



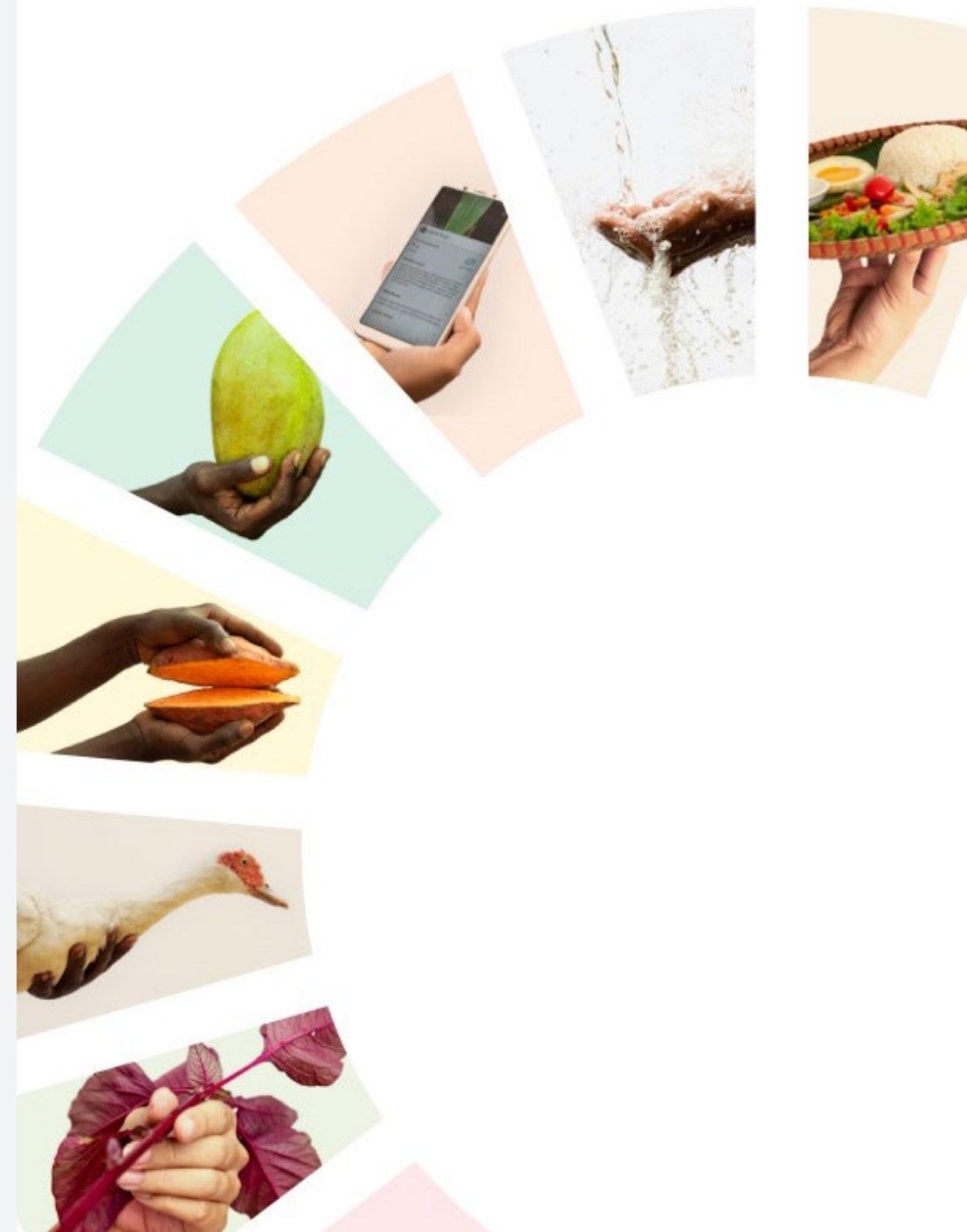
Agenda Item 8
For Approval
12 December 2024

Windows 1 & 2 Budget for 2025

Purpose: Present the proposed financial plan for 2025, including the allocation of funding for CGIAR Research and other activities, as well as the strategy for financing the CGIAR System activities in 2025, for approval by the System Council

Prepared by:

- CGIAR Deputy Executive Managing Director;
- Sr. Director, Financial Planning and Analysis;
- Practice Lead, Program Delivery;
- Director, Donor Relations & Business Development



