

# **FMRG - The Funding Model**

---

Final report concerning the two outstanding points raised during SC20

# Update from SC20

➤ At its meeting on 13 June 2024, the System Council agreed to the overall principles and proposed funding model →

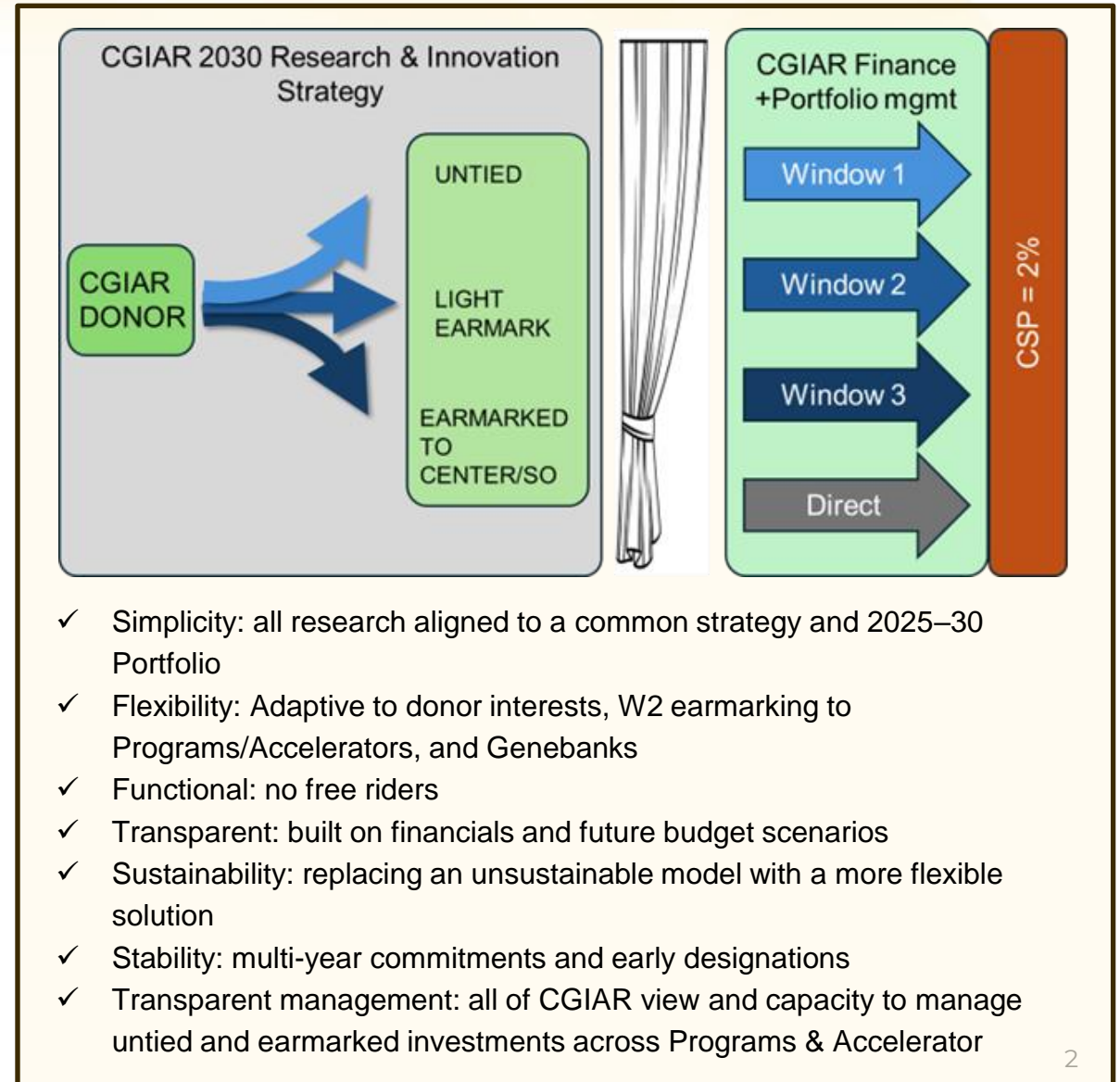
➤ At that meeting, 2 additional suggestions were made by two donors, for further consideration and consultation with Centers and donors:

