



Financing the 2009 CGIAR Research Agenda

**ExCo15
October 2008**

2009 CGIAR Financing Plan

- **Context**
- **Investments**
- **Financing**
- **Risks and Opportunities**
- **ExCo Recommendation**

Context

- **Change Management**
 - **3 Strategic objectives v. 5 Priority areas**
 - **Central Fund v. Donor sovereignty**
 - **Programmatic v. institutional approach**
- **Food Price crisis**
- **Towards a \$1 billion CGIAR**
- **On going international financial crisis**

Structure of CGIAR Financing

- **CGIAR Investments are financed mainly by investor grants, but also by Center earned income and reserves**
- **Investor grants are either unrestricted or restricted; are pledged annually or on a multi-year basis**
- **Restricted grants are an exchange transaction between an Investor and Center**
- **Earned income arises from management of liquid assets, disposal of fixed assets, surplus from self-sustaining activities**
- **Reserves arise from savings of unrestricted grants, earned income, recovery of indirect costs on restricted projects and fx gains**

2009 Investments

- **Implementing CGIAR System Priorities in 2009 will require total investments of \$576 million**

2009 Investments Summary

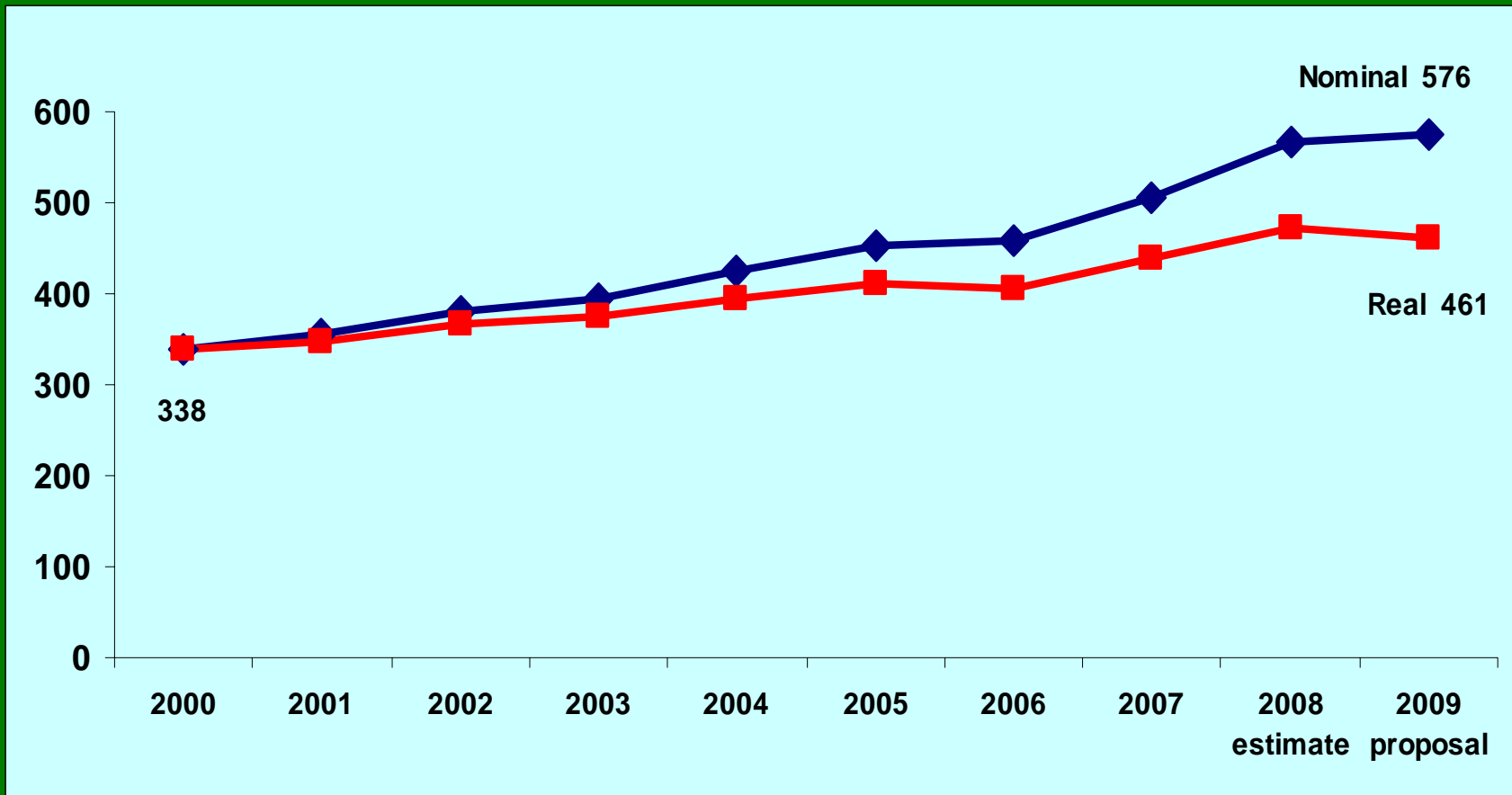
in \$ million

	<u>2009</u>	<u>2007</u>	<u>Change</u>
Centers	508	446	14%
Challenge Programs	58	48	21%
CGIAR Facilitation and Business processes	<u>10</u>	<u>12</u>	<u>(17%)</u>
Total	576	506	14%

Total represents an increase of 14% in nominal terms, or 5% in real terms, compared with 2007

CGIAR Investment Trends

\$million



2009 Financing Summary

in \$ million

	<u>2009</u>	<u>2007</u>	<u>Change</u>
Investor Grants	521	495	5%
Earned Income	20	25	(20%)
Reserves & Grants under negotiation	<u>35</u>	<u>(14)</u>	
Total	576	506	14%

Investor grants represent a nominal increase of 5% compared with 2007 but a real decrease of 3% compared with the same year