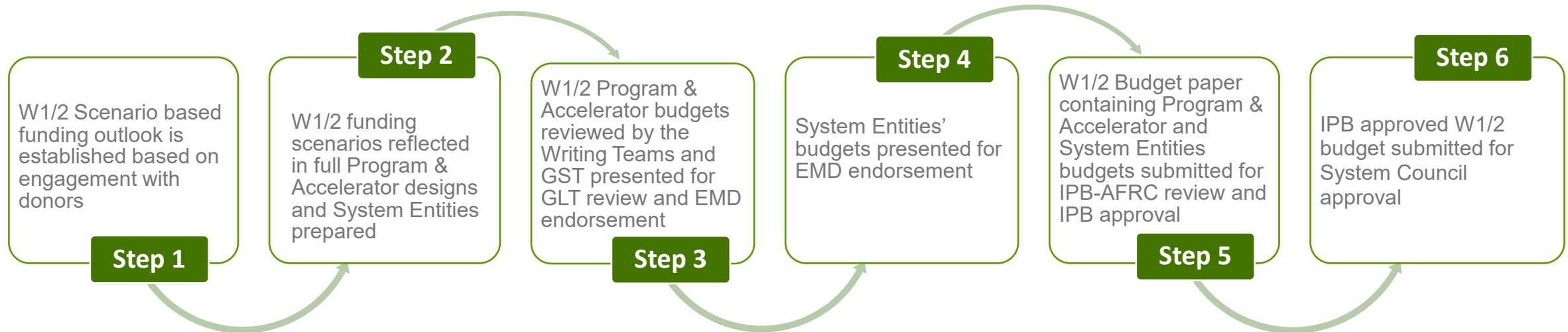


CGIAR
Science for a food-secure future

2025 Budget

W1 & 2 budget process

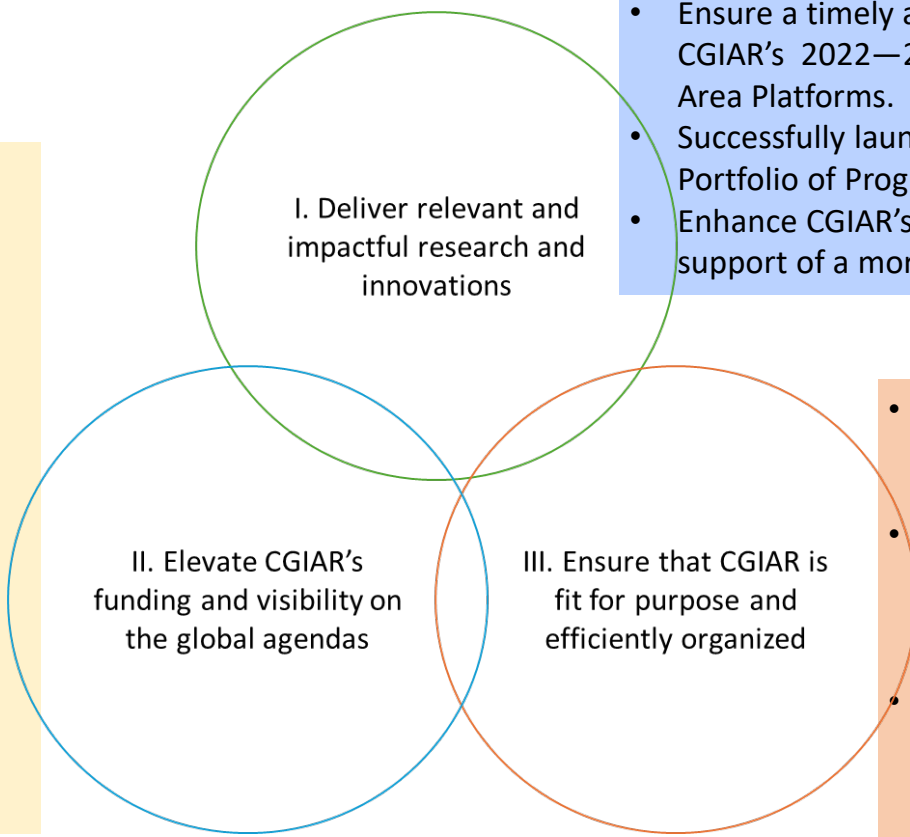
The process undertaken in preparing the budget is summarized in the diagram below. Key steps include obtaining donor indications and developing the budget envelope for each Program and Accelerator. In November, the high-level draft W1/2 budget paper is reviewed by the GLT, endorsed by the EMD, and issued to the Audit Finance and Risk Committee for recommendation before presenting to the System Board and System Council for approval.



Our North Star: overarching goals for 2025

These goals set the direction for our proposed allocation of resources across and within functional areas. They serve as the North Star to ensure a focused and efficient deployment and subsequent accountability in the use of CGIAR’s resources – human and financial. The goals will be reflected in cascading objectives and key results (OKR) and targets.

