

Financing the 2009 CGIAR Research Agenda

**Annual General Meeting
December 2008**

2009 CGIAR Financing Plan

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

Evolving Context

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

2009 Investments

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

2009 Investments Summary

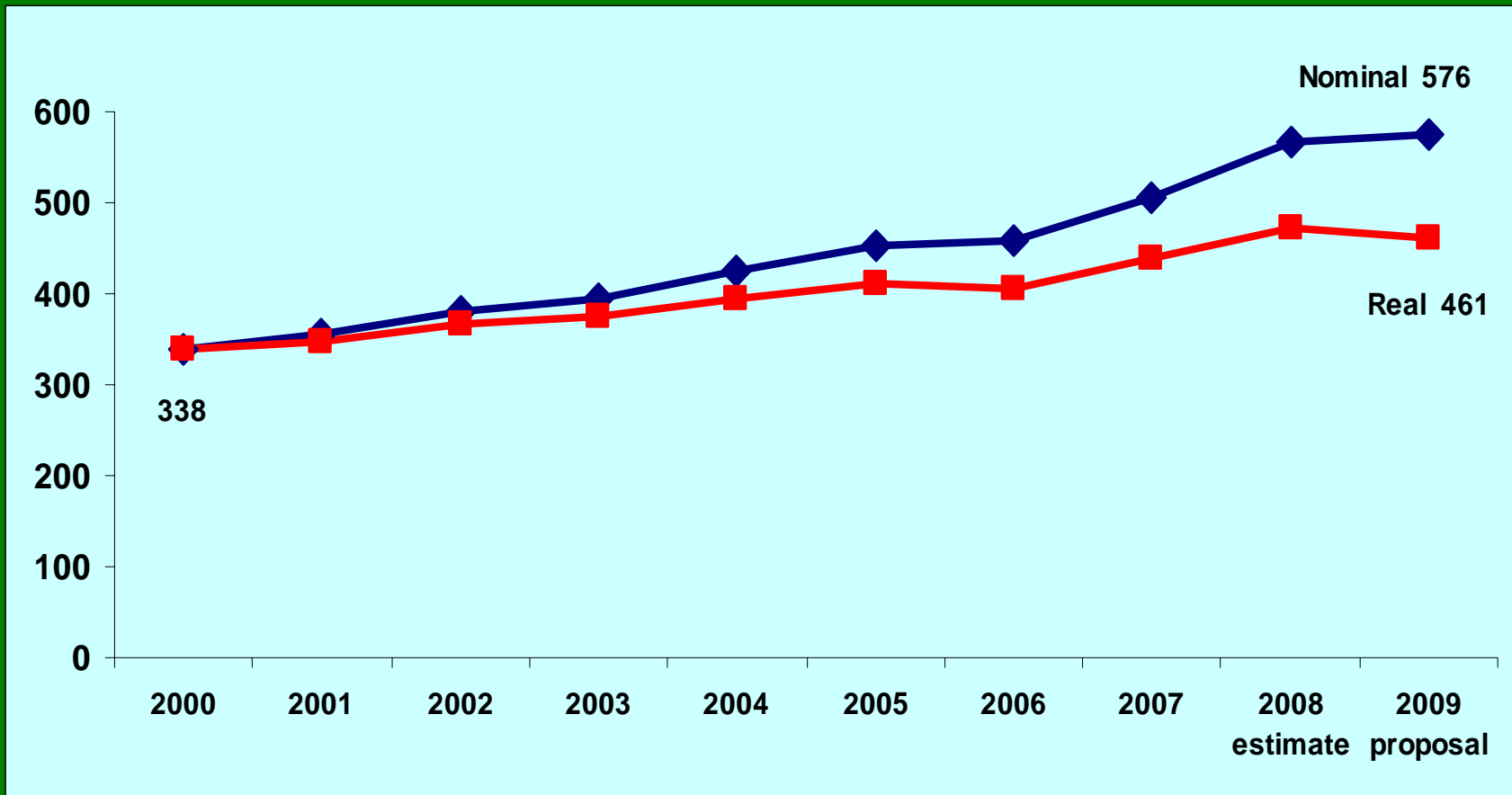
in \$ million

	<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



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 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

