



**CGIAR**



**SYSTEM ORGANIZATION**



**AUDITED  
FINANCIAL STATEMENTS**

For the year ended 31st of december 2023



## TO THE MEMBERS OF THE CGIAR SYSTEM MANAGEMENT BOARD

### OPINION

In compliance with the assignment entrusted to you by us, we have audited the accompanying financial statements of CGIAR System Organisation (the “Company”) for the year ended 31 December 2023 (the “Financial Statements”).

In our opinion, the “Financial statements” present fairly, in all material respect, the assets and liabilities and of the financial position of the Company as at 31 December 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European union.

### BASIS FOR OPINION

#### Audit Framework

We conducted our audit in accordance with the International Standards on Auditing. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under those standards are further described in the “Independent Auditor’s Responsibilities for the Audit of the “Financial Statements”” section of our report.

#### Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for chartered accountants.

#### Responsibilities of Management and Those Charged with Governance for the “Financial Statements”

Management is responsible for the preparation and fair presentation of the “Financial Statements” in accordance with International Financial Reporting Standards (IFRS) as adopted by the European union and for such internal control as management determines is necessary to enable the preparation of “Financial Statements” that are free from material misstatement, whether due to fraud or error.

In preparing the “Financial Statements”, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

These “Financial Statements” were prepared under the responsibility of the System Management Board.



## Independent Auditor's Responsibilities for the Audit of the "Financial Statements"

Our role is to issue a report on the "Financial Statements". Our objective is to obtain reasonable assurance about whether the "Financial Statements" as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these "Financial Statements".

Our audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with those standards, the independent auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the "Financial Statements", whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the "Financial statements";
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the independent auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the "Financial Statements" or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the "Financial Statements" and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Marseille, June 24, 2024

PricewaterhouseCoopers Audit

Vincent Thyssen  
Partner

# CGIAR SYSTEM BOARD

Table 1 below sets out the membership of the CGIAR System Board during 2023.

**Table 1: Board composition during 2023**

Name	Role	Term end
Lindiwe Majele Sibanda	Chair, voting member	31 December 2024
Alice Ruhweza	Voting member	30 June 2024
Alyssa Jade McDonald-Baertl	Voting member	30 June 2024
Hilary Wild	Voting member	30 June 2024
Neal Gutterson	Voting member	30 June 2024
Patrick Caron	Vice chair, voting member	30 June 2024
Shenggen Fan	Voting member	30 June 2024
Clarissa van Heerden	Ex-officio non-voting member <i>(Independent Chair, CGIAR Audit, Finance &amp; Risk Committee)</i>	31 May 2024
Ismahane Elouafi	Ex-officio non-voting member <i>(in capacity as Executive Director, CGIAR System Organization)</i>	From 1 December 2023 until a successor is appointed
Khuloud Odeh	Ex-officio non-voting member <i>(in capacity as Executive Director ad interim, CGIAR System Organization)</i>	Until 30 November 2023

## UNIFIED GOVERNANCE ARRANGEMENTS IN CGIAR (ONE CGIAR)

Since 2019, the CGIAR System has embarked on a process of reform, referred to as 'One CGIAR', to implement changes endorsed by the System Council to drive major progress in key areas where innovation is needed, anchored in more unified governance, institutions, country engagement, and funding. <sup>11</sup> CGIAR's Centers ('One CGIAR Centers') adopted this unified governance from October 2020, whereby their respective Boards of Trustees/Governing Boards appointed the same voting members of the CGIAR System Board to their boards. Following these decisions, those members represent a two-thirds majority of voting membership on each Center Board. In 2022, the Integration Framework Agreement ('IFA') was developed to confirm and clarify the path to One CGIAR. The IFA

was approved by the 11 One CGIAR Centers and the CGIAR System Organization and signed in February 2023. The purpose of the IFA is to set forth the objectives and core components of an integrated partnership in a way that furthers the Parties' own mandates and that is consistent with the parties' respective governing instruments and host country agreements.

During 2023 an independent review of the unified governance arrangements (the "Unified Governance Review") was carried out to determine whether they achieve the intended purpose or whether adjustments need to be made. The One CGIAR Centers and the System Organization approved the recommendations in December 2023.

1. AfricaRice center, International Maize and Wheat Improvement Center (CIMMYT), International Potato Center (CIP), International Center for Agricultural Research in the Dry Areas (ICARDA), International Food Policy Research Institute (IFPRI), International Institute of Tropical Agriculture (IITA), International Livestock Research Institute (ILRI), International Rice Research Institute (IRRI), International Water Management Institute (IWMI), WorldFish, The Alliance of Biodiversity International and the International Center for Tropical Agriculture (CIAT).

# LETTER FROM THE CHAIR OF THE BOARD



Prof. Lindiwe Majele Sibanda

The year 2023 marked significant progress in CGIAR's journey towards operating as an integrated partnership to enhance our ability to deliver on our critical mission. A major milestone was achieved with the signing of the Integration Framework Agreement ('IFA') by 13 CGIAR Centers ('One CGIAR Centers') and the CGIAR System Organization. This agreement recognizes that adopting a cohesive approach across the CGIAR system will greatly improve our ability to deliver on CGIAR's mandate and the individual mandates of each Center.

