



2022-2024 CGIAR Portfolio and Designated Financing Plan

Purpose

This document sets out the 2022-2024 CGIAR Portfolio and Designated Financing Plan ('2022-2024 FINPLAN').

The CGIAR System Board, at its 22nd meeting on 29-30 November 2021, approved the 2022-2024 FINPLAN for submission to the System Council (Decision Reference SB/M22/DP3).

The System Council, at its 14th meeting on 15-16 December 2021, approved the 2022-2024 FINPLAN and noted that an updated 2022-2024 FINPLAN will be developed and presented in Q1 2022 based on a revised budgeting exercise and to reflect additional data points gained. (Decision Reference SC/M14/DP6).

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2022-2024 CGIAR
Portfolio and Designated Financing Plan
(FINPLAN)

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Glossary

Term	Description
Initiatives	CGIAR Initiatives are major, prioritized areas of investment that bring capacity from within and beyond CGIAR to bear on well-defined, major challenges.
Pooled funding	Represents Funders' contribution to the delivery of the 2030 Research and Innovation Strategy.
Designated funding	Pooled funding tagged with a designation of Funder preferred Initiatives
Portfolio funding	Pooled funding without any designation

Overview and Background

1. CGIAR's 2030 mission is to deliver science and innovation that advance the transformation of food, land, and water systems in a climate crisis. CGIAR is making a transformative change to meet the two billion dollars (of funded research per year) ambition for 2030, to deliver gains across many of the Sustainable Development Goals, especially SDG2 to 'End Hunger'.
2. CGIAR research and innovation priorities will achieve positive, measurable benefits across five Impact Areas identified in the CGIAR 2030 Research and Innovation Strategy, by scaling research and innovation. These will be delivered through all research and innovation work carried out by CGIAR, including work financed by both pooled and non-pooled funding.
3. The integrated CGIAR operational structure (which will deliver excellence in research and innovation as well as improved on-the-ground impact, effectiveness, and efficiency) will need to be sufficiently resourced. This financial plan ('FINPLAN'), to be formally approved by the System Council, sets out a 3-year outlook on what is realistic, transparent, and achievable in delivering the strategy over 2022 to 2024. It is an essential component of the first integrated CGIAR budget.
4. At a high level, this FINPLAN is focused on decisions on the use of pooled funding, based on a perspective of overall funding informed by Funder discussions and conservative projections. A more detailed three-year operational budget for CGIAR is also being prepared for approval by the System Board and One CGIAR Center Boards (together, 'CGIAR Entities'). Highlights of the detailed budget are included in this FINPLAN.
5. Supplementary guidance on the use of Portfolio-level and designated contributions to Initiatives is presented as a companion document to this FINPLAN. This is to guide the implementation and provisions for any program or funding changes.
6. Underpinning this FINPLAN is a concerted effort to increase the volume, predictability, and stability of available funding. The System Board's Audit, Finance & Risk Committee is closely monitoring the sustainable financial viability of CGIAR Entities. Further, this FINPLAN aims to align the budgeting process with both the agreed integrated operational structure and its underpinning CGIAR Entities, which is essential to implementing One CGIAR.
7. To address these ambitions, an amended and improved approach to management of funds will be required:
 - a. The entry of new Funders to support the pooled funding mechanism for the CGIAR Research Portfolio.
 - b. Existing funding partner support to increase collective Portfolio and Designated funding from 2022 – 2024 from previous levels. This is in support of the 2030 Research and Innovation Strategy and the need for organizational growth to deliver the strategy.

