

March 29, 2002



## **Second Meeting of the CGIAR Executive Council**

*April 16 - 17, 2002*

*Aleppo*

### **Outline of 2003 CGIAR Financing Plan**

*At AGM01, the Group expressed the interest to have detailed information in the summary of Centers' financing plans prepared by the Secretariat. Specifically, the Group requested information on the historical context of center proposals as well as operational indicators in order to put perspective on the proposals. The Secretariat agreed to provide an outline of the 2003 financing plan paper for the Executive Council's comments in advance of the 2003 financing plan submission by the centers this fall.*

*Although the plans will not be submitted until September, the paper will be organized in four sections: the first section shall lay out the new process for reviewing and approving the 2003 CGIAR financing plan. The second section will summarize the proposal in aggregate terms while section III shall go into the details of the historical trends in investment and funding of the individual proposals. The final section will provide detailed information at the center level to give a sense of each center's financial health going forward into the financing plan year.*

## **Introduction:**

As shown in the table below, Centers propose a financing plan requiring [\$xxx million] in investor funding. Details of the 2003 investment by CGIAR output, as well as the financing by center are shown below in Table [x]. This proposal compares with a 2001 actual outcome of [\$xxx million] and a 2002 estimate of [\$xxx million].

## **Section I: Financial Decision-making Cycle**

### **Process Leading Up to Implementation of the 2003 Research Agenda**

At AGM01, the Group approved a new decision-making calendar for to start with the 2003 program, and the 2003-2005 medium-term planning cycle.

#### **November 2001**

- The Group authorized the commissioning of the 2003 planning process, and issuance by the Secretariat of the guidelines for 2003 planning under the oversight of the Executive Council;

#### **June**

- Secretariat to issue Guidelines to Centers with the following guiding principles:
  - \$[xxx] million aggregate funding target;
  - 2001 actual funding as baseline;
  - assumption for World Bank allocations;

#### **July – August**

- Centers interact with investors and prepared detailed Financing Plans (FP), and revising their MTPs;

#### **October**

- Ex-Co reviews summary of the center financing plans and MTPs;

#### **October/November**

- Ex-Co reviews and endorses the [revised] plans, as necessary;
- Group approves the 2003-5 updated MTPs and 2003 CGIAR Financing Plan;

#### **January 2002**

- Investors begin disbursement of funds;
- Centers begin implementation of Approved Research Agenda.

## Section II: Summary of plans by Center

This section summarizes the individual plans in terms of how the proposed investment will be financed: donor funding, center-generated income, and reserves or deficits. The table below summarizes this information, and will clearly show which centers would incur deficits if the proposed level of expenditure is achieved without additional funding.

**2003 Investment by CGIAR Output and Center Financing**  
(in \$ million)

	Allocation by CGIAR Outputs					Program Total	Financed by:			Memo Item:
	Germplasm Improvement	Germplasm Collection	Sustainable Production	Policy	Enhancing NARS		Funding	Center Income	Reserves <sup>1/</sup>	
CIAT										
CIFOR										
CIMMYT										
CIP										
ICARDA										
ICLARM										
ICRAF										
ICRISAT										
IFPRI										
IITA										
ILRI										
IPGRI										
IRRI										
ISNAR										
IWMI										
WARDA										
<b>TOTAL</b>										
% of Total										
MTM97 approved	20%	11%	40%	12%	17%	100%				

The submissions can also be summarized by showing the sources of the proposed changes in 2003 compared with 2001, from each center's top five contributors, as illustrated below.

**Sources of 2003 Changes over 2001 Actuals, as forecasted by Centers**  
(in \$ million)

	Net Change 2003 v.2001	Top 5 Increases by Investor					Subtotal	Other Increases and Decreases
		1	2	3	4	5		
CIAT		Member amt.	Member amt.	Member amt.	Member amt.	Member amt.	0.0	
CIFOR								
CIMMYT								
CIP								
ICARDA								
ICLARM								
ICRAF								
ICRISAT								
IFPRI								
IITA								
ILRI								
IPGRI								
IRRI								
ISNAR								
IWMI								
WARDA								
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Section III: Analysis of the Financing Plans in Context of Historical Trends**

The "Program Total" column in Table 1 above will be analyzed by comparing it with the 1999 – 2002 investments as presented in the following table.