Central to this agreement was the implementation of a unified governance approach ('Unified Governance Review'). The goals were to provide more cohesive strategic direction and to foster alignment and cohesion in decision-making across Center Boards and the System Board. To assess the effectiveness of this unified governance structure, an independent review was conducted in 2023. The findings, presented in November, provided a strong foundation for the System Council, System Board, and One CGIAR Centers to agree on a set of recommendations in December 2023, paving the way for implementation in 2024.

Amidst these governance developments, CGIAR made substantial progress in delivering on our 2030 Research and Innovation Strategy. The 2022–2024 business plan encompassed 31 research initiatives to radically realign food, land, and water systems. These initiatives were strategically designed to drive meaningful, sustainable impact across five critical areas: Nutrition, Health, and Food Security; Poverty Reduction, Livelihoods, and Jobs; Gender Equality, Youth, and Social Inclusion; Climate Adaptation and Mitigation; and Environmental Health and Biodiversity. Progress is transparently reported via an online dashboard.

2023 also saw the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), joining the One CGIAR integrated partnership. ICRISAT plays a vital role in delivering a food and nutrition secure future in the semi-arid tropics, and its welcome participation in the integrated partnership will enable One CGIAR to deliver greater impact where it is needed most.

The year also brought changes to our executive leadership. We bade farewell to Dr. Claudia Sadoff, CGIAR's inaugural Executive Managing Director, who retired on August 1st. Professor Andrew Campbell served as Interim Executive Managing Director until the appointment of Dr. Ismahane Elouafi on December 1st. We extend our gratitude to Dr. Sadoff and Professor Campbell for their contributions to CGIAR and warmly welcome Dr. Elouafi in her new role.

In 2023, the CGIAR agreed to implement a significant reform to its integrated partnership, resulting in a more streamlined allocation of resources and considerable budget savings. The System Organization's total expenditure for the year was 16% lower than projected. However, it showed an increase against 2022, reflecting a strategic reinvestment of resources towards activities designed to bolster the functioning of CGIAR as an integrated partnership, thereby underlining the effectiveness of the reform.

The Board is therefore pleased to acknowledge the growing financial stability and improvement in the management of the System Organization's financial resources. Throughout 2023, the structure and resources of the CGIAR System Organization were strategically utilized to support CGIAR's activities. The Board remains confident that, with sound financial and programmatic planning, the System Organization is well-equipped to deliver on its mission. On behalf of the System Board, I wish to express sincere appreciation to our funders, science partners and dedicated staff of the System Organization and CGIAR Centers for their commitment to our mission throughout 2023.

A handwritten signature in black ink, appearing to be 'L. Sibanda', written in a cursive style.

Prof. Lindiwe Majele Sibanda  
*Chair, CGIAR System Board*

# STATEMENT ON RISK MANAGEMENT

## Our approach to risk

CGIAR recognizes that taking and managing risk is an integral part of delivering on its strategy. Effective risk management is critical to CGIAR's success and is a key element of good governance. The CGIAR System Organization, being one constituent part of CGIAR, cannot deliver on its mission without collective awareness of the evolving risks faced as opportunities are pursued.

The CGIAR System Board has the responsibility for ensuring that the CGIAR System Organization has in place appropriate risk management and internal control systems and practices, and for determining the nature and extent of risk it is willing to take for the organization to achieve its strategic objectives. The top

strategic, operational, and financial risks of the CGIAR System Organization due to its unique role in supporting CGIAR strategies are largely intertwined with the CGIAR strategy. The CGIAR System Organization primarily facilitates CGIAR-wide initiatives and actions. An Executive Risk Review cycle by the Executive Management Team to discuss and action top risks for CGIAR is in place. Updates provide visibility to different bodies and audiences e.g. Audit Finance and Risk Committee (AFRC), Assurance and Oversight Committee (AOC) and Internal Audit function. The schedule of periodic System Board meetings ensures that timely information on risk is provided for the Board to discharge its responsibilities.

## Top risks for CGIAR and the System Organization

Outlined below are the top 5 risk items identified and diligently monitored by the Executive Management Team

### Inability to implement CGIAR vision

Unable to complete institutional and scientific integration at speed and level envisioned. This may impact delivery, reputation and relationships with partners.

### Technology & data risk

Vulnerability to cyberattacks such as data breaches and ransomware can result in data loss, financial damage, and reputational harm. Non-compliance with data privacy regulations poses risks of fines, legal liabilities, and reputational damage. Adoption of emerging technologies like AI introduces additional risks, requiring governance and secure development practices to address potential harm.

### Inability to maintain partnerships and engage effectively with partners

Inability to maintain partnerships and engage effectively with partners primarily due to insufficient resources (time, people, funding) but also due to failure to understand complex stakeholder issues, big universe of new players and poor knowledge on stakeholders and partners may impact CGIAR's delivery on the five impact areas and its credibility.

### Failure to comply with legal and regulatory requirements

Failure to meet our legal (contractual or regulatory) obligations, including what is defined by host country agreements, could impact our relationships with host countries and partners, continuity of operations, reputation and funding.

### Capacity challenges amid global organizational changes

The transformation within OneCGIAR has been ongoing for several years. While the IFA and UGR bring clarity, there is a potential risk of divergent expectations and a lack of mutual understanding regarding the objectives, tasks, and resource distribution within global teams. Therefore, there is a risk of decreased staff motivation, heightened anxiety, and a potential loss of high-performing personnel.

# MANAGEMENT STATEMENTS OF RESPONSIBILITY FOR FINANCIAL REPORTING




Management has direct responsibility for the accounting of all 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 Organization are properly kept. On 17 June 2016, the CGIAR 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 Board and CGIAR System Management Office.