- c. Funders providing greater future funding visibility in the form of multi-year funding pledges or, at minimum, Statements of Funder Intention to improve the predictability of total available funding for CGIAR research as well as Initiative level projections.
 - d. The management of designated contributions such that these are additive, traceable and transparent. Designated contributions will count in full towards their intended Initiative, while providing funders with visibility of all designated contributions received. Spend and results will be on a public dashboard allowing Funder visibility on areas of interest.
 - e. Transparent and consistent reporting and disclosure of infrastructure and indirect costs based on full cost-recovery across all funding channels.
8. The reliability of the fundraising targets in this plan is dependent on the level of accuracy of projections of funding availability. This is by funding volume and whether Funders wish to provide portfolio-level funding or designate their funding to specific Initiative(s). Likewise, the relevance of the plan with respect to funding for Initiatives, Regions, Platforms, and CGIAR Entity Costs is dependent upon the ability of CGIAR to effectively spend the funds within the relevant period.
9. While this FINPLAN provides a three-year outlook, the allocation of portfolio funds will be updated annually. This is subject to the approval of the System Council and System Board, to reflect latest available information on funding availability, including projected pooled designated funding.

Guiding Principles for the 2022-2024 FINPLAN

10. The FINPLAN is underpinned by the following seven guiding principles:

I. Figures presented in USD.

All amounts are presented in USD. Those contributions originating in non-USD currencies have been converted to USD in this FINPLAN and are subject to foreign exchange volatility. The effects of this volatility will be closely monitored and communicated to stakeholders throughout the period that this plan covers.

II. Unspent funds from the 2017-2021 CGIAR Portfolio

Any Window 1/2 funds unused as of 31 December 2021, the end of the current Portfolio of CGIAR Research Programs and Platforms, shall be returned to the Trustee and reallocated to the initiative most closely related to the CRP it was originally allocated upon approval by the System Council.

III. Carry-over within the 2022-2024 portfolio

Carry-over of Pooled funding (the revised use of W1 - both portfolio and designated) within the implementation period (2022-2024) of an Initiative or Platform is permitted.

IV. Indistinguishable Pooled funds at the CGIAR Entity and thereafter

Portfolio and Designated funding for a specific Initiative or Platform will be treated as indistinguishable by Funder in terms of financial reporting once received by the CGIAR Entity.

V. Possible impact of foreign exchange fluctuation

While all figures are presented in USD, there is implicit foreign exchange risk as a substantial portion of pooled funding originates in other currencies. Where possible, the Window 1 Liquidity and Stabilization Fund will be used to mitigate any material downside foreign exchange impacts on portfolio receipts. However, the impact (positive or negative) of any foreign exchange volatility in pooled designated receipts, will be passed on to the respective Initiative or Platform.

VI. Managing Unspent funds at end of 2024

At the end of 2024 no carry-over of unspent funds is permitted beyond 2024 to future years. All Initiatives and Platforms should be planning to fully implement the funds available to them, including unspent funds from prior years (2022-2023). Reasonable accruals related to issuing final Initiative or Platform reports, as included in the audited financial statements of each CGIAR Entity, will be permitted. Otherwise, all unspent funds must be returned to Window 1 of the CGIAR Trust Fund no later than 31 March 2025¹. Funders at this stage can direct any unspent funds to the closest aligned program in 2025.

VII. Cost Sharing Percentage

Unless otherwise stated, all figures are presented throughout this FINPLAN are stated on a gross basis inclusive of the 2% CSP that is applicable to all funding from the CGIAR Trust Fund and bilateral funded project activities. The CSP model is under review as CGIAR transitions to a new operating model. In the interim, CGIAR will continue to implement the CSP mechanism to pay for costs across CGIAR (as opposed to costs at CGIAR Entity level).

3-Year Outlook

12. This section details the funding targets as well as the financial outlook for the next three years.

Fundraising targets:

13. To deliver on the 2030 Research and Innovation Strategy, CGIAR seeks to double the investments over the next 10 years (compared to the average over the last three years) to contribute to global efforts to meet the Sustainable Development Goals.
14. Following preliminary consultations with Funders, indicative allocations to pooled funding were communicated to the CGIAR System Organization, as listed in Table 1

¹ A working assumption is that the CGIAR Trust Fund, with a current term of 31 December 2024, will be extended well before its end date, to facilitate ongoing contributions by Funders.

below as ‘Funder expectations’. In addition, an assessment was made of the opportunities which attract *additional* pooled funding to the CGIAR Trust Fund, from both new and existing Funders. These opportunities are listed below as a ‘growth target delta’. These data points jointly inform initial allocations to pooled funding, which are indicative, mainly from System Council Funders. They are likely to change in-year as details on pledges become clearer and fundraising efforts bear fruit.