- Run a robust campaign targeting a cumulative US\$4 billion between 2025 and 2027, towards reaching \$2 billion annually by 2030.
- Enhance our presence and influence in key global forums while expanding trust and engagement with a wider group of donors.
- Implement the strategy by revitalizing investment opportunities and capitalizing on key events, culminating in COP30 in Brazil to drive funding efforts.



- Ensure a timely and effective closeout of and final reporting on CGIAR’s 2022—24 Portfolio of Research Initiatives and Impact Area Platforms.
- Successfully launch CGIAR’s 2025—30 science and innovation Portfolio of Programs and Accelerators.
- Enhance CGIAR’s partnerships and stakeholder engagement in support of a more relevant and more impactful CGIAR offer

- Continue to prioritize the shifting of funding towards science and improving efficiency in business enablers, as evidenced in the budget.
- Advance the risk and oversight action plan and continue identifying integration and coordination opportunities to drive additional synergies.
- Support the successful and timely implementation of the new governance arrangements and the newly adopted CGIAR organizational structure.

Key 2025 W1 & 2 budget highlights

First time in the past 5 years since 2019, Business functions are expected to be entirely funded from the Cost Sharing Percentage (CSP), without recourse to Window 1 funds.

Maintains innovations introduced in 2024 with focus on CGIAR's science and innovation priorities; detailed revenue planning and dual scenarios (baseline and surge); breakdown of available resources; and provides a preview of 2026 revenue and costs.

The 2025 budget will be developed in two phases. Phase I sets initial allocations based on current W1/2-funded work, ensuring continuity. Phase II refines these allocations through detailed planning, updated donor data, and prioritization, with results shared with donors and stakeholders.

Strengthened transparency, inclusion and collaboration, with time dedicated to deeper interaction, listening, and learning; aligned approach with the broader CGIAR-wide processes on portfolio design and governance.

Following **FMRG recommendations,** reintroduces Window 2 for Programs and Accelerators; Window 1 has been redefined to accept untied funds prioritized for Programs and Accelerators and can also accept designated funds for cross-cutting functions outside the Portfolio.

2025 Funding: Baseline Scenario

The **baseline scenario** for Windows 1 and 2 in 2025 results from two opposite trends: a positive pattern since 2020, accelerated by pledges made at COP28 now materializing, and a negative outlook affecting ODA budgets in a range of donor markets, compounded by the risk of USD appreciation against major currencies (see table 1).

Based on preliminary discussions with donors and the application of risk factors derived from historical data, the **Baseline Scenario for Windows 1 and 2 is set at \$344M**. Of this, US\$33M (9.5%) is carryover, US\$9.8M (3%) comes from CSP collected on Window 3 and bilateral contributions, and US\$301M (87.5%) is new Funder contributions for the year 2025

Table 1: Discounts applied to new funding projections for 2025	2025 Estimated Funding (US\$m)	% certainty	Baseline Funding (Discounted) (US\$m)
In-year for following-year	1.00	100%	1.00
USD Committed not paid ⁽¹⁾	31.45	100%	31.45
Non-USD Committed not paid ⁽¹⁾	25.73	96%	24.71
USD Pledged ('indicated') not committed ⁽²⁾	85.97	95%	81.67
Non-USD Pledged ('indicated') not committed ⁽²⁾	130.20	91%	118.48
- Prospective ⁽³⁾	54.10	80%	43.28
Total new W.1/2	328.46		300.59

- (1) Committed: Confirmed in writing but unpaid contributions are counted at 100% for USD amounts, supported by signed agreements and thus not subject to forex fluctuations. For non-USD contributions, a 4% deduction is applied to manage forex risk.
- (2) Pledged: Based on donor conversations and historical data, pledged amounts are discounted by 5% for expected funding volatility, with an additional 4% reduction applied to non-USD amounts for forex adjustments.
- (3) Prospective: Contributions under active engagement but without a pledge, with a 20% discount applied for conservatism.

2025 Funding: Surge Scenario

The surge scenario is anchored in ongoing discussions to further broaden the donor base and is expected to be boosted by emerging opportunities stemming from the constitution of CGIAR’s new external engagement group – bringing together resource mobilization, innovative finance, communications, and advocacy – that will be fully effective, equipped, and retooled, in the course of 2025.

At \$442M (\$399m in new funding), the surge scenario sits comfortably above the \$370M that – together with Window 3 and bilateral resources anticipated to reach \$780M* – will set CGIAR on the way to secure cumulatively \$4bn over 2025-2027, towards \$2bn annually by 2030.