The accompanying annual financial statements of the CGIAR System Organization for the year ended 31 December 2023, 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 2023 Financial Statements.

The System Organization has fiduciary responsibility for all Window 1 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.

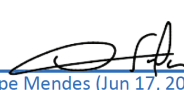
The System Organization's Chief Audit Executive performs internal audit assurance and advisory engagements according to a Charter approved by the CGIAR System Board pursuant to the International Standards for the Professional Practice of Internal Auditing. Internal Audit delivers findings and provides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

Separately, the System Organization prepares aggregated CGIAR System level financial information and [financial dashboards](#) which are based on the audited financial statements of all CGIAR Centers and the System Organization. The CGIAR System financial information presents System Organization and Center management, the CGIAR System Board and the System Council, with an accurate view of the System's financial operations, which enables the identification and discernment of strategic opportunities and risks.

  
Ismahane Elouafi - CGIAR EMDO (Jun 17, 2024 23:16 GMT+4)

Jun 17, 2024

Ismahane Elouafi  
Executive Managing Director

  
Luis Felipe Mendes (Jun 17, 2024 11:47 ADT)

Jun 17, 2024

Luis Felipe Mendes  
Sr. Director, Financial Planning and Analysis



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## STATEMENT OF FINANCIAL POSITION

For the years ended 31 December 2023 and 2022 (all figures expressed in thousands of US dollars)

<b>Assets</b>			
Current Assets	Note	2023	2022
Cash and Cash Equivalents	7	9,098	11,555
Accounts Receivable	8		
Funders	8.1	681	657
Employees	8.2	13	22
CGIAR Centers	8.3	5,180	2,892
Others	8.4	322	685
Prepaid Expenses	9	550	650
Accrued Income	10	-	-
<b>Total current assets</b>		<b>15,844</b>	<b>16,461</b>
Non-Current assets			
Property, Plant and Equipment	11	-	-
<b>Total Assets</b>		<b>15,844</b>	<b>16,461</b>

<b>Liabilities and Net Assets</b>			
Current Liabilities	Note	2023	2022
Accounts Payable	12		
Funders	12.1	2,189	5,174
Employees	12.2	103	37
CGIAR Centers	12.3	7,120	4,689
Others	12.4	2,078	3,004
Accruals and Provisions	13	3,662	2,900
<b>Total current liabilities</b>		<b>15,152</b>	<b>15,804</b>
Undesignated Net Assets		692	657
<b>Total Liabilities and Net Assets</b>		<b>15,844</b>	<b>16,461</b>

## STATEMENT OF ACTIVITIES AND OTHER COMPREHENSIVE INCOME

For the years ended 31 December 2023 and 2022 (all figures expressed in thousands of US dollars)

<b>Revenue and Gains</b>		<b>2023</b>			<b>2022</b>		
	Note	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Grant Revenue							
Window 1 & 2	14	-	49,202	49,202	-	35,806	35,806
Bilateral	Schedule1	14	453	467	-	1,709	1,709
<b>Total Grant Revenue</b>		<b>14</b>	<b>49,655</b>	<b>49,669</b>	<b>-</b>	<b>37,515</b>	<b>37,515</b>
Other Revenue	15	421	-	421	408	-	408
<b>Total Revenue and Gains</b>		<b>435</b>	<b>49,655</b>	<b>50,090</b>	<b>408</b>	<b>37,515</b>	<b>37,923</b>
Expenses							
CGIAR collaboration	16	-	2,357	2,357	298	2,011	2,309
Non-CGIAR collaboration	16	-	792	792	-	1,107	1,107
General and Administration	16	540	46,506	47,046	-	34,397	34,397
<b>Total Operating Expenses</b>		<b>540</b>	<b>49,655</b>	<b>50,195</b>	<b>298</b>	<b>37,515</b>	<b>37,813</b>
Financial Income	17	558	-	558	558	-	558
Financial Expense	17	418	-	418	555	-	555
		<b>140</b>	<b>-</b>	<b>140</b>	<b>3</b>	<b>-</b>	<b>3</b>
<b>Surplus (Deficit) for the year</b>		<b>35</b>	<b>-</b>	<b>35</b>	<b>113</b>	<b>-</b>	<b>113</b>

## STATEMENT OF CASH FLOWS

For the years ended 31 December 2023 and 2022 (all figures expressed in thousands of US dollars)

	2023	2022
Cash flows generated from / (used in) operating activities		
Surplus for the year	35	113
<i>Adjustments to reconcile changes in net assets to net cash provided by operating activities:</i>		
Decrease (increase) in assets		
Accounts receivable	(1,961)	(1,267)
Prepaid expenses	100	(448)
Property, Plant and Equipment	-	4
Increase (decrease) in liabilities		
Accounts payable	(1,394)	2,918
Accruals and provisions	763	(291)
<b>Net cash generated from (used in) operations</b>	<b>(2,457)</b>	<b>1,029</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>11,555</b>	<b>10,526</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>9,098</b>	<b>11,555</b>

## STATEMENT OF CHANGES IN NET ASSETS

For the years ended 31 December 2023 and 2022 (all figures expressed in thousands of US dollars)

(all figures expressed in thousands of US dollars)	2023	2022
Balance as of January 01	657	544
Surplus for the year	35	113
<b>Balance as of December 31</b>	<b>692</b>	<b>657</b>



# NOTES TO FINANCIAL STATEMENTS

## 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 System Organization manages the day-to-day operations of the System Organization, the System Board and the 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 then-titled 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<sup>2</sup>. 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 its stakeholders with a comprehensive annual review of its business performance and financial positions.