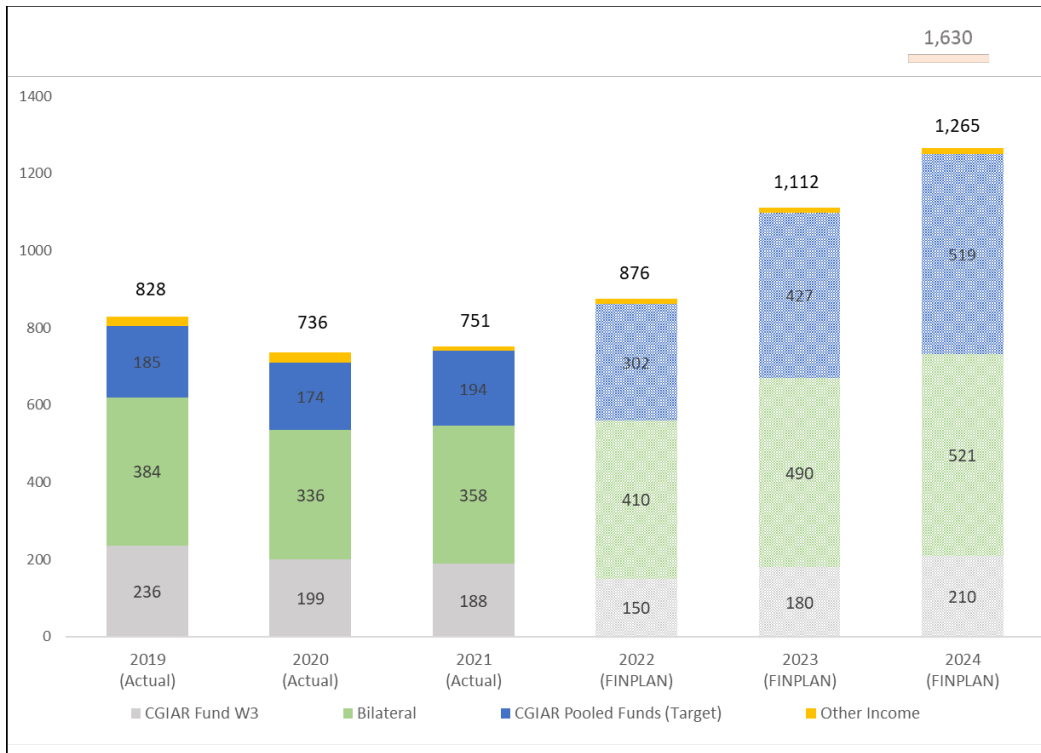
Table 1: 2022-2024 Indicative Allocations to Pooled Funding

	2022	2023	2024
Funder expectations	302	343	366
Growth Target Delta	15	26	33
Total	319	369	399

15. Based on the above indicative allocations, the pipeline, an assessment of opportunities, and carry over from bilateral projects, funding targets were established. These targets span from 2022 through to 2024 and can be seen in Chart 1 (following). There is an anticipated increase from 2021 to 2022 of 55% of pooled funding, which is in line with the ambition set out in System Reference Group (‘SRG’) recommendation 5, as endorsed by the System Council in its November 2019 meeting².
16. While a decrease of 32% in Window 3 is expected as Funders shift their funds from Window 3 and Bilateral to pooled funding, there are efforts to seek new opportunities from multiple investors to reach funding targets.
17. At the time of presentation of this FINPLAN, there is a funding gap of pooled funding of an estimated \$365m in 2024. As seen in Chart 1, the current Initiative need of \$1.6 billion in pooled funding by 2024 is below the Initiative funding targets. This needs to be made up to fully meet the strategic ambition of CGIAR’s 2030 Research and Innovation Strategy as approved by the System Council.
18. Initiative budgets are scalable. There is the opportunity to grow Initiative budgets by \$400 million over the 2022-2024 period – to achieve higher level impact targets of the Initiative Portfolio 2022-2024. The target funding for the CGIAR Initiatives for that period, in line with the funding envelope presented within the approved Investment Prospectus, is \$1.6 billion. Opportunities for growth include:
 - a. Additional contributions from CGIAR Funders through various channels including climate funds, blended finance, year-end funding, and targeted mission investments.
 - b. Coordinated and elevated ambition and engagement through Global Science Groups and resource mobilization efforts at Region and Country level.
 - c. Accelerated diversification strategies targeting new and major growth channels for research investments.