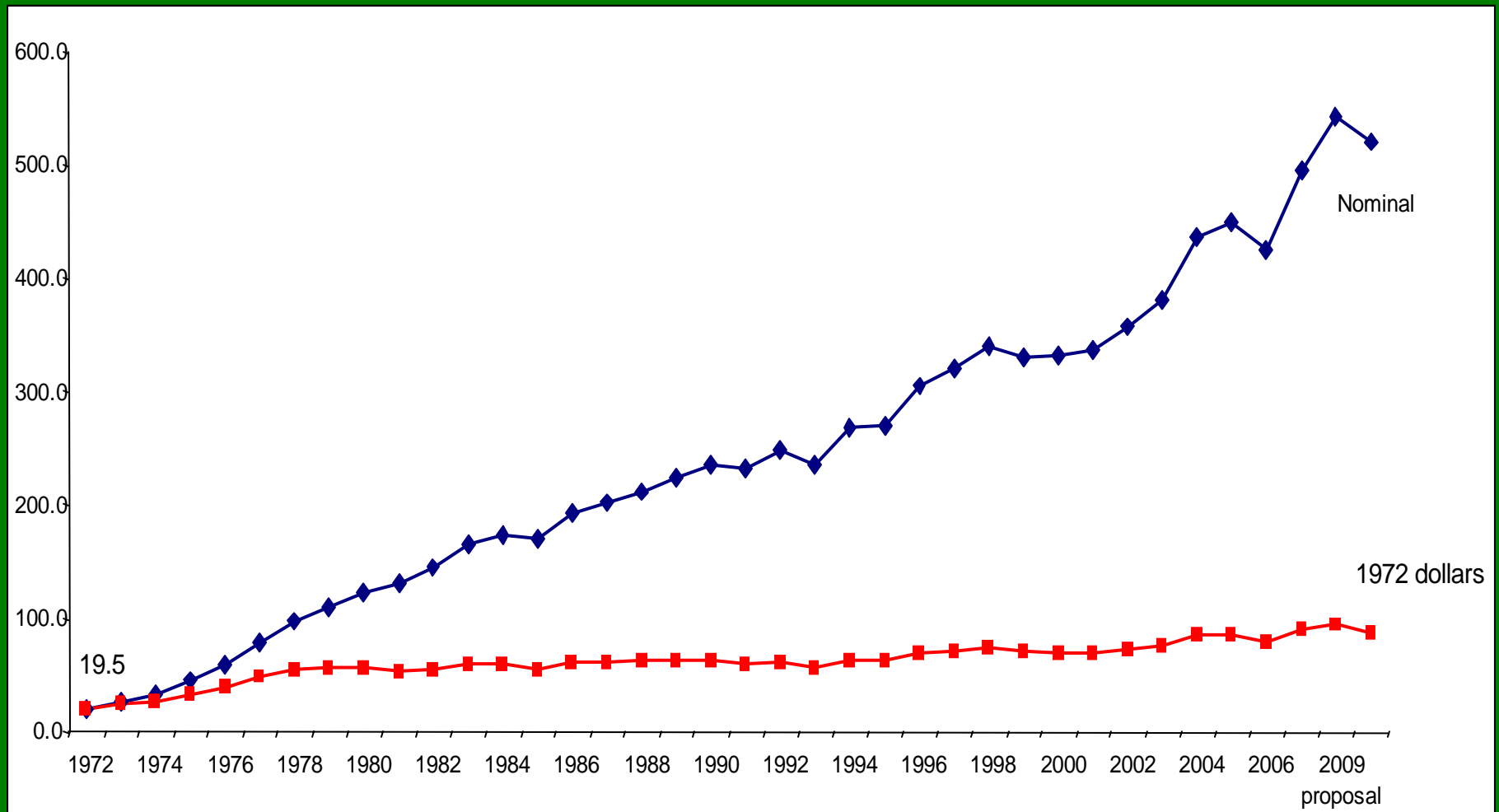
Investor Grants - Ranking

\$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 nominal & 1972 dollars



Risks and Opportunities

1. **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	Nov
e.g. USD: €	1.579	1.419	1.269

- **However, USD continuing to gain v. expenditure currencies (e.g., KES, INR, PHP, CFA)**

Risks and Opportunities

Policy Environment

- **Pronouncements related to Food Price Crisis:**
 - **G8 Summit**
 - **World Food Summit**
 - **RBZ's call for doubling CGIAR support**
 - **TICAD IV**
- **Some recent Actions:**
 - **DfID £130m over 5 years to CGIAR**
 - **\$1.2b Global Food Crisis Response Facility (WB)**
 - **\$6.1b Climate Initiative Fund (WB)**
 - **Japan \$100m new initiative for agric productivity in Africa with focus on rice**
 - **USAID \$240m to WFP (2008)**
- **Window of opportunity – how long ?**