### 1.1. Headquarters Agreement with the French Government

On March 04, 2013, the Consortium of International Agricultural Research Centers signed an Agreement with the French Government regarding "Headquarters of the Consortium and its privileges and immunities in the French Territory<sup>3</sup>. On March 31, 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 Euro 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.

## 2. Vision

CGIAR's vision is a world with sustainable and resilient food, land, and water systems that deliver diverse, healthy, safe, sufficient, and affordable diets, and ensure improved livelihoods and greater social equality, within planetary and regional environmental boundaries.

## 3. Mission

CGIAR's mission is to deliver science and innovation that advance the transformation of food, land, and water systems in a climate crisis.

## 4. 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.

### 4.1. Basis of preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS also cover 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 December 31, 2023 ("**Financial Statements**"), have been prepared on a going concern basis. The approach adopted by the System Organization for the management of financial risks is discussed in Note 5 "Management of Financial Risks" below.

Financial statement formats and related classification criteria adopted by the 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".

2. Approved by the Fund Council on April 05, 2011, and the System Management Board July 2016;

3. 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.

# NOTES TO FINANCIAL STATEMENTS

## 4.2. 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 in US Dollars, the currency of the primary economic environment in which the System Organization operates (the "functional currency"). Assets and liabilities denominated in other currencies are converted at the exchange rate in effect at the end of each fiscal year. Grants received in currencies other than US dollars are recorded at market exchange rates in effect at the time the grant is received or, if outstanding as of December 31, 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 restricted grants.

Restricted grants are those that are received from a transfer of resources, including Window 1 funds transferred from the CGIAR Trust Fund, 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 funder's conditions. Restricted grants are recognized as revenue to the extent of expenses for that grant are incurred.

#### Grants revenues are segregated into:

- *Restricted Portfolio*: Window 1 funds received from CGIAR Research Programs or Platforms that is recognized as revenue only as expenses are incurred in support of the specific activities supported by the CGIAR Research Programs or Platform.
- *Restricted Non-portfolio*: Window 1 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.

#### 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 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.
- *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 settled when payment is received.
- Advances to CGIAR Centers are recognized when the cash or other assets are delivered to the Center or when a payment is made to settle a Center's liability.
- Other receivables are recognized upon the occurrence of an 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 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 \$5,000 or greater including VAT, freight and installation costs.

# NOTES TO FINANCIAL STATEMENTS

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 the straight line 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.

The proceeds from the sale of controllable assets is recognized as 'other unrestricted revenue' in the statement of activities and other comprehensive income.

## f) Accounts payables

These amounts represent liabilities for goods and services provided to the 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 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 management's best estimate of the transfer of resources required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a 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

### 1- 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.

### 2. Defined contribution plan

The System Organization contributes to a defined contribution retirement benefit plan for all qualifying employees. The 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 organization in the name of the Trustees.

## i) Net assets

Net assets include general undesignated reserves in their utilization.

## 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 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 records 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 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), the organization is exempt from income taxes. Consequently, the organization does not account for income tax in its financial statements.

## 4.3. New and Amended International Financial Reporting Standards

The System Organization have set out below the accounting standards, amendments or interpretation as issued by the International Accounting Standards Board (IASB).

# NOTES TO FINANCIAL STATEMENTS

## a.) New standards, amendments and interpretation issued effective as of 2023:

Description	Effective date*
IFRS 17 Insurance Contracts	01 January 2023
Amendments to IFRS 17	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	01 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	01 January 2023
International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12) — application of the exception and disclosure of that fact.	01 January 2023

None of the above standards, amendments and interpretations had a significant impact on the System Organization's financial statements.

## b.) Standards not yet effective but available for early adoption:

Description	Effective date*
Amendments to IAS 7 & IFRS 7 - Supplier Finance Arrangements	01 January 2024*
IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information	01 January 2024*
Classification of Liabilities as Current or Non-current – Deferral of Effective Date (Amendment to IAS 1)	01 January 2024*
Non-Current Liabilities with Covenants (IAS1)	01 January 2024*
Lease Liability in a Sale and Leaseback Amendments to IFRS 16	01 January 2024*
IFRS S2- Climate-related Disclosures	01 January 2024*
Amendments to IAS 21- Lack of Exchangeability	01 January 2024*
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Available for optional adoption/effective date deferred indefinitely
IFRS S2 - General Requirements for Disclosure of Sustainability-related Financial Information	01 January 2025

The System Organization has considered the new standards, amendments and interpretations as detailed in the above table and does not plan early adoption of these standards. The application of all these standards, amendments or interpretations will be considered in detail in advance of a confirmed effective date by the organization.

The System Organization has not adopted any other new standards or interpretations that are not mandatory. The organization anticipate that the adoption of those standards or interpretations will have no material impact of the financial statements of the organization in the period of initial application.

## 5. Management of Financial Risks

The activities of the System Organization are exposed to the following financial risks: Market risk (including exchange rate risk), credit risk, and liquidity risk.

Management of the System Organization identifies, evaluates and hedges 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](#).

### 5.1. Market risk

The 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 US Dollars, the latter being the currency with which the organization predominantly operates. The sensitivity of the Statement of Activities and Other Comprehensive Income to changes in the exchange rate rises mainly from Euro denominated cash and cash equivalents, accounts receivable and payables.