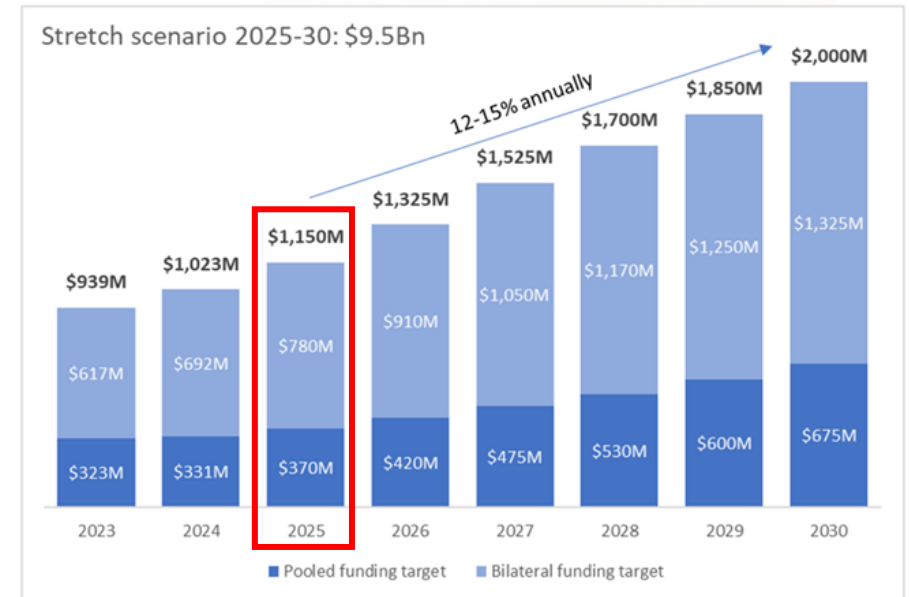
CGIAR 2025-30 funding targets

- Targets should be **Ambitious** (\$2Bn by 2030), balancing **Demand** (P25 – ask still unknown) with **Realism** (RM capacity, global funding landscape)
- **Top-down methodology:** \$4Bn over 2025-27 requires **12-15% annual growth** across all funding sources
- **Pooled** remains 30% of total funding

Assumptions for stretch scenario:

- Appealing P25, aligned to Funder priorities
- Favorable Global funding landscape, incl. in new markets
- Substantial additional investments in CGIAR RM capacity
- Centers continue to grow their non-pooled funding sources

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Sources

- 2023 data: provisional bilateral revenue from Centers (W3, Bilateral, Other) and Trust Fund receipts (pooled)
- 2024: Center budgets (W3, Bilateral, Other) and IFRM targets (Pooled)
- 2025-30 targets based on IFRM calculations

* A 10% year-over-year growth is projected based on actuals from 2020 to 2023 (including ICRISAT) and the 2024 forecasted budget provided by Centers. This also incorporates a stretch target of \$20 million for 2025, with \$10 million already confirmed from Google.

Spending



- ✓ All spending carefully reviewed to align with our overarching goals for the year
- ✓ Taking into account Funder designations and earmarks, and previously approved budgets for the governance & independent functions not under management responsibility, the following, revised allocations are proposed:

	2025 Budget: Baseline Funding	2025 Baseline Scenario	% of total	For ref.: 2024 budget	Variation from 2024
Science Programs	I: Science & Innovation	303.64	88%	345.43	-41.79
	I Science & Innovation: <u>Programs & Accelerators</u>	288.70	84%	322.93	-34.23
	Carryover	28.26	8%	47.53	-19.27
	New W1 funding	260.44	76%	275.40	-14.96
System Organization	I Science & Innovation: <u>Other</u> (Office of the Chief Scientist, D&D, Continental Structure)	14.94	4%	22.50	-7.56
	II. Business Functions (EMD/DEMDO, GDI, Legal, Risk, BO&F, P&C, DR&BD, Comms)	15.74	5%	19.67	-3.93
	III. Governance & independent functions	21.49	6%	17.95	+3.54
	IV. Special Projects	2.65	1%	0.00	+2.65
	Total	343.52		383.05	-39.53



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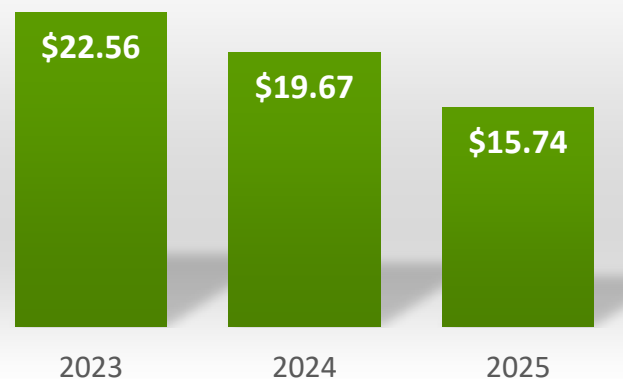
System Entities 2025 Budget

