

Financing Working Groups

Inception Update

Purpose

This document sets out an inception update for the Working Groups commissioned at System Council 21 in December 2024, i.e.:

- a. Working Group on Incentives for Portfolio Funding (Window 1 and 2), including cost-sharing mechanisms
- b. Working Group on Innovative Finance Modalities

The Working Groups were set up in March 2025, with the objective of issuing recommendations on incentive structures for funders and on new funding mechanisms, respectively, to enhance CGIAR's long-term financial sustainability and impact.

The inception reports outline for each of the Working Groups the scope of work, a brief analysis of state-of-play and/or key themes to be further explored, and a workplan. Following the System Council 22 meeting, both Working Groups will continue implementing each of their roadmaps.

Materials provided:

- Inception Report of the Working Group on Incentives for Portfolio Funding (W1&2), including cost-sharing mechanisms
- Inception Report of the Working Group on Innovative Finance Modalities

Action Requested

For information only.

Document category: Working document of the System Council.
There is no restriction on the circulation of this document.

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Executive Summary

1. **The Working Groups kicked-off in April 2025** with representatives from the System Council, the Integrated Partnership Board (IPB), the IPB-AFRC, and the Global Leadership Team (GLT) to ensure diverse perspectives. To date, each group has held two meetings.
2. **The Working Group on Incentives for Portfolio Funding (W1&2), including cost-sharing mechanisms** has identified the following areas as key enablers for incentivizing current and new funders to invest in portfolio funding:
 - Clear and easy to understand Window 1 and 2 funding rules;
 - Updated rules for allocation and governance of System Council seats;
 - Equitable System cost-sharing approaches.

The Working Group has agreed to fast-track the work and deliver its final report with recommendations in SC23 (December 2025).

3. **The Working Group on Innovative Finance Modalities** has conducted preliminary analysis via a survey to group members and case studies review. Initial observations include:
 - Scope of work defined to include grant and/or non-grant modalities that go beyond traditional ODA portfolio or programmatic investments, and to mainly (non-limiting) target core funding.
 - Need to define the criteria for prioritization and piloting of selected modalities, taking into account fitness, return on investment, scalability, as well as structural and regulatory limitations, among others.
 - Modalities to further explore for piloting potentially include funds (e.g. Green Climate Fund), Technical Assistance from International Finance Institutions (IFIs), blended finance, asset backed securitization, tax credits or carbon markets. Further analysis will be conducted to identify best-fit and scalable innovative finance modalities that can be piloted.

The Working Group will provide another update in SC23 in December 2025, and the final report with recommendations in SC24 (June 2026).