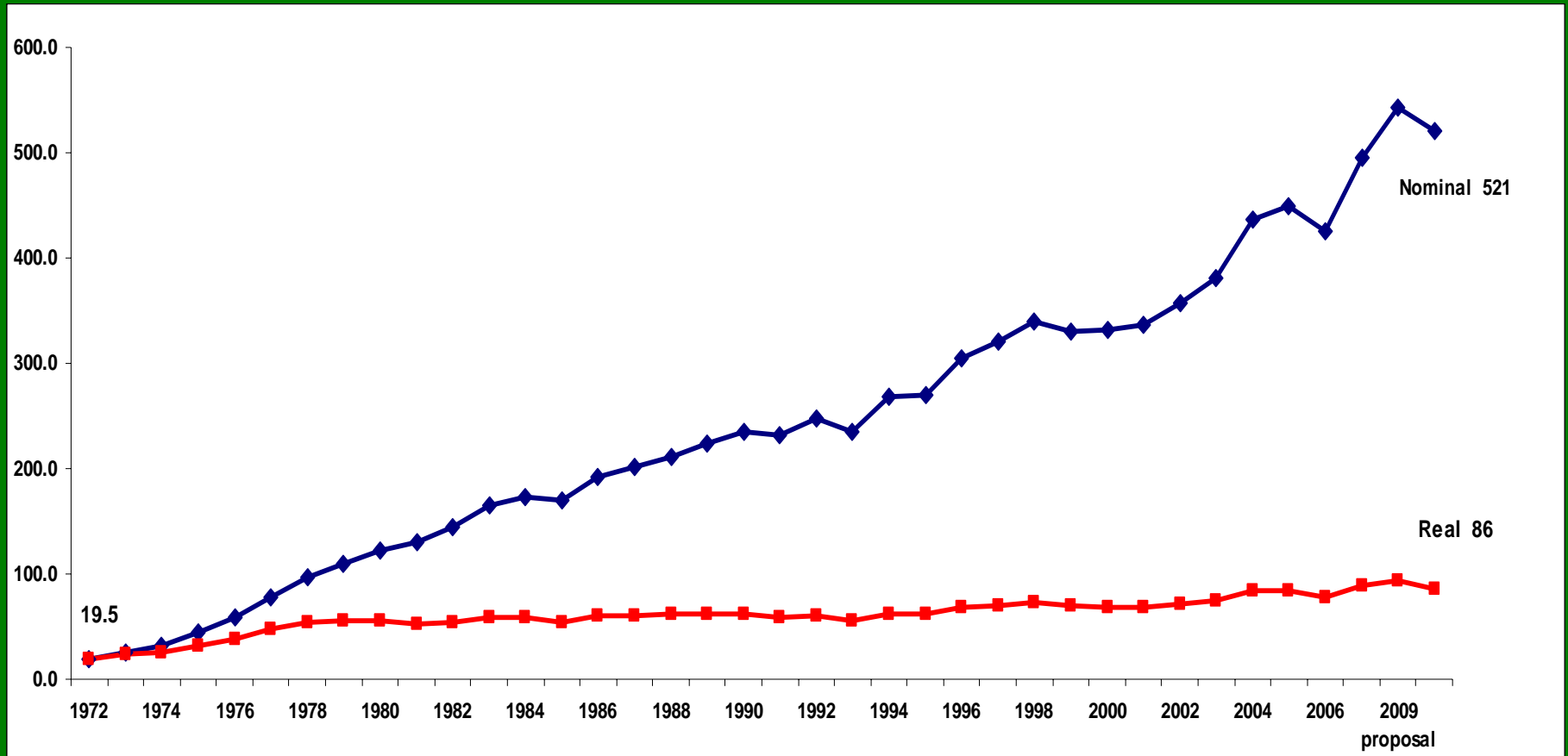
Investor Grants - Ranking

\$million

2009 Projected		2007 Actual	
Overall CGIAR			
World Bank	50	European Commission	62
United Kingdom	48	United States	59
European Commission	38	World Bank	50
United States	38	United Kingdom	45
Canada	33	Canada	31
Germany	19	Switzerland	18
Sweden	18	Germany	16
Switzerland	17	Norway	15
Norway	17	Netherlands	14
Netherlands	13	Sweden	14
Total	291	Total	323
Developing Countries			
India	7	India	7
Egypt	3	China	1
Iran	1	Kenya	1
Colombia	1	Pakistan	1
South Africa	1	Colombia	1
Total	13	Total	10
Bill & Melinda Gates Fdn.	42	Bill & Melinda Gates Fdn.	23

CGIAR Funding Trends

in \$ million



Risks and Opportunities

1. **Timing: FX impact**
2. **Policy Environment**
3. **Impact of ongoing Changes in global financial architecture**
4. **Rate of implementation of restricted projects**

Exchange Movements

- **Trend of recent years in relationship between contribution currencies v. USD continued into first half of 2008**

	Dec 07	Jun 08
e.g USD: €	1.466	1.579

- **Volatility**

	Jun 08	Sept 18	Sept25
e.g. USD: €	1.579	1.419	1.467

- **However, USD continuing to gain v. expenditure currencies (e.g., Ksh, COP, MYR)**

Risks and Opportunities

Policy Environment

- **Pronouncements related to Food Price Crisis: G8, World Food Summit, RBZ's call for doubling CGIAR support, WB TICADIV**
- **Some recent Actions:**
 - **WB \$1.2b Global Food Crisis Response Facility**
 - **Japan Pledge increase of \$20m over 5 years**
 - **DFID £ 130 m over 5 years**
 - **USAID \$240 million to WFP (2008)**
- **Window of opportunity – how long will it be open?**

