



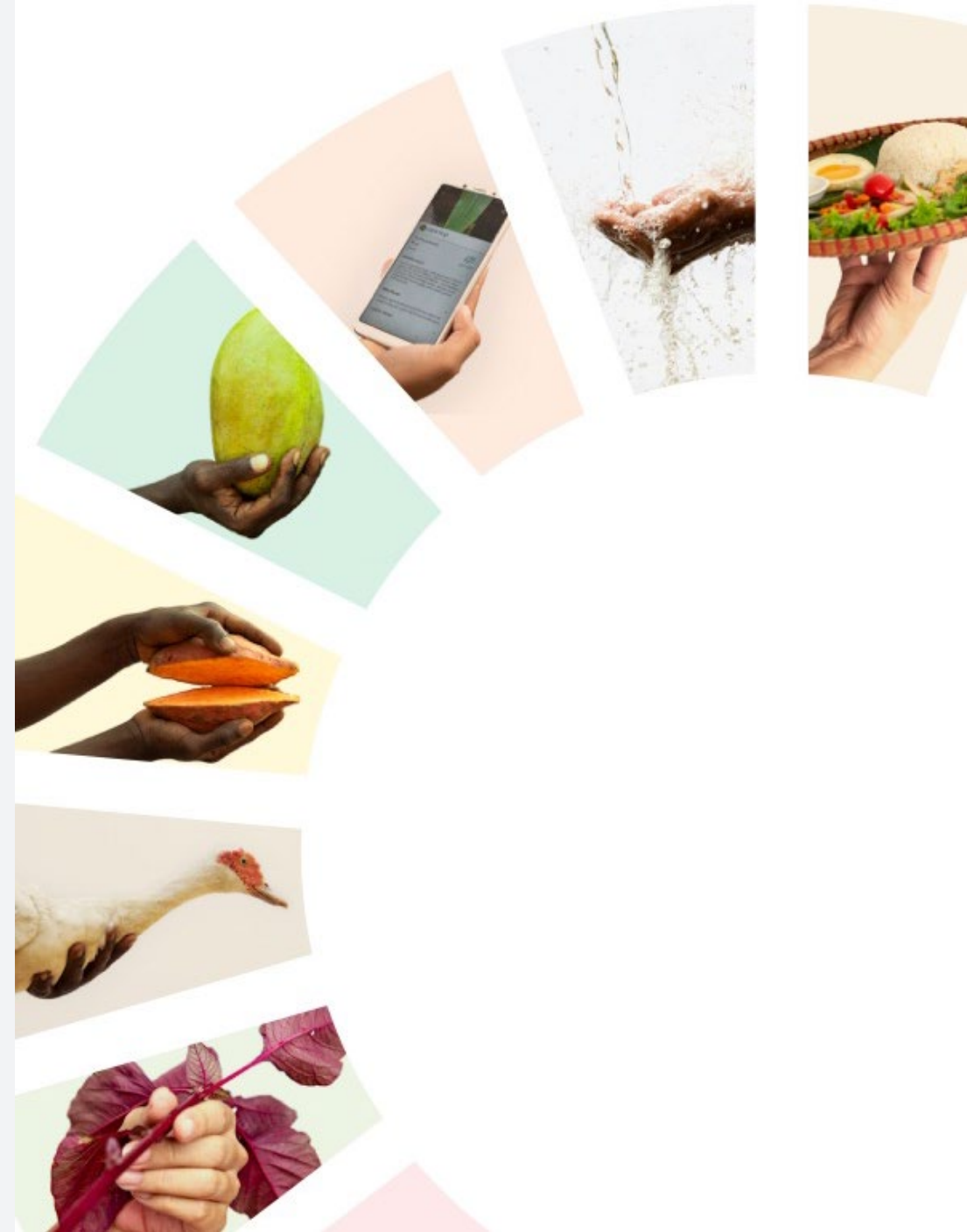
Agenda Item 6  
**Document SC19-06**  
**For information and discussion**  
**(Article 6.1 t), CGIAR System Framework)**  
Issued: 5 October 2023

## CGIAR Financial Plan: Learning from 2023 and planning for 2024

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**Purpose:** This presentation summarises lessons learned from the 2023 financial planning process, and sets out the plan for the 2024 process, taking into account the learnings.

