Agenda Item 14
For Strategic Input
Issued: 27 November 2024

Update on the Study of CGIAR Center Assets

Phase II Focus: Aligning Assets to the 2025-2030 Science Portfolio

Purpose

In February 2024, in response to a request from the CGIAR System Council at its 19th meeting, Executive Managing Director Ismahane Elouafi commissioned a comprehensive study to assess the funding, structure, and management of CGIAR's critical assets. At its 20th meeting, the System Council was briefed on the results of a rapid qualitative assessment in which an extensive data collection effort catalogued over 3,000 assets across 13 Centers and Alliances. Critical enablers for asset sustainability were also identified in laying the groundwork for the next phases of the study.

The purpose of this update is to share the results of the second phase of the study which focused on determining asset readiness to deliver on the 2025-2030 Science Portfolio. The update also outlines a roadmap for long-term sustainability of our most strategic assets.

Action Requested

The System Council is requested to provide strategic input.

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There is no restriction on the circulation of this document

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SUSTAINING CGIAR'S STRATEGIC ASSETS

Introduction: Setting the Context

1. In February 2024, in response to a request from the CGIAR System Council at its 19th meeting, Executive Managing Director Ismahane Elouafi commissioned a comprehensive study to assess the funding, structure, and management of CGIAR's critical assets. These assets—spanning research facilities, germplasm collections, long-term experiments, and data repositories—form the foundation of CGIAR's capacity to drive agricultural innovation. For decades, these assets have enabled transformative advancements, including high-yielding crop varieties, biofortified foods, and resilient aquaculture systems. However, the sustainability of these critical resources is increasingly under strain, prompting the need for a strategic, data-driven approach to secure their future.

The Asset Conundrum

2. The sustainability of CGIAR's assets is shaped by evolving realities that place increasing pressure on Centers. Rising operational costs, the need to adopt new technologies, aging infrastructure, higher regulatory standards, and tighter compliance requirements are all compounding challenges. At the same time, a dramatic shift in funding models has reshaped how Centers manage their resources. Historically, CGIAR benefited from a high level of unrestricted funding, which allowed flexibility in maintaining and upgrading assets. Today, unrestricted funding has declined from 85% of the budget to just 15%, forcing Centers to rely heavily on full-cost recovery—where the expenses associated with assets are directly allocated to the projects and programs that utilize them.

3. However, most Centers struggle to fully recover the true life-cycle costs of their assets due to the complexity of administering full cost recovery. At the same time, grantees often have inconsistent policies on allowable costs, with some categorizing an expense as direct while others consider the same expense as indirect, creating further complications in achieving full cost recovery. This is especially for challenging for certain asset types that do not align well with project-based funding because of their uninterrupted funding needs such as long-term trials, data sets, data models, and germplasm collections.

4. This dynamic has created an indicative annual funding shortfall, estimated at USD 70–80 million as reported by Centers in this study, leaving many Centers struggling to ensure their assets remain operational and fit for purpose. Without intervention, the funding gap will continue to increase unsustainably, compromising the readiness of critical assets to support CGIAR's essential research and its ability to deliver on its mission and strategic objectives.

The Asset Study

5. Recognizing the urgency of this issue, the CGIAR System Council requested this study to better understand the state of its assets and identify solutions. As reported in the 20th meeting of the System Council, the study began with an extensive data collection effort, cataloguing over 3,000 assets across 13 Centers and Alliances. Critical enablers for asset sustainability were also identified in Phase I, laying the groundwork for the next phases of the study.

6. Since the last meeting of the System Council, a second phase of the study commenced from July to November 2024. During this period, the primary focus of the study shifted to determine asset readiness to deliver on the 2030 Research and Innovation Strategy.

7. But first, the data from phase I was used to create the first unified repository of CGIAR's tangible and intangible assets in a Global Asset Repository Dashboard, providing a bird's-eye view of the CGIAR Centers' tangible and intangible assets and its alignment with research priorities.

8. Leveraging the newly developed Global Asset Repository Dashboard, and in collaboration with all CGIAR Centers/Alliances, the second phase of the study set out to examine which assets were critical to delivering CGIAR's strategic goals in the 2025-2030 Portfolio. Beyond this, it set out to answer what was the condition of those most critical assets, and what would it take to get them in readiness condition. A major aim of Phase II is to allocate the true costs of required assets to the relevant science programs and accelerators.

