAR System Organization is hosting staff on behalf of the Big Data Platform. The 2019 budget was fully spent during the year.
- (vii) Window 1 & 2 funds received in advance for 2019 operating budget were fully utilized during the year.

11.2. Accounts Payable — Employees

	As at 31 December	
	2019 USD ('000)	2018 USD ('000)
Employees	41	16

“Accounts payable – Employees” consist of travel expenses and school fee allowances claims to be reimbursed.

11.3. Accounts Payable — CGIAR Research Centers

	As at 31 December	
	2019 USD ('000)	2018 USD ('000)
ICARDA Funds-In-Trust (i)	-	294
Bioversity	29	-
CIAT	5	-
CIFOR	2	-
CIP	-	4
ICARDA	3	-
ICRISAT	24	-
IFPRI	47	4
IITA	6	11
ILRI	3	1
World Agroforestry (ICRAF)	16	14
WorldFish	3	2
Total	138	330

“Accounts payable – CGIAR Research Centers” mainly consist of reimbursement of expenses related to System Organization meetings hosted by the CGIAR Research Centers.

- (i) International Center for Agricultural Research in the Dry Areas (ICARDA) Funds-In-Trust account was closed, and all remaining funds were returned to ICARDA in Q1 2019.

11.4. Accounts Payable — Others

	As at 31 December	
	2019 USD ('000)	2018 USD ('000)
Trade Creditors	649	397

12. Accruals

	As at 31 December	
	2019 USD ('000)	2018 USD ('000)
CGIAR System Organization	327	712
Administratively Hosted Activities		
CGIAR System Internal Audit Function	31	38
System Council	12	50
CGIAR Advisory Services Shared Secretariat	138	-
CGIAR System Internal Audit Support Service	1	1
Big Data Platform	27	44
Shared Services- InsideNGO	-	11
4 per 1000 Initiative	-	19
CGIAR Research Centers' Board Orientation Program	-	3
Bilateral Grants	9	-
Special Alliances Fund Initiative (i)		
Alliance Fund CIFOR/ICRAF	255	-
Alliance Fund Bioversity/CIAT	1,366	-
Alliance Fund AfricaRice/IRRI	379	-
Total	2,545	878

- (i) Consist of a funding mechanism funded by Window 1 and the Bill & Melinda Gates Foundation (BMGF) to advance CGIAR institutional strengthening and CGIAR Research Centers' Alliances. Special Alliances Fund will be disbursed to CGIAR Research Centers in Q1 2020 to cover expenses incurred prior to 31 December 2019.

13. Window 1 & 2 and Grant Revenue

13.1. Window 1 & 2 Revenues

- **Restricted non-portfolio:**
Window 1 & 2 funds received from the CGIAR Trust Fund that is recognized as revenue only as expenses are incurred in support of the operations of the System Organization.
- **Restricted portfolio:**
Window 1 & 2 funds specifically designated for "Special Initiative" projects as approved by the former Fund Council. This revenue is recognized only to the extent that the specific work in the "Special Initiative" has been completed.

	2019		2018	
	Restricted Portfolio USD ('000)	Restricted Non-Portfolio USD ('000)	Restricted Portfolio USD ('000)	Restricted Non-Portfolio USD ('000)
CGIAR System Organization	-	9,887	-	7,462
Administratively Hosted Activities				
Big Data Platform	-	396	-	594
CGIAR Advisory Services Shared Secretariat (i)	-	2,276	-	-
Total	-	12,559	-	8,056

- (i) In prior years the activities of the predecessor advisory services were hosted by the Food and Agriculture Organization of the United Nations (FAO). As these activities were not under the administrative oversight of the CGIAR System Organization they have not been included in the comparative figures for 2018.

13.2. Bilateral Grants

Funding, either unrestricted or related to portfolio or other research activities (if restricted), that flow directly from Funders to the CGIAR System Organization.

	2019	2018
	Restricted Non-Portfolio USD ('000)	Restricted Non-Portfolio USD ('000)
4 per 1000 Initiative	250	338
Bill & Melinda Gates Foundation (Gender II)	129	69
Australian Centre for International Agricultural Research (Gender II)	64	33
International Development Research Centre of Canada (Gender II)	76	-
Bill & Melinda Gates Foundation (USG)	48	-
Bill & Melinda Gates Foundation (Modernization Fund)	1,161	-
Bill & Melinda Gates Foundation (SIAC I)	-	70
Total	1,728	510

14. Other Revenue

	2019		2018	
	Unrestricted USD ('000)	Restricted Non-Portfolio USD ('000)	Unrestricted USD ('000)	Restricted Non-Portfolio USD ('000)
Internal Tax (i)	235	-	213	-
Shared Services (ii)	-	-	1,230	-
CGIAR System Internal Audit Support Service	-	-	9	-
CGIAR Research Centers' Board Orientation Program	-	16	-	45
Others — Reimbursement of Expenses	5	-	16	-
Total	240	16	1,468	45

- (i) The CGIAR System Organization has a policy that an internal tax of 5.5% of gross salaries is applied to all staff members. The internal tax is deducted at source from staff members based in France and recognized as revenue for the System Organization.
- (ii) The System Organization leverages the combined purchasing power of CGIAR to procure services such as software subscriptions and science journals to CGIAR Research Centers and Partners. These purchases are recovered at the acquisition cost and do not generate any economic benefits by the System Organization.