System Entities 2025 Budget

2023 – 2025 Overview



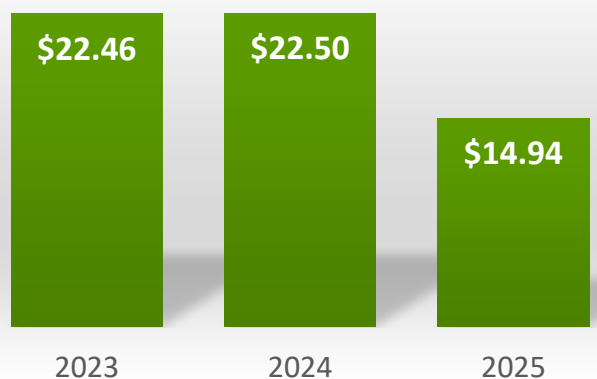
BUSINESS FUNCTIONS



Business Functions (formerly Enablers) are now fully funded by CSP in 2025. These units have undergone a 13% reduction in 2024, with a **further 20% permanent cut in 2025. First time fully paid by CSP since 2019.**

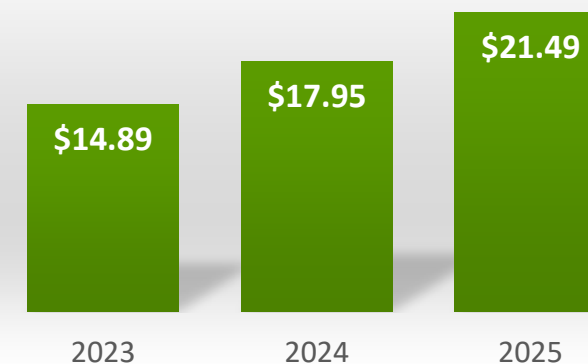
The reductions highlight Management's commitment to cost control, efficiency, and an operational structure prepared to deliver integration and coordination in areas emerging from the ICI process.

SCIENCE MANAGEMENT



In 2025, science management costs will be reduced by 34% due to the restructuring of the Science Managing Directors' offices into the Chief Scientist's office. This budget serves as a placeholder until the restructuring is finalized in Q1 2025.

GIFS



The 20% increase in GIFs in 2025 is due to the System Council's request for SPIA to significantly expand its efforts to institutionalize and scale country-level data on CGIAR reach, increasing coverage from 4 to 20 countries (decision SC/M18/DP3). Additionally, SPIA is carrying forward an unspent budget of \$1.3 million from 2024.

SPIA is receiving **earmarked funding of \$1.5 million from BMGF**, with a total pledge of \$6 million covering the period 2024-2027. 9

System Entities 2025 Budget

The CGIAR System Organization manages staff and operating expenses for four entities – the System Entities: Science and Innovation Management, Programs and Accelerators leadership, Business Functions, Governance and Independent Functions, and system-wide special projects.

System Entities and Special Projects managed by the System Organization	2025 Budget (US\$m)	% of total	2024 budget (US\$m)	2025 Baseline vs. 2024 budget (US\$m)
I. Science and innovation management	14.94	27.25%	22.50	-7.56
II. Business Functions	15.74	28.71%	19.67	-3.93
III. Governance & independent functions	21.49	39.20%	17.95	3.54
IV. Special Projects	2.65	4.83%	0.00	2.65
Total	54.82	100%	60.12	-5.30



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Programs and Accelerators 2025 Budget

Programs and Accelerators 2025 budget

Program/ Accelerator	Baseline (US\$m)	%	Surge (US\$m)
Breeding for Tomorrow and Genebanks	78.30	27.1%	105.00
Sustainable Farming	36.04	12.5%	48.33
Sustainable Animal and Aquatic Foods	28.37	9.8%	38.05
Multifunctional Landscapes	18.73	6.5%	25.12
Better Diets and Nutrition	21.55	7.5%	28.89
Climate Action	18.12	6.3%	24.29
Policy Innovations	20.01	6.9%	26.83
Food Frontiers and Security	12.57	4.4%	16.86
Scaling for Impact	36.39	12.6%	48.79
Gender Equality and Inclusion	12.01	4.2%	16.10
Capacity Sharing	1.90	0.7%	2.55
Digital Transformation	4.70	1.6%	6.31
	288.70	100.0%	387.11