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## Lessons learned from 2023

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The budgeting process in 2023 was particularly challenging for many of the stakeholders across CGIAR.

### Key issues included:

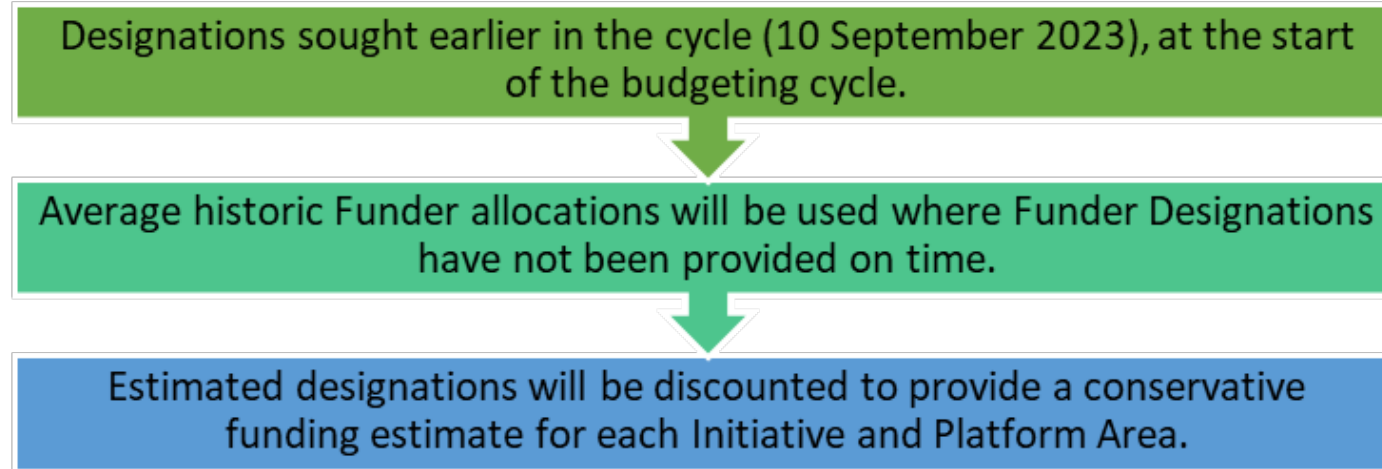
- significant delays in Funder Designations which led to a 10-month budgeting process;
- decisions on funding to Centers made without perceived adequate consultation; and
- insufficient communication with wider stakeholders on decision made on Initiative Funding

**Business Operations and Finance have been working to address these challenges** in advance of the 2024 budgeting cycle. This section summarizes the action taken to mitigate the challenges faced. While it is expected that these steps will make a positive change,

- an increased collaborative and trusting environment across the Senior Leadership Team (SLT); and
- embedded in the instruments of the Internal Framework Agreement (IFA) are likely to further compliment the work taking place.

## Delayed designations and mitigating actions

Following a 3-month delay in the receipt of designations, a number of steps have been taken to mitigate this delay:



- The expected impact is a reduced budgeting cycle timeframe, moving from ten months to 4 months, ending December 2023. This will have a positive impact across Finance and Science, due to a reduced workload and more in-year stability.

Further, the early closure of the designation process will facilitate:

- stability across the Initiatives, as each should have a minimum budget level to operate with, with more certainty. Any additional revenue would be additive;
- provides earlier warning signs of any adverse impacts to Centers allowing time for mitigating action.

## Other additional work:



- **Revised budgeting procedures:** Business Operations and Finance have developed a revised and more detailed budgeting procedure which sets out the steps needed to complete the timely budgeting process. The revised procedures take into account lessons learned from previous cycles and sets out a RASCI aimed at enhancing transparency and consultation across stakeholders.
- **A detailed budget calendar:** sets out the timeframes needed to conclude this complex and consultative budgeting process.
- **Financial Model Reference Group:** has been established with the objective of identifying a fit for purpose funding model for the CGIAR. It is hoped that revised and simplified funding modalities will assist in further simplification of the CGIAR budgeting process, and in growing revenue.