Observing IFRS 15 B32¹⁰, the System Organization elected to change its method of recognizing the recovery of the provision of such services by offsetting the inflows from CGIAR Research Centers and Partners against the expenses incurred for the acquisition of the services, whereas in all prior years they were recognized as revenue under “Other Revenue – Unrestricted”.

Since the impact of the change in the method is not material and will not modify the surplus reported in the year 2018, the System Organization decided not to restate its financial statements for the year 2018.

15. CGIAR Collaborators

	2019		2018	
	Restricted Portfolio USD ('000)	Restricted Non-Portfolio USD ('000)	Restricted Portfolio USD ('000)	Restricted Non-Portfolio USD ('000)
CGIAR System Organization (i)	-	1,011	-	177
Administratively Hosted Activities	-	-	-	-
SIAC I	-	-	-	70
Gender II	-	76	-	-
CGIAR Advisory Services Shared Secretariat	-	251	-	-
Restricted Projects	-	-	-	-
Modernization Fund (i)	-	1,067	-	-
Total	-	2,405	-	247

- (i) Mainly consist of grants to CGIAR Research Centers under the Special Alliances Fund.

¹⁰ Under IFRS 15 B 32, “an entity is an agent if the entity’s performance obligation is to arrange for the provision of the specified good or service by another party. An entity that is an agent does not control the specified good or service provided by another party before that good or service is transferred to the customer. When (or as) an entity that is an agent satisfies a performance obligation, the entity recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party. An entity’s fee or commission might be the net amount of consideration that the entity retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party”.

16. Non-CGIAR Collaborators

	2019		2018	
	Restricted Portfolio USD ('000)	Restricted Non-Portfolio USD ('000)	Restricted Portfolio USD ('000)	Restricted Non-Portfolio USD ('000)
CGIAR System Organization	-	-	-	176
Administratively Hosted Activities	-	-	-	
Open Access	-	-	-	14
4 per 1000 Initiative	-	-	-	11
Gender II	-	-	-	88
Total	-	-	-	289

17. Expenditures by Natural Classification

The following table sets forth a breakdown of operating expenses:

	2019			2018		
	Unrestricted USD ('000)	Restricted Portfolio USD ('000)	Restricted Non-Portfolio USD ('000)	Unrestricted USD ('000)	Restricted Portfolio USD ('000)	Restricted Non-Portfolio USD ('000)
Personnel	-	-	6,710	-	-	5,202
CGIAR Collaboration	-	-	2,405	-	-	247
Other Collaboration	-	-	-	-	-	289
Supplies and Services	-	-	4,776	1,429	-	1,865
Travel	-	-	1,001	-	-	1,002
Total	-	-	14,892	1,429	-	8,605

18. Financial Incomes and Financial Expenses

Represents realized and unrealized exchange gains and losses during the year, interest earned on short-term investments and all bank charges.

19. System Organization Specific Funder Arrangements

On 23 March 2017, a funding arrangement between Canada, represented by the Minister for International Development acting through the Department of Foreign Affairs, Trade and Development (DFATD), and the CGIAR System Organization was signed allowing Canada to contribute funding for the CGIAR Portfolio 2017-2022 through the System Organization while transferring funds directly to the CGIAR Trust Fund administered by the World Bank (Schedule II). A second amendment on 17 November 2019 was signed for a supplemental contribution of USD 7,635,807.16, which was received by the System Organization and remitted to the CGIAR Trust Fund on 25 November 2019.

20. Subsequent Events — COVID-19 Pandemic

Following the onset of COVID-19, on 30 January 2020 the World Health Organization declared a global health emergency with regards to COVID-19. On 11 March 2020, COVID-19 was further declared a pandemic by the World Health Organization. Most governments are taking restrictive measures to contain its further spread, affecting free movement of people and goods, which has placed the global economy into a state of uncertainty. It is unknown how long these conditions will last, but it is too early for the CGIAR System Organization to have a reasonable estimate of the future impact for the System Organization. From an accounting point of view, such situation is treated as a post balance sheet event.