The System Organization monitors the exposure to foreign currency risk arising from operating activities and reduces its exposure to Euro fluctuations by maintaining cash inflows and outflows in the same currency to the maximum extent possible. Based on the limited transactions in foreign currencies, the organization does not use derivative financial instruments to hedge its foreign exchange exposure in relation to investments or cash flows.

The impact on the net surplus (deficit) of the organization of a reasonably possible change in the US Dollar exchange rate in comparison to the Euro can be determined by considering the impact of a 10% shift in the exchange rate:

\* Where new requirements are endorsed, the EU effective date is disclosed. For un-endorsed standards and interpretations, the IASB's effective date is noted. Where any of the requirements are applicable to the System Organization, it will apply from their EU effective date.

# NOTES TO FINANCIAL STATEMENTS

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 partners and hosted Centers are subject to the System Organization's internal requirements to limit losses arising from funds advanced by the System Organization.

- The following receivables consist of various transactions with CGIAR Centers for hosting Centers' staff in Montpellier, as well as the management of subscriptions to services provided to CGIAR Centers, such as online research library subscriptions, cloud services management, and other shared services provided by the System Organization to CGIAR Centers.

- No credit risk in such transactions was identified.

December 31, 2023

	Exchange Rate to USD			Sensitivity Impact on Surplus (Deficit)		
	December 31 Rate	10% Higher	10% Lower	High USD	Low USD	Range USD
Euro	0.90	0.99	0.82	3	(3)	6

December 31, 2022

	Exchange Rate to USD			Sensitivity Impact on Surplus (Deficit)		
	December 31 Rate	10% Higher	10% Lower	High USD	Low USD	Range USD
Euro	0.93	1.02	0.84	11	(11)	22

## 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 rates are on the funds held in the bank accounts.

## 5.2. Credit risk

The System Organization's credit risk represents the exposure of the 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 Centers may not be paid on the due date leading then to an increase in their age.

To mitigate the credit risk associated with its counterparties, the System Organization management 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.

December 31, 2023	2023 USD	2022 USD
Not yet overdue	1,404	690
Overdue 1 - 30 days	168	289
Overdue 30 - 90 days	2,858	192
Overdue 91 - 120 days	7	-
Overdue by more than 120 days	743	571
<b>Total</b>	<b>5,180</b>	<b>1,742</b>

# NOTES TO FINANCIAL STATEMENTS

## 5.3. Liquidity risk

Liquidity risk takes place when the 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 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 the short-term period.

December 31, 2023

	Carrying amount USD	Within 12 months USD	Between 1 and 5 years USD	Over 5 years USD
Payables	11,490	11,490	-	-
Other current and non-current liabilities	3,662	3,662	-	-
<b>Total</b>	<b>15,152</b>	<b>15,152</b>	-	-

December 31, 2022

	Carrying amount USD	Within 12 months USD	Between 1 and 5 years USD	Over 5 years USD
Payables	12,882	12,882	-	-
Other current and non-current liabilities	2,900	2,900	-	-
<b>Total</b>	<b>15,782</b>	<b>15,782</b>	-	-

## 6. Use and Estimate assumptions

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 statement of activities and other comprehensive income, 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.

## 7. Cash and Cash equivalents

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

As of December 31	2023 USD	2022 USD
Bank accounts held in USD	2,560	4,300
Certificates of Deposit ('CoD') in USD	-	4,500
Bank accounts held in EUR	538	2,755
Term Deposit in USD – 3 months (I)	6,000	-
<b>Total</b>	<b>9,098</b>	<b>11,555</b>

(I) The following Term Deposit with maturity dates in the year 2024 were made with HSBC with the objective to preserve the System Organization operating funds.

Deposit Date	Maturity Date	Rate	Amount USD	Earned Interest USD
Nov. 6, 2023	Feb. 6, 2024	5.60%	6,000	85
<b>Total</b>			<b>6,000</b>	<b>85</b>



# NOTES TO FINANCIAL STATEMENTS

## 8. 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.

### 8.1. Accounts receivable – Funders

As of December 31	2023 USD	2022 USD
European Commission	558	657
Food and Agriculture Organization of the United Nations (FAO)	108	-
The Rockefeller Foundation	15	-
<b>Total</b>	<b>681</b>	<b>657</b>

'Accounts receivables – Funders' consist of receivables from the European Commission towards the final disbursement of the grant No. FOOD/2020/419-368 for the Transition to One CGIAR awarded on December 2020 and received in March 2024; FAO and the Rockefeller Foundation sponsorships of the COP28 Food and Agriculture Pavilion, funds have been fully received in the first quarter of 2024.

### 8.2. Accounts receivable – Employees

As of December 31	2023 USD	2022 USD
Employees	13	22
<b>Total</b>	<b>13</b>	<b>22</b>

### 8.3. Accounts receivable – CGIAR Centers

As of December 31	2023 USD	2022 USD
AfricaRice	14	1
Bioversity	1,435	11
CIAT	155	-
CIMMYT	261	226
CIP	141	836
ICARDA	132	-
ICRAF	62	2
ICRISAT	70	64
IFPRI	1,079	698
IITA	469	115
ILRI	308	335
IRRI	60	110
IWMI	84	11
WorldFish	73	9
Sales invoices to be issued	837	474
<b>Total</b>	<b>5,180</b>	<b>2,892</b>

"Accounts Receivable - CGIAR Centers" comprise the following:

- (I) Receivables from CGIAR Centers for hosting Centers' staff in Montpellier.
- (II) Advances provided to CGIAR Centers for hosting System Organization staff who deliver on behalf of the overall CGIAR Integrated Partnership.
- (III) Receivables of invoices issued to CGIAR Centers for the management of subscriptions to services provided to CGIAR Centers, such as online research library subscriptions, cloud services management, and other shared services provided by the System Organization to CGIAR Centers.
- (IV) Sales invoices to be issued consist of invoices to be issued to CGIAR centers for hosting CGIAR Centers' staff regarding employee hosting and IT-related costs.