**1) to move CSP from 2% to 2.5%, adding 0.5% (compulsory or optional by donor) to fund Genebanks :**

- Noting that W2 will allow for donor earmarking to Genebanks
- Genebank Asset Levy @ 0.5% generating \$5M at \$1B CGIAR
- Additional stream of resources for Genebanks beyond Crop Trust + W2 earmarking
- Reduce draw-down of W1 by \$5M – increasing Portfolio funding by this same amount

**2) to allow tight earmarking to Work Areas, up to 50% of a donor's W2 contribution, to bring additional flexibilities for some donors, while limiting transaction costs/maintaining Portfolio integrity :**

- Ensure Window 2 can finance specific Areas of Work in addition to lighter earmarking to Programs / Accelerators / Genebanks
- Set maximum amount that a donor can earmark to specific Areas of Work in W2 to 50% (i.e., for every dollar tightly earmarked to specific AoW, at least another dollar from that donor unearmarked or lightly earmarked to Programs / Accelerators / Genebank
- Introduce heat map of donor investments to inform donor decision-making ahead of earmarking, with a commitment from donors to announce their earmarks ahead of the spending year



- ✓ Simplicity: all research aligned to a common strategy and 2025–30 Portfolio
- ✓ Flexibility: Adaptive to donor interests, W2 earmarking to Programs/Accelerators, and Genebanks
- ✓ Functional: no free riders
- ✓ Transparent: built on financials and future budget scenarios
- ✓ Sustainability: replacing an unsustainable model with a more flexible solution
- ✓ Stability: multi-year commitments and early designations
- ✓ Transparent management: all of CGIAR view and capacity to manage untied and earmarked investments across Programs & Accelerator

# FMRG #7 24 June 2024: path forward towards a final proposal

In its final meeting post-SC20, on June 24, 2024, the FMRG working group agreed on the following steps regarding the two donor suggestions:

**1. Add 0.5% CSP to fund Genebanks?**

- Consult DGs to assess risks and opportunities for Centers
- Consult further donors, including non-SC and SC W3 and Direct donors to Centers, on acceptance of 0.5 % CSP in addition to Center-charged overhead, ideally the full 2.5% CSP on top of Center OH (e.g. with BMGF's 15% OH cap, would a 0.5% increase be accepted?)
- Confirm agreement, align the CGIAR System Cost Financing Policy and obtain SB/SC approval

**2. Allow allocation to Work Areas up to a maximum of 50% of W2 contributions to limit transaction costs and maintain the integrity of the Portfolio**

- Confirm with donors commitment to announce earmarking ahead of funding year, in order to produce relevant heat map
- Confirm with donors consensus around Work Area 50% allocation rule

**3. Submit a Final report to SC concerning these two outstanding points**

**4. Implement the Model (without these two points) in the meantime**

# Final report to SC: what has been agreed after consultations

## 1. Consultation 1: add 0.5% CSP to fund Genebanks ?

- Center DGs consulted – 11 out of 12 DGs objected to the additional 0.5% CSP to fund Genebanks

--> CSP will remain at 2%. It continues to primarily finance Business functions and can also fund Assets as the ICI integration agenda delivers efficiency gains and overall funding increase translates into greater CSP

## 2. Consultation 2: allow allocation to Work Areas up to a maximum of 50% of W2 contributions to limit transaction costs and maintain the integrity of the Portfolio ?

### Funders were consulted and the majority agreed to:

- Besides Windows 2 designations to Programs and Accelerators, designations to Window 2 may also be directed to specific Areas of Work
- Such tightly earmarked designations are capped at 50% (except for genebanks-related Areas of Work)<sup>1</sup>, meaning that for every dollar designated by a donor to an Area of Work, at least an equivalent amount from that donor must be allocated to Window 1 and/or to the Program / Accelerator / Genebanks level of Window 2
- These designations would need to be announced by November of the year preceding budget implementation to ensure stability and alignment with Programs / Accelerators / Genebanks established workplans

<sup>1</sup> CGIAR Donors retain the ability to earmark CGIAR Trust Fund Window 2 (W2) contributions to the genebanks Pillar (comprising the five genebanks-related AoWs). Such earmarked contributions are not subject to the restrictions applied to other AoW-level contributions (which cannot exceed 50% of a Donor's total W1/2 contributions).