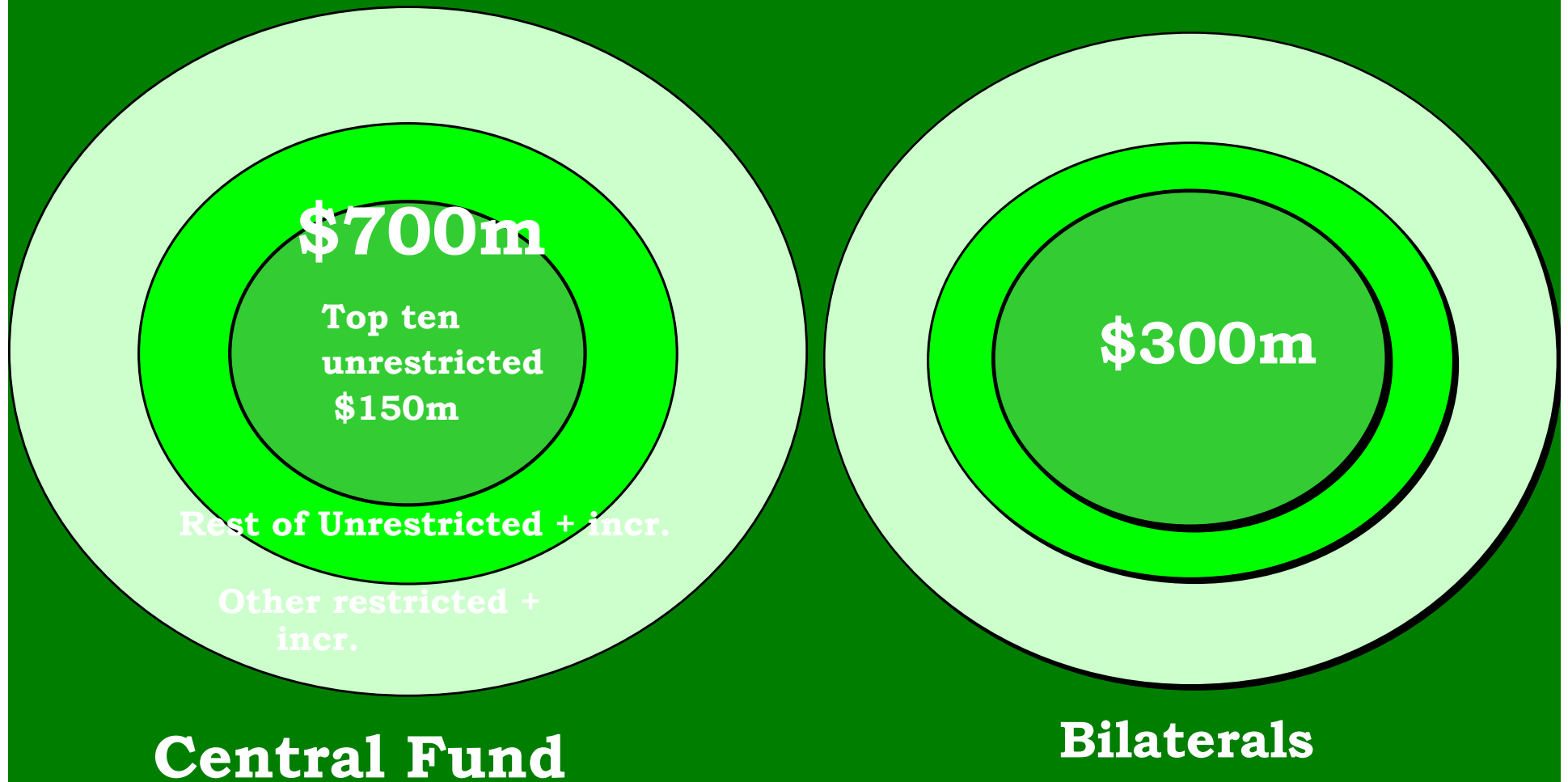
Risks and Opportunities

Ongoing International Financial Crisis

- **Cost of financial stabilization plans on public expenditure budgets and ODA (e.g., \$700b+ in the US, various in Europe and \$600b+ in China)**
- **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 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 !

Progress Report on ExCo Follow-up

Red Flags on Liquidity and/or Reserves

	2003		2004		2005		2006		2007	
	Liquidity	Reserves	Liquidity	Reserves	Liquidity	Reserves	Liquidity	Reserves	Liquidity	Reserves
Africa Rice	Red	Red	Red	Red	Red					
Bioversity		Red						Red		
CIAT	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
CIMMYT	Red	Red	Red	Red	Red	Red				
IWMI	Red	Red		Red		Red		Red		
World Agroforestry		Red								

Progress Report on ExCo Follow-up

In 2007 CIAT was cited for low liquidity and reserve levels relative to the CGIAR recommended benchmarks.

Progress reports since then show improvements (as a result of internal measures, additional special support from donors and a favorable exchange environment).