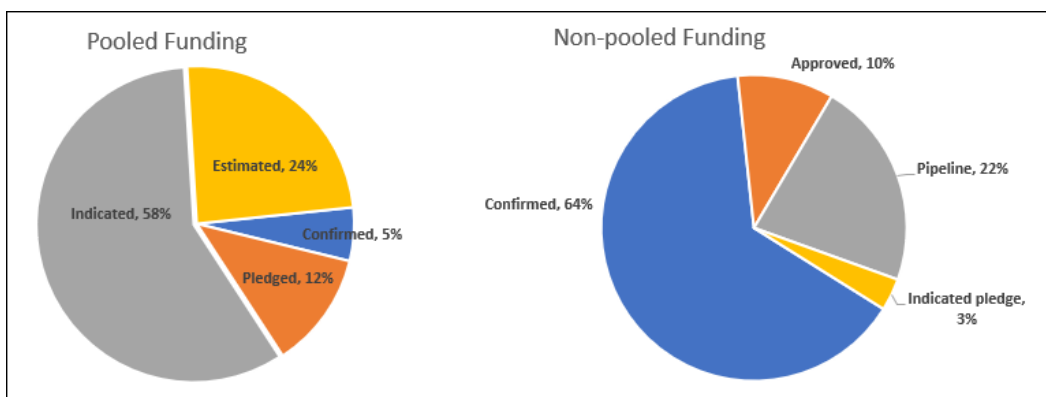
² https://storage.googleapis.com/cgiarorg/2019/11/SC9-02_SRG-Recommendations-OneCGIAR.pdf

Chart 1: Multiyear projected revenue distribution



19. The funder expectations above are built off consultations with current CGIAR Funders. At the date of issue of this document, it remains too early to confirm Funders' commitments. The figures in Table 1 are based on confidence level assessments of funding. CGIAR's Global Engagement and Innovation Global Group, with the Global Director of Business Operations & Finance will update these projections annually as more information is received. The current assessment of the confidence levels of funding for 2022 is set out in Chart 2 below.

Chart 2: 2022 Funding Confidence Level



2022 CGIAR “System Entities” Funding Sources and Costs:

20. This section outlines expected CGIAR System Entities costs, and the funding sources which are expected to cover System Entity costs for the financial year ending December 2022. The sources of funding are based on the projected revenue outlined above and estimated costs, based on an analysis of cost components across CGIAR Entities.
21. System Entities include the CGIAR Trust Fund, System Board, Independent Science for Development Council (‘ISDC’), CGIAR System Internal Audit function, etc.
22. In the proposed budget for 2022, the two main sources of funding (Table 2 below) are from Window 1 pooled funding overhead (\$27m) and CSP (\$14m). In addition, a portion of Initiatives budgets will be expended through the System Organization. This funding has been allocated in part to fund leadership roles under the new integrated operating structure.