## Current status (end-September 20230)



- 14 of the 20 Funders have provided their estimated or actual 2024 designations.
- The remaining six designations have been based on financial analysis of historic years.
- Following EMT discussions, the agreed W1 budget for 2024 is estimated at \$277m, compared to \$283m from 2023.
- Following feedback from 2023 from stakeholders, a more conservative estimate has been agreed on, in an effort to increase financial stability in year, across science and Centers.
- This limits a situation where there is an adverse gap between budget at the start of the year and actual funding communicated later on.
- We expect additional funds in-year and these will be accommodated in Q2 forecast.
- The W1 Budgeting envelope has been shared with the SLT and Initiative Leaders have started their planning process for 2024, in line with the budget calendar.



## 2024 Budgeting Cycle

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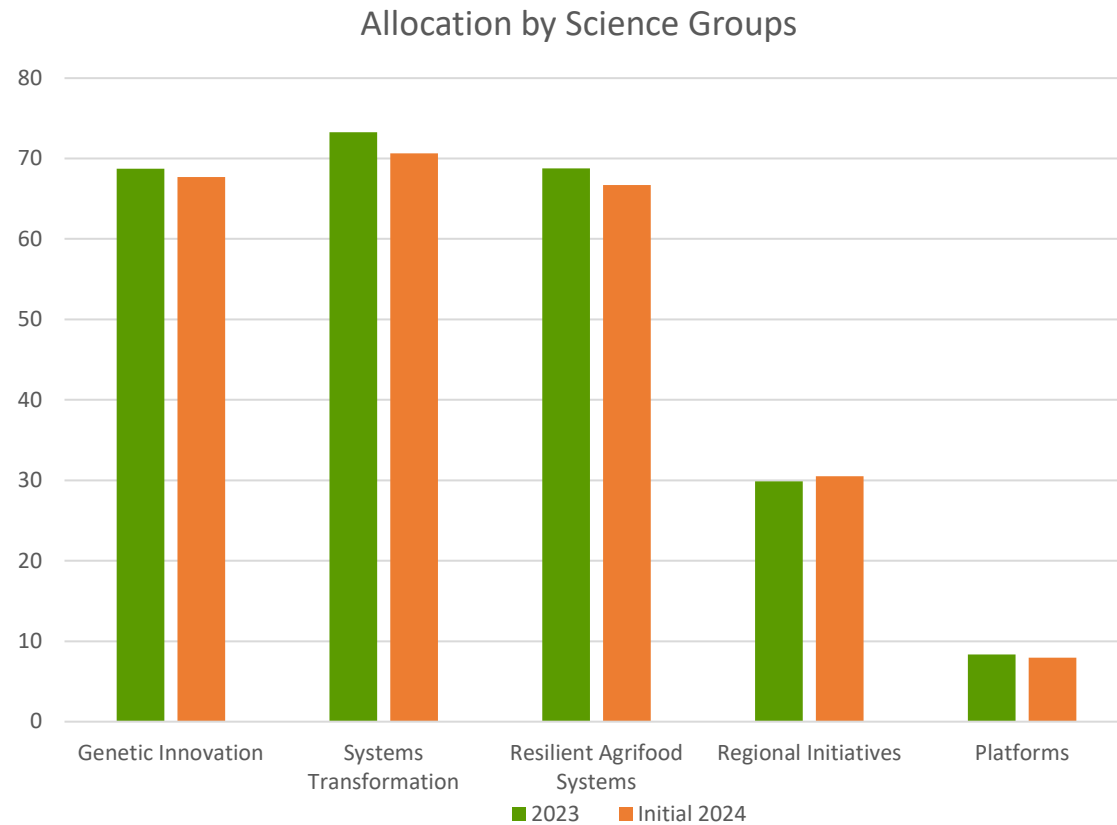
# Principles applied to Initiative Allocations for 2024

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Principles applied in the 2023 Initiative Allocation will be applied in 2024:

1. Genebanks essential operations (Work Packages 1 and 2) are to be funded to 100% (as per System Council approval at SC17 in Brisbane in 2022). These costs will be covered prior to distribution of portfolio funds among other Initiatives and across Science Groups.
2. Funder designations are to be honored as provided.
3. 2023 carryover is retained in the respective Initiative; flexibility on carryover is restricted to respective Science Group, with prior agreement with SMD (and Funder on designated funds).
4. In the first instance, portfolio funding is distributed across initiatives to the same minimum level; the SMDs may strategically redistribute these portfolio funds across initiatives within their Science Group.
5. For 2024, the first \$2m of additional funding (above \$277m) will be allocated to GI to cover the costs originally earmarked for the Crop Trust.