## CGIAR Investment by Center

(in \$ million)

	Actuals			Estimate <sup>1/</sup>	Forecast <sup>2/</sup>
	1999	2000	2001	2002	2003
CIAT	30.7	29.5	30.4	31.2	
CIFOR	12.7	12.6	13.2	14.0	
CIMMYT	37.4	39.0	41.3	37.5	
CIP	21.6	20.2	20.0	21.1	
ICARDA	22.8	23.4	22.3	21.4	
ICLARM	12.4	10.4	13.1	14.3	
ICRAF	21.8	20.7	20.7	25.6	
ICRISAT	23.2	23.3	24.1	22.0	
IFPRI	20.1	21.2	23.1	22.0	
IITA	32.7	30.1	30.1	34.1	
ILRI	26.5	26.5	28.4	30.0	
IPGRI	20.4	21.5	23.1	24.5	
IRRI	35.1	32.6	32.6	34.0	
ISNAR	9.7	8.2	8.4	9.1	
IWMI	8.8	8.9	11.5	14.3	
WARDA	10.9	9.4	9.4	10.9	
<b>TOTAL</b>	<b>347</b>	<b>338</b>	<b>352</b>	<b>366</b>	

<sup>1/</sup> financing plan (AGM01).

<sup>2/</sup> Center financing plans and MTP proposals, September 2002.

Similarly the "Funding" column will be analyzed by comparing it with the 1999 – 2002 funding as shown in the table below.

## CGIAR Funding <sup>1/</sup>

(in \$ million)

	Actuals			Estimate <sup>2/</sup>	Forecast <sup>3/</sup>
	1999	2000	2001	2002	2003
CIAT	25.3	25.4	25.2	27.2	
CIFOR	10.1	10.7	10.9	12.4	
CIMMYT	30.0	33.3	35.2	23.9	
CIP	17.1	17.2	16.0	16.9	
ICARDA	17.4	18.5	19.1	19.2	
ICLARM	10.1	10.0	10.8	12.8	
ICRAF	18.1	18.4	19.1	22.6	
ICRISAT	18.8	18.6	18.0	18.8	
IFPRI	18.5	18.2	19.9	19.5	
IITA	28.0	25.7	26.0	28.5	
ILRI	22.7	19.9	22.4	25.6	
IPGRI	17.2	19.2	19.8	21.7	
IRRI	28.8	29.9	25.7	26.7	
ISNAR	7.3	7.0	7.3	8.0	
IWMI	6.5	7.2	10.0	12.7	
WARDA	8.7	7.2	7.5	9.2	
<b>TOTAL</b>	<b>284</b>	<b>286</b>	<b>293</b>	<b>306</b>	

<sup>1/</sup> Excludes World Bank allocations

<sup>2/</sup> Financing Plan (AGM01)

<sup>3/</sup> Center financing plans and MTP proposals, September 2002.

### Variance Analysis:

As part of the analysis to put the proposals in historical context, the Secretariat has analyzed the variances between proposed financing plans and actual outcomes by center since 1997. The analysis shows that ILRI had the highest average deviation (actual outcome was \$4 million lower than the amount forecasted in the financing plan) during the period. ILRI also had the highest one-year deviation (\$5.1 million in 1997). However, ILRI had one of the lowest standard deviations over the period (i.e., it consistently overprojected its funding by \$3 – 5 million over the five year period). Low standard deviations were also observed for CIFOR, ISNAR and IWMI. On the other hand the forecasts of CIAT, CIMMYT, ICARDA and IRRI showed wide variability over the period, indicating that their historical patterns would play a lesser role in the predicting the future.

The table below provides more information on the variance between outcomes and financing plan funding forecasts by center during the last five years.

### Variance of Actual from Financing Plan

\$million

Centers	1997	1998	1999	2000	2001	Variability	
						Average	StdDev
CIAT	1.7	0.9	-4.5	-3.2	-3.9	-1.8	2.9
CIFOR	-0.5	-0.9	-1.9	0.2	-1.3	-0.9	0.8
CIMMYT	0.0	-3.6	-0.2	4.8	2.8	0.8	3.2
CIP	0.5	-1.1	-2.9	2.6	-3.6	-0.9	2.5
ICARDA	-0.3	5.0	-3.4	-0.3	-3.3	-0.5	3.4
ICLARM	-2.4	-0.7	0.5	-2.4	-2.6	-1.5	1.4
ICRAF	4.8	-1.2	-0.6	-1.1	-0.6	0.3	2.6
ICRISAT	1.4	0.8	-2.1	-1.4	-2.7	-0.8	1.8
IFPRI	1.1	1.9	0.5	-1.8	0.0	0.3	1.4
IITA	0.2	-1.3	4.0	-3.1	-3.7	-0.8	3.1
ILRI	-5.1	-3.5	-3.0	-4.9	-3.5	-4.0	0.9
IPGRI	-1.6	-0.3	-2.0	-1.3	-1.6	-1.4	0.6
IRRI	-0.6	3.8	-0.7	3.7	-3.8	0.5	3.2
ISNAR	-0.7	0.2	0.0	-0.7	0.3	-0.2	0.5
IWMI	-0.2	0.2	0.6	-1.3	0.0	-0.1	0.7
WARDA	-2.2	-1.0	0.9	-3.7	-4.6	-2.1	2.2
<b>TOTAL</b>	<b>-3.9</b>	<b>-0.8</b>	<b>-14.8</b>	<b>-13.9</b>	<b>-32.1</b>	<b>-13.1</b>	<b>12.3</b>