Table 2: Funding Sources

Funding Sources	2020	2021		2022
	Actual	Approved Budget	Projected	Proposed Budget
System Organization reserves and Income ³	3.2	0.8	0.4	0.5
CSP generation ⁴	10.9	13.4	16.6	14.1
Window 2 (SPIA) ⁵	0.8	0.4	0.4	N/A
Window 1 portion of pooled funding - CGIAR Budget	0.0	0.0	0.0	27.0
Window 1 portion of pooled funding to Initiatives Management Costs				4.2
Transition funding currently held in W1	0.0	0.0	3.2	6.6
Bilateral funding	4.8	5.9	7.9	8.7
Total	20	20	29	61.0

23. The Cost Sharing Percentage (‘CSP’) is the annual cost-sharing percentage that is charged to funds to cover the costs of the CGIAR System Entities. As shown in Table 3 (following), the CSP is estimated to remain broadly stable from 2021 into 2022. While there is expected to be an increase in pooled funding, there is also a reduction in Window 3 and bilateral funding leading to a similar level of CSP across the two years.

³ Includes income derived from the internal tax levied on all System Organization staff salaries and investments interest.

⁴ CSP generated during the year (\$13.5m) + CSP unspent in 2020 (\$3.44m used in 2021 and \$0.6m in 2022).

⁵ Funds from Big Data platform fully utilized in 2021, and funding for CGIAR’s Standing Panel on Impact Assessment is provided through pooled funding moving forward.

Table 3: Projected CSP Revenue and Usage in 2022

	2021	2022
Projected CSP Generated	13.14	13.48
Unspent funds from prior year	3.48	0.62
Less: CGIAR Entity costs funded from CSP ⁶	(16.62)	(14.10)
Balance	(0.00)	(0.00)

24. The planned usage of CSP to fund costs across CGIAR will align with what is provided for in the [Policy on CGIAR System Cost Financing](#). A breakdown of the 2022 budget envelopes expected budget is listed in Table 4.

Table 4: System Entity budget envelope

System Entities	2020	2021		2022
	Actual	Approved Budget	Projected	Proposed Budget
System Council Budget Group	5.7	9.2	6.0	8.4
System Organization Budget Group	14.0	16.9	14.8	13.3
CGIAR leadership and transition costs	0.0	0.0	7.8	39.4
TOTAL	19.7	26.1	28.6	61.0

25. There is an increase in costs from 2020 to 2022, which is considered temporary. This is driven by the cost of staff and external support to deliver the transition to One CGIAR, and the costs of leadership roles in the integrated operational structure. These costs will decrease over time over as one-time transition investments are completed, while staff costs currently budgeted at the System Organization will move to the respective employer of record.

Window 1 Liquidity & Stabilization Fund Projections and Usage:

26. A multi-year target of [50M (+/- 10%)] for the Window 1 Liquidity & Stabilization Fund ('Fund') has been established. This represents a little less than one-quarter of the projected annual pooled funding requirements.
27. The purpose of the Fund is to provide:
- a reliable source of pre-financing cash flow for a portion of W1 funding to research programs during the first quarter of the fiscal year. This is a period in which Funder contributions are typically low; and
 - a contingency fund if fundraising targets are not realized in-year.
28. This Fund may further support CGIAR's agility to respond to emerging global challenges. The System Board may recommend to the System Council that CGIAR make strategic use of this Fund for investments required to address such global challenges. This in turn, enhances the CGIAR's response and ability to position itself as an innovative and transformative global leader of agricultural excellence.

⁶ Set out in Table 4

29. As shown in Table 5 below, the projected level of this Fund is expected to decrease year-on-year by 19% between projected end-2021 and proposed end 2022.
30. Projected W1 disbursement to Programs will increase in 2022, from USD88.86m to USD269.28m. This rise is based on Funder pledges for pooled funding for 2022, which has formed the proposed budget for Initiatives and Platforms as seen in Table 6.