### 8.4. Accounts receivable – Others

As of December 31	2023 USD	2022 USD
VAT Reclaimable from French Government (I)	129	370
AIARC (II)	93	207
Advance to Trade Creditors (III)	100	108
<b>Total</b>	<b>322</b>	<b>685</b>

- (I) VAT portion of payments to suppliers, which is claimable from the French Government.
- (II) Advances to a third-party supplier (AIARC - the Association of International Agricultural Research Centers, a not-for-profit 501(c)(3) membership corporation, headquartered in Alexandria, Virginia, USA), for processing the monthly payroll, pension contributions and health insurance premiums for the System Organization personnel.
- (III) Advance to Trade Creditors consists of deposits made during the year and overpayment of 2023 fees which will be netted off against future invoices.

# NOTES TO FINANCIAL STATEMENTS

## 9. Prepaid expenses

As of December 31	2023 USD	2022 USD
Supplies and services (I)	446	568
Prepaid education allowance (II)	104	82
<b>Total</b>	<b>550</b>	<b>650</b>

(I) Relates mainly to annual subscription for IT related services and software.

(II) Annual educational grant<sup>4</sup> paid to staff dependents as per System Organization Personnel Policy Manual Implementation Guidelines, amendment no. 8.

## 10. Accrued Income

Accrued income relates to interest earned on investments. The organization held no investments at year end therefore all income was earned in the financial year.

## 11. Property, plant and equipment

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

As of December 31	2023 USD	2022 USD
<b>Cost</b>		
Balance on January 01	12	12
Additions	-	-
<b>Balance as of December 31</b>	<b>12</b>	<b>12</b>
<b>Accumulated depreciation</b>		
Balance on January 01	12	8
Charge for the year	-	4
<b>Balance as of December 31</b>	<b>12</b>	<b>12</b>
<b>Net carrying value</b>	<b>-</b>	<b>-</b>

There were no additions in the year 2023

4. The System Organization provides assistance with the education of dependent children of staff members. This assistance is limited to children enrolled in grades kindergarten (from age 3 onwards) through secondary education and is paid for a maximum period of 10 years per staff member. This assistance is limited to four children.

## 12. Accounts payable

### 12.1. Funders

As of December 31	2023 USD	2022 USD
CGIAR Centers Board Orientation Program	79	79
CGIAR Trust Fund - W1 funds (I)	2,110	5,095
<b>Total</b>	<b>2,189</b>	<b>5,174</b>

(I) Consists of W1 funds transferred by the CGIAR Trust Fund not utilized during the year; hence not recognized as revenue. See section 4.2 - Other accounting policies.

### 12.2. Accounts payable – Employees

As of December 31	2023 USD	2022 USD
Employees	103	37
<b>Total</b>	<b>103</b>	<b>37</b>

'Accounts payable – Employees' mainly consists of school fees allowances and expense claims to be reimbursed to System Organization employees.

### 12.3. Accounts payable – CGIAR Centers

As of December 31	2023 USD	2022 USD
Africa Rice	6	-
Bioversity International	3,878	772
CIAT	154	301
CIMMYT	5	134
CIP	42	1,352
ICARDA	180	188
IFPRI	1,609	901
IITA	368	467
ILRI	516	539
IRRI	137	33
IWMI	43	-
WorldFish	182	2
<b>Total</b>	<b>7,120</b>	<b>4,689</b>

# NOTES TO FINANCIAL STATEMENTS

'Accounts Payable – CGIAR Centers' represents the financial obligations of the System Organization to various CGIAR Centers. These obligations arise from the hosting services provided by the Centers, which include the provision of office space, administrative support, and other essential resources to staff members of the System Organization.

The Centers, in turn, submit quarterly expense reports detailing the costs incurred in providing these hosting services.

The 'payables' reflected in the 2023 financial statements specifically pertain to the expense liquidation requests submitted for up to December 2023. These payment requests were received in January 2024 and subsequently settled in early 2024.

## 12.4. Accounts payable – Others

As of December 31	2023 USD	2022 USD
<b>Trade Creditors</b>	<b>2,078</b>	<b>3,004</b>

'Trade Creditors' consists of amounts owing to external suppliers or consultants for the supply of goods or services.

## 13. Accruals and Provisions

As of December 31	2023 USD	2022 USD
Accruals for supplies and services (I)	2,958	2,284
Provision for unutilized leave (II)	459	371
Provision for staff repatriation (III)	245	245
<b>Total</b>	<b>3,662</b>	<b>2,900</b>

'Accruals' consist of contracts for the delivery of goods and services fully executed as of December 31, 2023, but not invoiced by suppliers, staff leave balances as of December 31, 2023 and accrual of staff repatriation allowances as defined in the System Organization Personnel Policy Manual Implementation Guidelines, amendment no. 8.