9. The 3,000+ assets were grouped into over 230 asset bundles. Of those, 155 were identified as critical to at least one science program or accelerator of the 2025-2030 Portfolio. Nearly a quarter of those strategic assets require major improvements to support the strategy effectively. To prioritize these needs, Centers submitted high-level investment case concept notes with indicative costing totaling USD 199 million. The study then asked science programs and accelerators to confirm that the investment case concept notes were critical to their programs. Ultimately, the study prioritized 18 investment case concept notes valued at USD 101 million. In 2025, efforts will be made to apportion the allocable costs of assets into the detailed budgets of science programs and accelerators. An effort will be made to seek alternative funding sources to cover any funding gaps.

10. NOTE: The scope of the study excludes the endowment-supported genebanks, as they are being addressed through a separate review. While human resources and partnerships are arguably among CGIAR's most critical assets, they were not included in the scope of this study. Additionally, this phase did not attempt to assign a monetary value to the assets, many of which are intangible. For most of CGIAR Centers' immovable assets, these are situated on properties provided by governments or other grantors, where usage rights are granted but ownership remains with the grantor. Nonetheless, a methodology was developed during the second phase to provide a

preliminary estimate of the total value of CGIAR Center assets, which could be further explored in future phases.

Critical Milestones to Achieve Long-Term Sustainability of Our Most Strategic Assets

11. Addressing the asset conundrum requires a multifaceted approach that combines immediate actions and long-term strategies. The foundation has been laid in the first two phases of the study to now tackle the more critical milestones as outlined below.

Key Enablers:

12. The key enablers are:
    a) **Understanding Assets**: The study has established a clearer picture of CGIAR's asset portfolio (achieved)
    b) **Identifying Strategic Assets**: Phase II aligned critical assets with 2025-2030 Portfolio. (achieved)
    c) **Prioritizing Investment Needs**: Investment priorities have been identified, helping focus resources on the most critical areas. (achieved)
    d) **Incentivizing Efficiency and Collaboration**: Proper incentives are required to motivate resource sharing and adopting cost-saving measures. **Crops to End Hunger** is an example of a program, where multiple funders, including BMZ, Gates Foundation, USAID, and others provided over $35M in one-off investments needed to modernize CGIAR-NARS breeding networks.

    Participants in the program participated in evaluations to identify areas of improvement and capacity sharing to enhance quality management of their assets.
    e) **Life-Cycle Asset Management**: Implementing systematic quality management practices to manage assets and their life-cycle costs from acquisition to decommissioning.

Critical Milestones:

13. The critical milestones are:
    a) The creation of the **Global Asset Repository Dashboard** (achieved)
    b) Exploring **sustainable funding models** including low-interest loans, innovation funds, endowments, and alternative funding sources. The Funding Model Reference Group studied this issue in depth over the past year. In addition, throughout the course of this study, we have identified many ideas to address alternative funding models that need further exploration.
    c) **Addressing full-cost recovery challenges** by harmonizing methodologies across Centers. **CIAT** of the Alliance has historically worked hard on full-cost recovery, and we can see that it paid off, in that they have the lowest funding-gap of any Center. The Costing working group of **Financial Planning and Analysis Unit** worked across all Centers to begin improving and harmonizing costing

methodologies, and the **Facility Management Community of Practice** worked on mapping full-cost recovery practices across Centers.

d) **Optimizing resources** by identifying opportunities to consolidate, decommission, or outsource non-essential assets. Some Centers have initiated processes to improve optimization and efficiency. Some Centers have gone through the painful exercise of reducing some of their laboratories and outsourcing some services. **ICARDA** is an example of a Center that has strategically relied on their partnerships with national agricultural research systems and universities who may have access to less restrictive resources to maintain their critical infrastructure. Now that we have a bird's-eye view of our assets using the Global Asset Repository, and we have identified strategic assets related to the 2030 Research and Innovation Strategy, we can begin to more systematically tackle this milestone.

e) Integrating **environmental stewardship**, including carbon accounting and sustainability practices, into asset management strategies. Several Centers have already embarked on a commitment to environmental sustainability by joining the UN Global Compact, such as IWMI, IRRI, ILRI, IFPRI, and many of begun the challenging task of carbon accounting such as CIAT and IWMI

Conclusion

14. In conclusion, CGIAR remains fully committed to addressing the challenges of asset sustainability and advancing the milestones identified in this study. CGIAR will continue to build on the progress made, further refining the Global Asset Repository Dashboard, exploring sustainable funding models, strengthening full-cost recovery practices, optimizing asset use through consolidation and efficiency measures, and integrating environmental stewardship into asset management. By staying focused on these priorities, CGIAR will ensure its critical assets remain robust and ready to support its mission of delivering impactful agricultural research and innovation.

Annexes

- SC21-14b - Presentation slides in read-ahead format
- SC21-14c - Assets Study Validation of Methodology