Table 5. Window 1 Liquidity and Stabilization Fund (USD millions)

	2021 Budget	2021 Projected	2022 Proposed Budget
Opening Balance	32.34	32.34	33.54 ⁷
W1 Contributions from Funders	82.02	94.59	292.00
Projected CRP carryover returned W1			10.00 ⁸
Projected W1 disbursements to Programs	(81.56)	(88.86)	(269.28)
W1 disbursements to CGIAR Budget W2, W3, Bilateral CSP deposit		(3.30)	(33.50) ^{9, 10}
W1 disbursement to SO Budget Groups from CSP generated income	11.71	11.35	7.64
Interest Income from Trust Fund	(14.45)	(13.18)	(13.48)
	0.60	0.60	0.40
Target ending balance	30.66	33.54	27.32

Preliminary Allocations from Funders

31. Pending the approval of the Initiatives, Funders have yet to indicate their preferences in providing Designated Funding. In this regard, funding allocations to each Initiative is not broken down between Portfolio funding or Designated funding.
32. The allocations per Initiative are set out in Table 6 (following) and are all net of the CSP. Initiative proposals were batched into two instalments. Those included in the first batch to be presented to the System Council for approval are highlighted in green.

Pooled Funding Target Disbursements

33. The baseline budget proposed by the Science Global Directors ('SGD') was used as the planned funding for Initiative distribution during the 2022 period.
34. The fundraising target in Table 1 (before) show current projections of USD292 million, with an added assumption that USD10 million unspent funds from the 2017-2021

⁷ 2021 budget opening balance adjusted to reflect actual balance

⁸ Represent the expected carryover from CRPs but to be confirmed

⁹ 2021 from Funders' contribution to Transition Fund

¹⁰ 2022 disbursement for Global budget from pooled funding and \$6.5m previously approved Transition Fund (SC/M10/DP4)

portfolio, will be received in Window 1 from the current CRPs and Platforms. **In the event no unspent funds from the current portfolio are returned to Window 1, each Initiative / Platform/ allocation will be reduced as required, to cover the \$10 million¹¹.** This will be confirmed by the end of April 2022, once final accounting on the CRPs and Platforms is fully concluded.

35. In advance of clarity on whether unspent 2017-2021 funding will be returned, Initiatives and the Impact Area Platforms are recommended to plan to spend 3% less than the baseline budget for 2022 to mitigate the risk of funding uncertainty.

¹¹ Funding to the Genebank Initiative will be ringfenced

Table 6. Pooled Funding Targets (USD millions)

Baseline + OH, net of CSP				
Science Group		2022 Target Disbursement	2023 Aspirational Budget	2024 Aspirational Budget
RAFS	LCSR (+)	7.9	15.8	28.1
RAFS	SAPLING (+)	11.3	14.1	31.1
RAFS	One Health	6.6	7.1	19.4
RAFS	EiA (+)	16.0	25.4	29.4
RAFS	Plant Health	10.4	12.3	15.1
RAFS	Mixed Farming Systems	7.2	11.5	19.0
RAFS	Nature-Positive Solutions	4.5	7.2	11.9
RAFS	UPU	4.5	7.2	11.9
RAFS	Aquatic Systems (+)	6.3	10.1	16.6
RAFS	TOTAL	74.7	110.7	182.4
ST	NEXUS	6.9	8.1	16.2
ST	Agroecology	6.8	7.9	16.5
ST	ClimBer	8.9	8.9	24.6
ST	Markets	6.8	7.9	13.6
ST	SHIFT	7.9	9.2	15.9
ST	NTS	7.7	7.7	12.9
ST	MITIGATE	7.5	7.7	15.9
ST	HER+	6.4	8.3	11.7
ST	Digital	5.4	7.0	14.1
ST	Foresight	6.8	8.8	10.9
ST	VF-Nutri	3.7	4.8	11.2
ST	Fragility	0.0	0.0	17.0
ST	TOTAL	74.6	86.3	180.5
GI	Genebank	24.9	24.9	23.8
GI	Accellerated Breeding	26.0	28.0	48.7
GI	Tools	7.9	9.6	40.9
GI	SeEdQUAL	11.3	11.9	44.7
GI	Market Intelligence	7.9	10.3	18.6
GI	Plant Genetic Tools	3.4	7.2	14.9
GI	TOTAL	81.5	91.9	191.6
Regions	LAC	4.4	5.3	18.5
Regions	WCA	4.4	5.3	18.5
Regions	CWANA	4.4	5.3	18.5
Regions	ESA (+)	4.7	5.7	27.3
Regions	SEA	4.4	5.3	18.5
Regions	SA/ TAFSSA (+)	4.7	6.0	27.0
Regions	TOTAL	27.2	33.0	128.5
Platforms	Gender	6.8	8.9	10.7
Platforms	Climate	1.1	1.5	4.9
Platforms	Environment	1.1	1.5	4.9
Platforms	Nutrition	1.1	1.5	4.9
Platforms	Poverty reduction	1.1	1.5	4.9
Regions	TOTAL	11.3	14.8	30.5
Total to Initiatives		269	337	714
One CGIAR Global budget		27		
Share of Pooled funding to Cost Sharing Percentage		6		
Total		302		