(I) Consists of accruals for goods and services and expenses related to Partnership Agreements with CGIAR centers.

(II) Regular staff members accumulate paid vacation leave. The provision considers accumulated leave days as of 31 December 2023. In accordance with the System Organization Personnel Policy Manual Implementation Guidelines, amendment no. 8, upon separation, accumulated days as of 31 December plus any earned but unused days from the following 1 January to the date of termination will be paid in a lump sum within a maximum of 60 days.

(III) Provision for staff repatriation amounts due to eligible staff for travel and shipping costs at end of service, calculated in accordance with the System Organization Personnel Policy Manual Implementation Guidelines, amendment no. 8.

## 14. Window 1 Revenue

The revenue of USD 49.2 million consists of Window 1 funds received from the CGIAR Trust Fund. In 2023, the CGIAR System Organization was funded through the Cost Sharing Percentage (CSP<sup>5</sup>) for USD 18.5 million and Window 1 pooled funding of USD 30.7 million. In 2022 USD 35.8 million was funded through CSP USD 16.1 million and Window 1 pooled funding of USD 19.7 million.

## 15. Other Revenues

USD	2023		2022	
	Unrestricted portfolio	Restricted Non-portfolio	Unrestricted portfolio	Restricted Non-portfolio
Internal Tax (I)	379	-	292	-
Other income (II)	42	-	116	-
<b>Total</b>	<b>421</b>	<b>-</b>	<b>408</b>	<b>-</b>

5. Cost Sharing Percentage (CSP) is the annual cost-sharing allocation that is charged to all funds to cover the cost of the CGIAR System Entities. Once collected it is deposited to Window 1.

(I) The System Organization has a policy that an internal tax of 5.5% of gross salaries is applied to all staff members.

(II) This corresponds to a penalty recovery after a successful result on the claim filed with the supplier, plus a late cost recovery which was declared as a loss in 2022.

# NOTES TO FINANCIAL STATEMENTS

## 16. Expenses

### 16.1. Expenses by Natural Classification

In 2023, the System Organization's total expenditure was \$50.2 million. This represents an increase of \$12.4 million, or 33%, compared to the previous year. The primary driver behind this

increase was the strategic recruitment of global staff functions in line with the One CGIAR recruitment strategies aimed at enabling and supporting the accomplishment of CGIAR's Integrated Partnership vision and mission.

USD	2023			2022		
	Unrestricted portfolio	Restricted Non-portfolio	Total	Unrestricted portfolio	Restricted Non-portfolio	Total
Personnel	-	23,938	23,938	-	15,134	15,134
CGIAR Collaboration	-	2,357	2,357	298	2,011	2,309
Non-CGIAR Collaboration	-	792	792	-	1,107	1,107
Supplies & Services <sup>6</sup>	540	19,680	20,220	-	16,823	16,823
Travel	-	2,888	2,888	-	2,440	2,440
<b>Total</b>	<b>540</b>	<b>49,655</b>	<b>50,195</b>	<b>298</b>	<b>37,515</b>	<b>37,813</b>

### 16.2. System Entities' 2023 expenditure

Historically, the CGIAR System Organization's mandate comprising the portion of science and innovation outside Initiatives & Platforms, the institutional enablers, and overall CGIAR governance and independent functions, has been referred to as the 'System Entities' activities, as specified below:

(I) **Science and innovation** consist of direct contributions to the science and innovation agenda. This includes scientific leadership and engagement of CGIAR's Science Groups; science and Portfolio engagement with partners at all levels; thought leadership on the digital and data agenda in CGIAR's Portfolio; and Initiatives' and Platforms' performance management and coordination.

(II) **Institutional enablers** consist of functions enabling and supporting the accomplishment of CGIAR's Integrated Partnership vision and mission: Business Operations and Finance (BO&F), Communications and Outreach (C&O), the Executive Office, Innovative Finance and Resource Mobilization (IFRM), Legal and Risk, and People and Culture (P&C); and

(III) **Overall governance and independent functions**, include activities inherent to the CGIAR System Council, the CGIAR System Board and their committees, as well as the General Assembly of the Centers; the Independent Advisory and Evaluation Service (IAES), comprising the Independent Science for Development Council (ISDC), the Standing Panel on Impact Assessment (SPIA), and the CGIAR evaluation function; as well as Ethics and Business Conduct (EBC) and internal audit.

USD	2023			2022		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
<b>I. Science and innovation</b>		<b>17,350</b>	<b>17,350</b>		<b>11,000</b>	<b>11,000</b>
<b>II. Institutional Enablers</b>	<b>540</b>	<b>20,054</b>	<b>20,594</b>	<b>298</b>	<b>16,834</b>	<b>17,132</b>
<b>III. Governance &amp; independent functions</b>		<b>12,251</b>	<b>12,251</b>		<b>9,681</b>	<b>9,681</b>
System Council and committees		201	201		306	306
System Board and committees		2,292	2,292		1,267	1,267
Secretariat of the Board and Council		1,834	1,834		843	843
Independent Advisory & Evaluation Service		6,321	6,321		5,974	5,974
Ethics & Business Conduct		990	990		643	643
Internal Audit (CGIAR System Internal Assurance Services)		613	613		648	648
<b>Total</b>	<b>540</b>	<b>49,655</b>	<b>50,195</b>	<b>298</b>	<b>37,515</b>	<b>37,813</b>

6. Supplies and services expenses consist of expenses related to consultancies, professional fees, operating expenses, building expenses and meetings and workshops

# NOTES TO FINANCIAL STATEMENTS

## 17. Financial Income and Financial Expense

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

## 18. The entity's ability to continue as a going concern

In 2023, the CGIAR System Organization's total revenue and expenses reached \$50.2 million, signifying a 33% growth compared to 2022. The 2023 budget anticipates an increase of 15% to a budget of \$60 million.