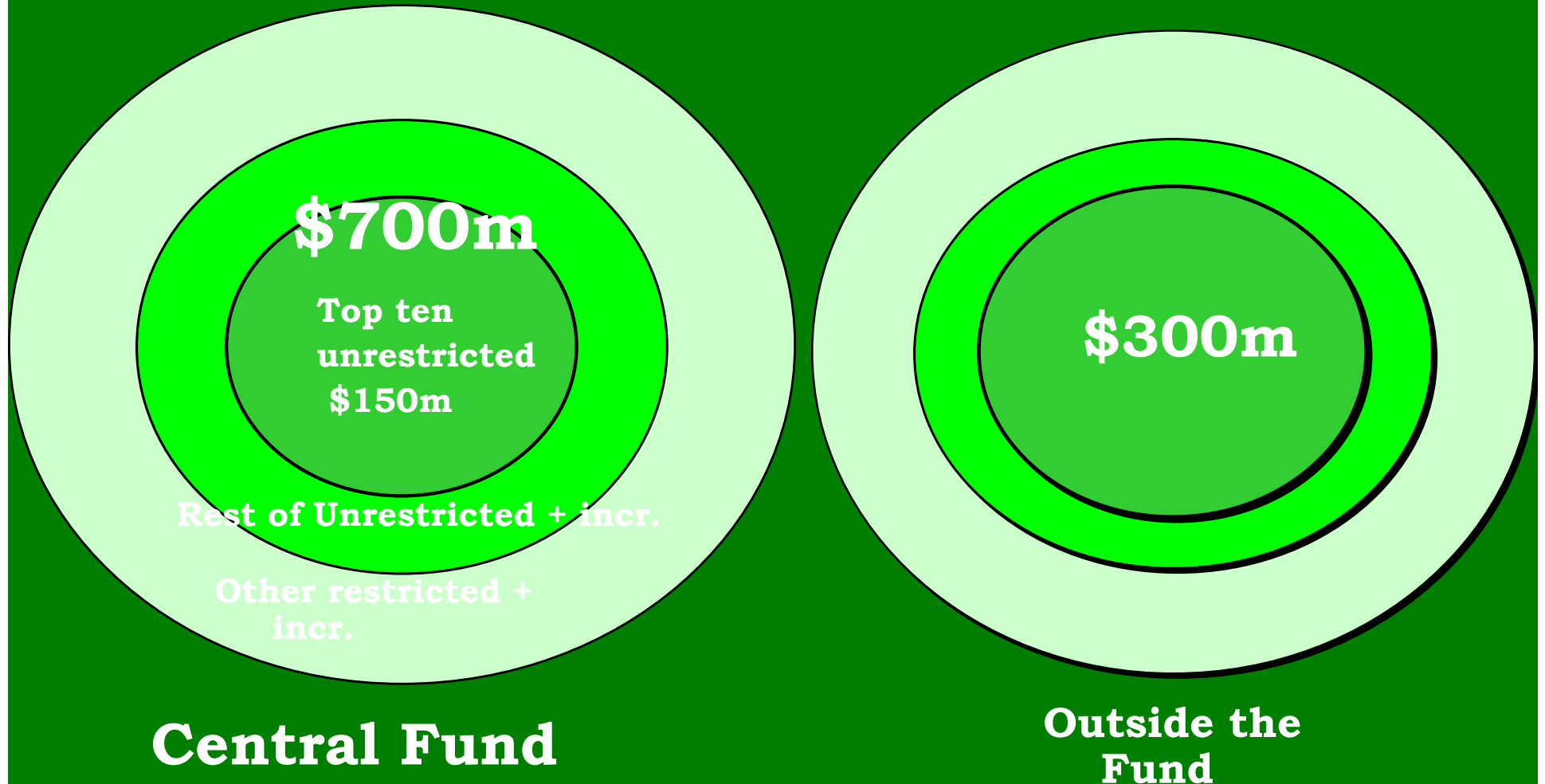
Risks and Opportunities

Ongoing International Financial Crisis

- **Cost of financial stabilization plans on public expenditure budgets and ODA (e.g., \$700b + in the US, and various in Europe)**
- **Medium to long term impact dependent on country's budget and fiscal health/flexibility**
- **1% reduction in GDP growth = additional 20m people slipping into poverty (less than \$1/day)**
- **Bulk of CGIAR funding from discretionary ODA (not based on legal commitments or replenishment)**

Change Management

Illustration of Possible Evolution of the Central Fund (2009-2013)



Conclusion

- **Plans by definition are subject to internal and external, and positive and negative factors.**
- **The 2009 Plans did not take into account current variables that are now likely to affect realization of planned targets.**
- **Factors affect both income and expenditure.**
- **Plans are not cast in stone, and Centers always need to take actions to maintain equilibrium.**
- **Nevertheless, plans represent aspirations and provide benchmarks for monitoring and evaluation.**

2009 Financing Plan for ExCo Recommendation

\$million

	<u>2009</u> Proposal	<u>2007</u> Actual
<u>Investments</u>		
Centers	508	446
Challenge Programs		
Centers	24	31
Partners	34	17
System Office and Committees	10	12
Total Investments	576	506
<u>Financing</u>		
Investor Grants		
Centers	473	435
Challenge Programs		
Centers	18	31
Partners	20	17
System Office and Committees	10	12
Total Grants	521	495
Earned Income	20	25
Other sources/(reserves)	35	(14)
Total Financing	576	506



Thank You !