#### Section IV: Center Highlights and Selected Financial Performance Indicators

This section discusses salient issues in each center's financial situation, and provides a few key financial indicators to give sense of the center's financial health, as well as the programmatic and regional distributions. Key financial indicators include:

- Cash position,
- working capital,
- current ratio,
- days receivable,
- unrestricted net assets.

These indicators are illustrated in the table below for CIAT.

### CIAT Program and Resource Highlights, 1997-2003

	ACTUAL					EST.	PLAN
	1997	1998	1999	2000	2001	2002	2003
<b>Center Income (\$m)</b>							
Agenda Funding	31.7	32.1	28.7	29.2	28.4	30.4	0.0
<i>of which percent unrestricted</i>	60%	55%	50%	43%	35%	35%	
Center Earned Income	1.6	0.9	0.6	1.0	2.1	1.0	
Advance/drawdown on reserves				0.6			
<b>Total</b>	<b>33.3</b>	<b>33.0</b>	<b>29.3</b>	<b>30.7</b>	<b>30.5</b>	<b>31.4</b>	
<b>Membership Agenda Support (\$m)</b>							
Europe	12.3	13.4	10.0	10.2	10.5	10.7	
Pacific Rim	4.1	4.4	5.0	4.2	3.1	3.0	
North America	4.5	4.6	4.6	4.4	5.0	4.8	
Developing Countries	2.6	2.6	2.7	2.3	3.0	3.0	
International & Regional Organizations	6.0	4.4	4.4	5.4	4.3	4.2	
Foundations	1.1	1.2	0.5	0.7	1.0	1.3	
Non-Members	1.1	1.5	1.4	2.0	1.5	3.4	
<b>Total</b>	<b>31.7</b>	<b>32.1</b>	<b>28.7</b>	<b>29.2</b>	<b>28.4</b>	<b>30.4</b>	<b>0.0</b>
<b>Top Three Contributors</b>							
	World Bank	Japan	Japan	Japan	United States	United States	
	Japan	World Bank	World Bank	World Bank	World Bank	World Bank	
	United States	United States	United States	United States	Switzerland	Switzerland	
<b>Agenda Program Expenditures (%)</b>							
Germplasm Improvement	30%	30%	27%	27%	26%	27%	
Germplasm Collection	10%	10%	13%	13%	11%	13%	
Sustainable Production	43%	43%	41%	44%	43%	44%	
Policy	6%	6%	7%	6%	6%	6%	
Enhancing NARs	12%	12%	11%	10%	14%	10%	
<b>Total (\$ million)</b>	<b>33.3</b>	<b>33.5</b>	<b>30.7</b>	<b>29.6</b>	<b>30.1</b>	<b>29.6</b>	
<b>Regional Expenditures (%)</b>							
Sub-Saharan Africa (SSA)	23%	22%	23%	24%	24%	24%	
Asia	8%	8%	10%	11%	11%	11%	
Latin America / Caribbean (LAC)	67%	68%	66%	63%	63%	63%	
West Asia / North Africa (WANA)	1%	2%	2%	2%	2%	2%	
<b>Center Financial Position Highlights</b>							
Cash and cash equivalents(\$m)	7.8	5.8	8.4	6.0	8.3		
Accounts receivable days	114	105	118	80	118		
Net Assets at December 31 (\$m)	23.0	21.8	20.3	13.3	13.4		
<i>of which unrestricted</i>	<i>n/a</i>	<i>n/a</i>	20.1	13.0	13.2		
Working Capital (days expenditure)	53	40	44	67	29		
Current ratio	1.3	1.3	1.3	1.6	1.6		