Implementing Guidelines to the 2022 FINPLAN

Background:

1. Since 2019, the principle of partial de-linking of the Pooled Portfolio and Designated funding (then-titled Window 1 and Window 2, respectively) has been applied to allow for funding growth of individual CRPs and Platforms.
2. Pooled Window 1 funds were 'linked' to Pooled Window 2 funds at the beginning of the planning cycle in the sense that they were combined to build up the target CRP/Platform budgets over the business plan period. Pooled W1 funds were then allocated after considering the available W2 funding.
3. The W1 funding was 'de-linked' from W2 funding after the combined FINPLAN allocation/disbursement targets were identified, and the FINPLAN was approved by the System Board and the System Council.
4. This partial de-linking approach had the advantage of allowing the CRPs and Platforms to grow their funding beyond the approved FINPLAN target distribution over the course of the portfolio implementation.

Partial de-linking from 2022 onwards

5. Window 2 subaccounts of the CGIAR Trust Fund will be wound down as of 31 December 2021. The Trustee will not be instructed by the CGIAR System Organization to create any new Window 2 subaccounts for CGIAR Initiatives or Impact Area Platforms. Any designation of funding by Funders to CGIAR Initiatives or Impact Area Platforms will be through the designation of Window 1 contributions ('Designated funding'). This will be done in accordance with the 'CGIAR Procedure for the Designation of Pooled Funding' approved by the System Board, as amended from time to time. The partial de-linking will be utilizing Portfolio funding and Designated funding.
6. In the event of receipt in 2022 of unplanned Designated funding for a specific Initiative or Impact Area Platform that are more than the approved allocations, it will be considered as additional funds available for use by the relevant Initiative or Impact Area Platform. It will not result in a downwards adjustment of the planned allocation of W1 Portfolio funding.
7. If total Designated funding received in 2022 for a specific Initiative or Impact Area Platform are less than the FINPLAN allocations, additional portfolio funds will be allocated to offset the reduction – although in this eventuality, contributions from the W1 Liquidity and Stabilization Fund will be considered subject to the limitation of paragraph 7 below on the use of Window 1 Liquidity Stabilization Fund.
8. **Window 1 Liquidity and Stabilization Fund** ('Fund'): Recognizing the need to provide near-term predictability, this Fund will be used to provide a partial guarantee of original

combined Pooled funding FINPLAN targets to each Initiative and Impact Area Platform, subject to the following limitations:

- a. The balance of the Fund is not drawn down more than USD10M in any one year. In the event more than USD10M would be needed to fully guarantee combined Pooled funding FINPLAN targets, the ceiling of USD10M will be distributed on a pro-rata basis.
 - b. There remains a minimum balance of USD10M in the Fund at the end of each calendar year.
 - c. Should there be a reduction of more than 20% of the overall 2022 Pooled funding inflow, the System Board may recommend to the System Council to make strategic use of the Fund to partially fulfil targets established in the FINPLAN.
9. **Possible impact of foreign exchange fluctuation:** While all figures are presented in USD, there is implicit foreign exchange risk as a substantial portion of the funding to Pooled funding 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 undesignated receipts. However, the impact (positive or negative) of any unplanned foreign exchange volatility in Window 1 Portfolio receipts will be passed on to the respective Initiative or Impact Area Platform.