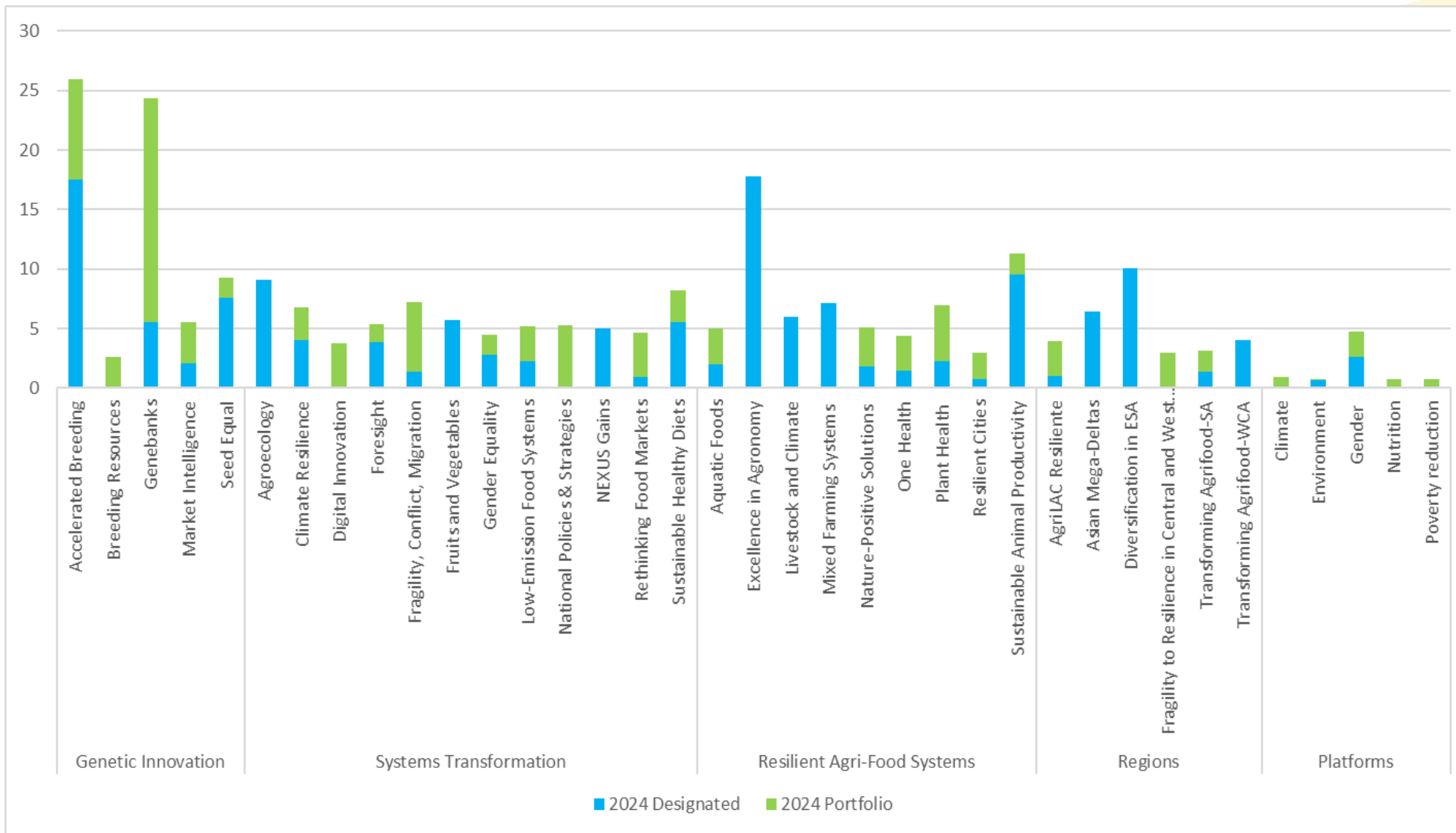
# Funder Designations 2024



- The initial and conservative W1 funding for 2024 is \$277m.
- This is a conservative estimate that facilitates Initiative spend with a degree of certainty for the year, limiting a situation where there is an adverse gap between budget at the start of the year and actual funding communicated later on.
- Upward adjustments are expected in year at Quarter 2.
- 2024 initial estimated W1 budget is \$6m lower than the 2023 W1 budget. This marginal decrease is visible across Science Groups, Platform Areas and Regional Initiatives.