CGIAR Window 1 (W1) Pooled Funding contributions experienced significant growth in 2023, with total contributions of \$289 million from \$274 million in 2022. The 2023 Financing Plan targets new contributions of \$308 million, further confirming our continued growth trajectory.

The CGIAR System Organization's costs are primarily funded through revenue coming from W1 and a 2% 'Cost Sharing Percentage' (CSP) recovered from W1 and CGIAR Centers Window 3 and bilateral funding. The projected growth in W1 Pooled Funding ensures a strong financial foundation for the System Organization.

The management team has conducted a thorough analysis of

the potential impacts of current geopolitical uncertainties and their influence on the worldwide macroeconomic climate. As per [PwC's Global Economy Watch](#), the global inflation rate is anticipated to decrease to 3.3% in 2024. In light of these macroeconomic hurdles, including inflation, exchange rate volatility, escalating commodity prices, and supply chain disruptions, the System Organization has formulated its 2024 budget. This budget accounts for a 5% increase in the net cost of goods and services in 2024, which is a significant buffer above the forecasted global inflation rate. The organization continues to operate without any debt, and it has successfully navigated the current exchange rate fluctuations.

Furthermore, considering the potential food security crises arising from the conflicts in Ukraine and Gaza, the need for the solutions provided by CGIAR has become increasingly apparent. CGIAR researchers have been closely monitoring these crises at the global and national levels<sup>7</sup>. CGIAR is well-positioned to address these challenges, given its focus on identifying countries' vulnerabilities and needs, and engaging with policymakers and other stakeholders on evidence-based policy responses. We remain confident in CGIAR's capacity to make a significant contribution to global food security in these challenging times.

Taking these developments into account, management remains optimistic about the System Organization's capacity to maintain operations in the foreseeable future, effectively utilize its assets, and fulfil its liabilities and commitments in the ordinary course of business.



7. [Famine in Gaza - CGIAR](#) / [Ukraine Conflict: Impacts on Agricultural Markets and Food Security - CGIAR](#)

# SCHEDULE I – GRANT REVENUE

For year ended 31 December 2023

USD		Funds Available	Receivables from donors	Grants revenue	
				2023	2022
<b>Unrestricted: Bilateral</b>					
	MA Investment Management Pty Ltd	14	-	14	-
	<b>Total Unrestricted</b>	<b>14</b>	<b>-</b>	<b>14</b>	<b>-</b>
<b>Restricted projects: Bilateral</b>					
	European Commission	(600)	558	(42)	1,359
	Food and Agriculture Organization of the United Nations (FAO)	46	108	153	-
	International Fund for Agricultural Development (IFAD)	177	-	177	-
	The Rockefeller Foundation	150	15	165	-
	<b>Total Restricted</b>	<b>(227)</b>	<b>681</b>	<b>453</b>	<b>1,359</b>
	<b>Grand Total</b>	<b>(213)</b>	<b>681</b>	<b>467</b>	<b>1,359</b>



# SCHEDULE I – GRANT REVENUE

For year ended 31 December 2023 (USD ,000)

## FUNDER AND PROGRAM PROJECTS

Restricted projects: Bilateral	Start Date	End Date	Grant Pledge	Additional Contributions and gains	Expenditure prior years	2023 Expenditure	Total Expenditure & Reimbursements	Balance
<b>European Commission</b>								
Institutional support for the transition to One CGIAR	01/01/2021	06/30/2022	2,893	90*	2,893	(10)	2,883	100
<b>Sub-Total</b>			<b>2,893</b>	<b>90</b>	<b>2,893</b>	<b>(10)</b>	<b>2,883</b>	<b>100</b>
*Total pledge of EUR2,500, adjusted to update exchange rate of expected receivables								
<b>Food and Agriculture Organization of the United Nations (FAO)</b>								
Organization of the COP28 Food and Agriculture Pavilion	11/11/2023	11/30/2023	153	-	-	153	153	-
<b>Sub-Total</b>			<b>153</b>	<b>-</b>	<b>-</b>	<b>153</b>	<b>153</b>	<b>-</b>
<b>International Fund for Agricultural Development (IFAD)</b>								
Contribution to host the Food and Agriculture Pavilion at the UNFCCC COP28	11/30/2023	12/12/2023	177	-	-	177	177	-
<b>Sub-Total</b>			<b>177</b>	<b>-</b>	<b>-</b>	<b>177</b>	<b>177</b>	<b>-</b>
<b>The Rockefeller Foundation</b>								
Advancing scientific and political understanding at COP28 to aid transitioning to a climate-conscious food system	01/01/2023	01/31/2024	165	-	-	165	165	-
<b>Sub-Total</b>			<b>165</b>	<b>-</b>	<b>-</b>	<b>165</b>	<b>165</b>	<b>-</b>
<b>Total Restricted Projects</b>			<b>3,388</b>	<b>(90)</b>	<b>2,893</b>	<b>485</b>	<b>3,378</b>	<b>100</b>





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