In consideration of the above, CGIAR System Management Office has assessed that there are no material implications of the COVID-19 pandemic on the CGIAR System Organization financial position as at 31 December 2019.

In addition, and for the foreseeable future, CGIAR System Management Office has taken a risk-based approach to continually assess, monitor and mitigate the potential impacts on 2020 budgets, funding, cash flows, and operations. Throughout this process, CGIAR System Management Office is maintaining dialog with Funders in order to better understand their future funding intentions.

SCHEDULE I — RESTRICTED PROJECTS

FUNDER AND PROGRAM PROJECTS	Funding Type	Starting Date	Ending Date	Grant Pledged USD ('000)	Expenditures Prior Years USD ('000)	2019 Expenditures USD ('000)	Total Expenditures & Reimbursements USD ('000)	Balance USD ('000)
Restricted Projects: Bilateral and Window 1								
Bill & Melinda Gates Foundation								
Open Access and Open Data- Part 1	Window 1	1 October 2015	1 September 2017	2,380	2,240	140	2,380	-
CGIAR Strategic Modernization Funding Initiative	Bilateral	7 October 2019	31 October 2021	9,906	-	1,160	1,160	8,746
Total Restricted Projects				12,286	2,240	1,300	3,540	8,746

SCHEDULE II — HOSTED ACTIVITIES

FUNDER AND PROGRAM PROJECTS	Funding Type	Starting Date	Ending Date	Grant Pledged	Expenditures Prior years	2019 Expenditures	Total Expenditures	Balance
Hosted activities: Bilateral, Windows 1, 2 & 3								
Bill & Melinda Gates Foundation								
Big Data Platform - Part 1	Bilateral	11 January 2018	31 December 2019	700	594	256	850	(150)
Gender II Management and Administration	Bilateral	8 September 2018	31 March 2020	300	69	129	198	102
Education and Advocacy (USG)	Bilateral	1 January 2019	31 December 2019	48	-	48	48	-
Total				1,048	663	433	1,096	(48)
Australian Centre for International Agricultural Research (ACIAR)								
Gender II Management and Administration	Bilateral	11 February 2015	11 February 2017	145	33	64	97	48
International Development Research Centre of Canada (IDRC)								
Gender II Management and Administration	Bilateral	1 April 2019	30 June 2020	76	-	76	76	-
Institut de Recherche pour le Développement (IRD)								
4 per 1000 Initiative	Bilateral	11 February 2015	11 February 2017	372	243	129	372	-
4 per 1000 Initiative	Bilateral	25 November 2019	24 November 2020	111	-	66	66	45
Total				483	243	195	438	45

SCHEDULE II - HOSTED ACTIVITIES

FUNDER AND PROGRAM PROJECTS	Funding Type	Starting Date	Ending Date	Grant Pledged	Expenditures Prior Years	2019 Expenditures	Total Expenditures	Balance
Hosted Activities: Bilateral, Windows 1, 2 & 3								
Agency for the Development of International Co-Operation in the Areas of Agriculture, Food and Rural Space (ADECIA)								
4 per 1000 Initiative	Bilateral	6 March 2019	31 December 2019	3	-	3	3	-
Agence Française de Développement (AFD)								
4 per 1000 Initiative	Bilateral	2 April 2019	31 December 2019	22	-	22	22	-
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)								
4 per 1000 Initiative	Bilateral	2 September 2019	31 December 2019	7	-	7	7	-
The Ministry of Agriculture, Fisheries and Food of Spain								
4 per 1000 Initiative	Bilateral	17 September 2019	31 December 2019	22	-	22	22	-
Total Hosted Activities				1,806	939	822	1,761	45

SCHEDULE III — LIST OF FUNDERS SUPPORTING CGIAR BY SIGNING A FUNDING AGREEMENT DIRECTLY WITH THE SYSTEM ORGANIZATION

Funder	Funding Type	Related Year	Currency	Grant Pledged	Disbursements	Total Expenditures
Canada Contribution ⁽¹⁾	Window 1	2019	USD ('000)	7,636	7,636	-
Total				7,636	7,636	-

(1) In line with the agreed “funding arrangements” between Her Majesty the Queen in right of Canada, represented by the Minister for International Development acting through the Department of Foreign Affairs, Trade and Development and CGIAR System Organization signed on 23 March 2017, amended on 17 November 2019, Canada Transferred the funds to the System Organization in November 2019, who remitted to the CGIAR Trust Fund on 25 November 2019.



CGIAR is a global research partnership for a food-secure future. CGIAR science is dedicated to reducing poverty, enhancing food and nutrition security, and improving natural resources and ecosystem services. Its research is carried out by 15 CGIAR Research Centers in close collaboration with hundreds of partners, including national and regional research institutes, civil society organizations, academia, development organizations and the private sector.

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