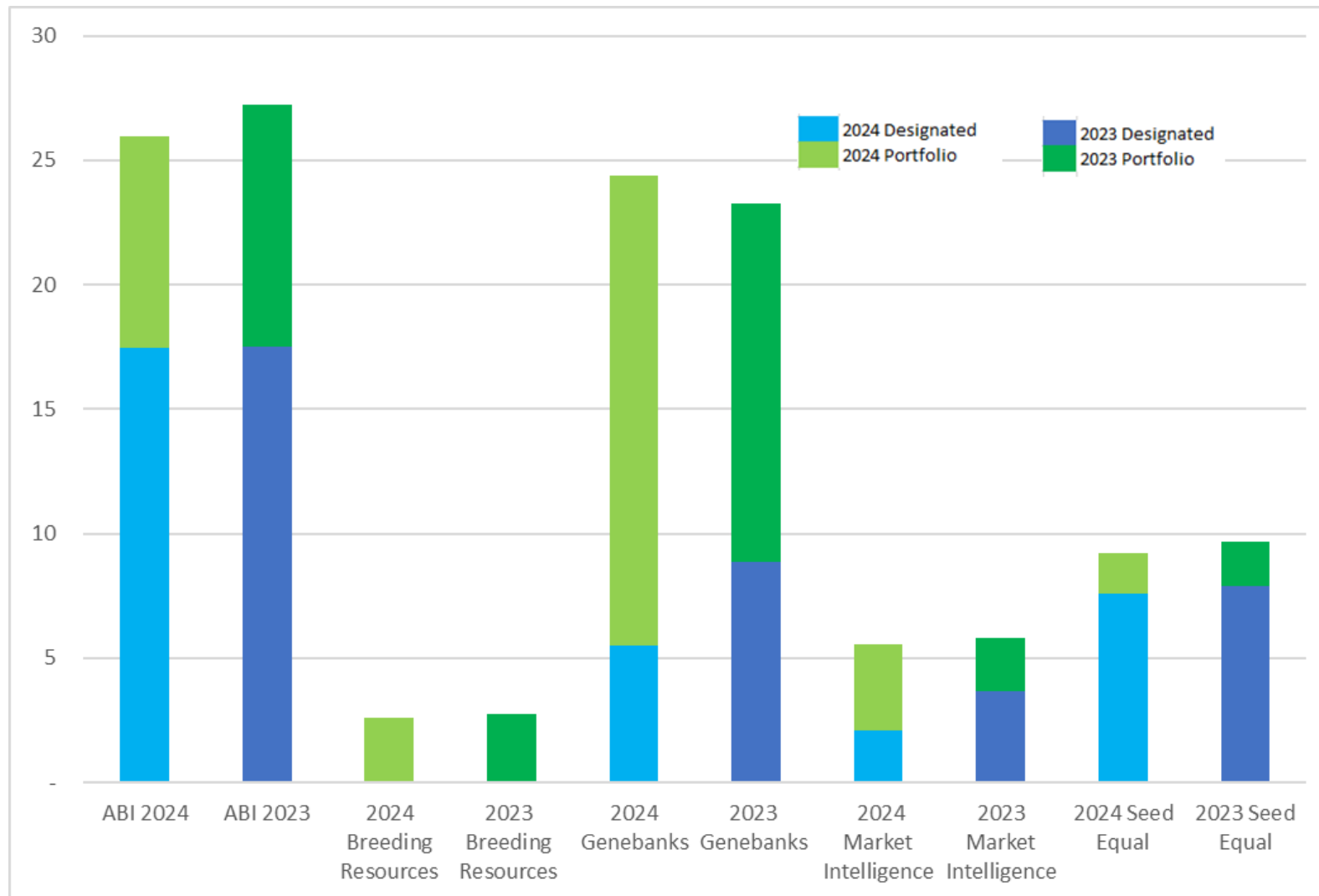


# 2024 Initial Allocations



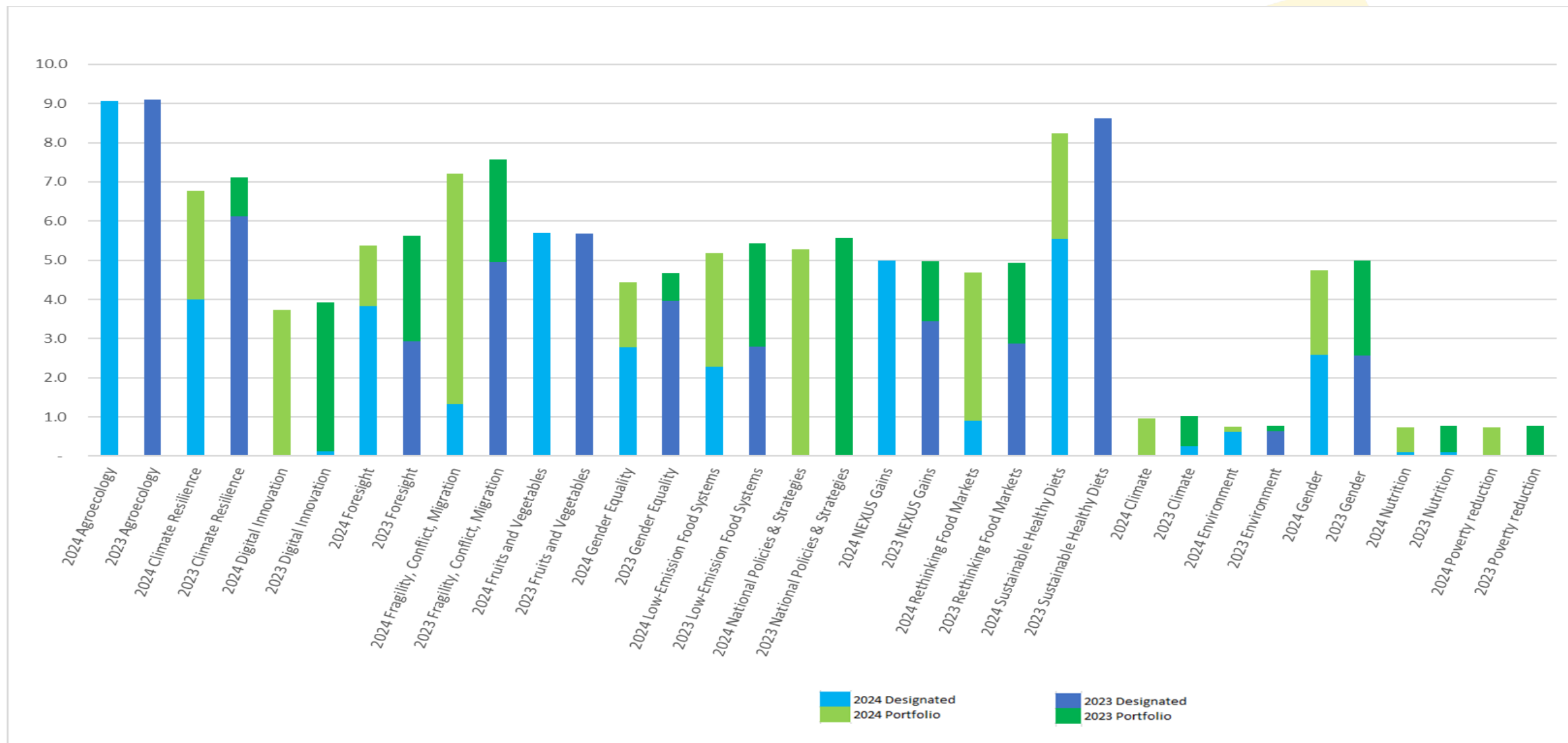
Initial portfolio funding in 2024 is estimated at 39%, compared to 32% in 2023. This is a welcome shift from a number of Funders allocating more funding to portfolio.

# Initial 2024 Allocations – Genetic Innovation

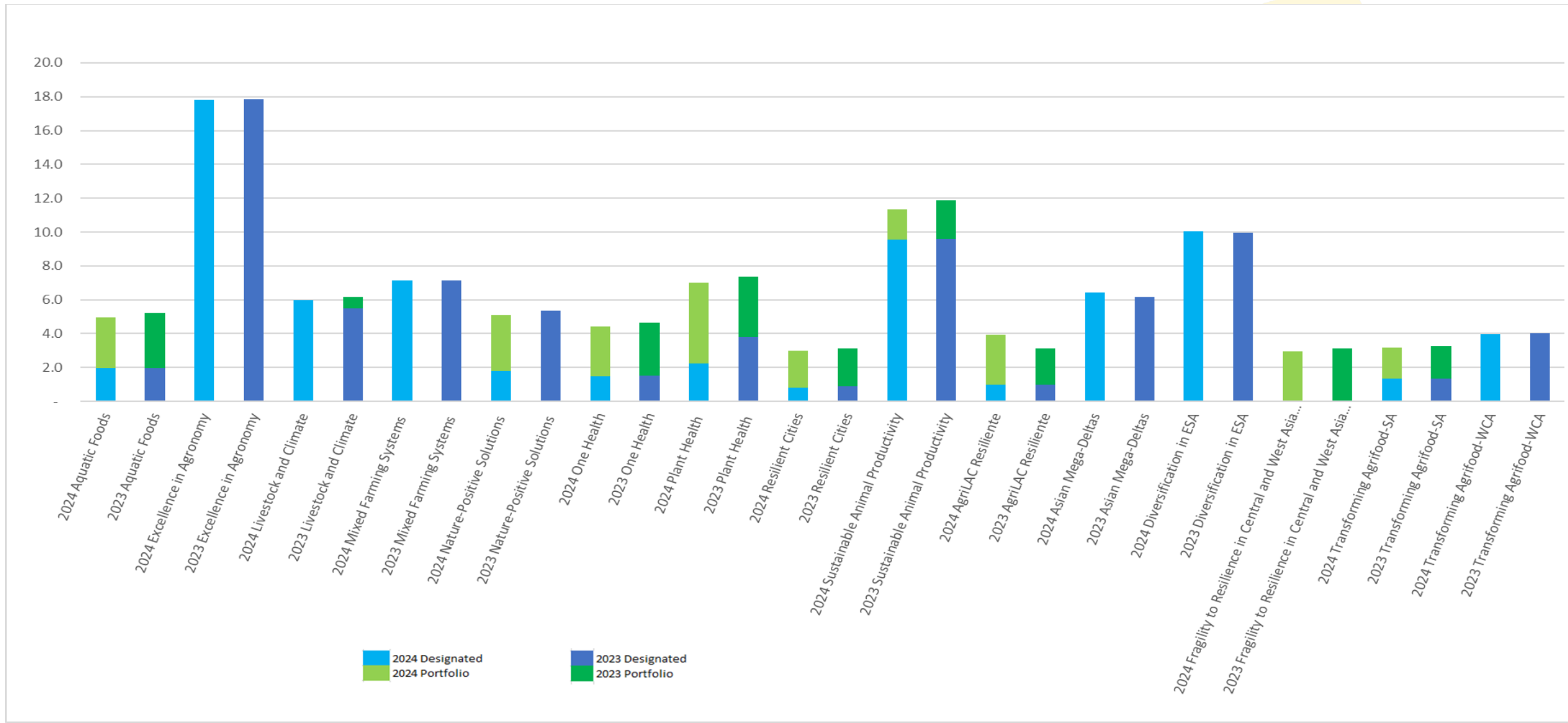


Taking into account the initial conservative W1 estimate for 2024, the differences between 2023 and 2024 funding across Initiatives in the GI space, are in the main minor.

# Initial 2024 Allocations – System Transformation



# Initial 2024 Allocations – Resilient Agri-Food Systems



## Next steps

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- Initiative Leaders plan based on their respective envelopes, mindful of the potential for in year upward adjustments, dependent on the final Funder confirmations.
- On track for a System Council approval before the end of the year.
- Assuming funding is formalized as expected, mid-year upward adjustments will be made Q2 of 2024.