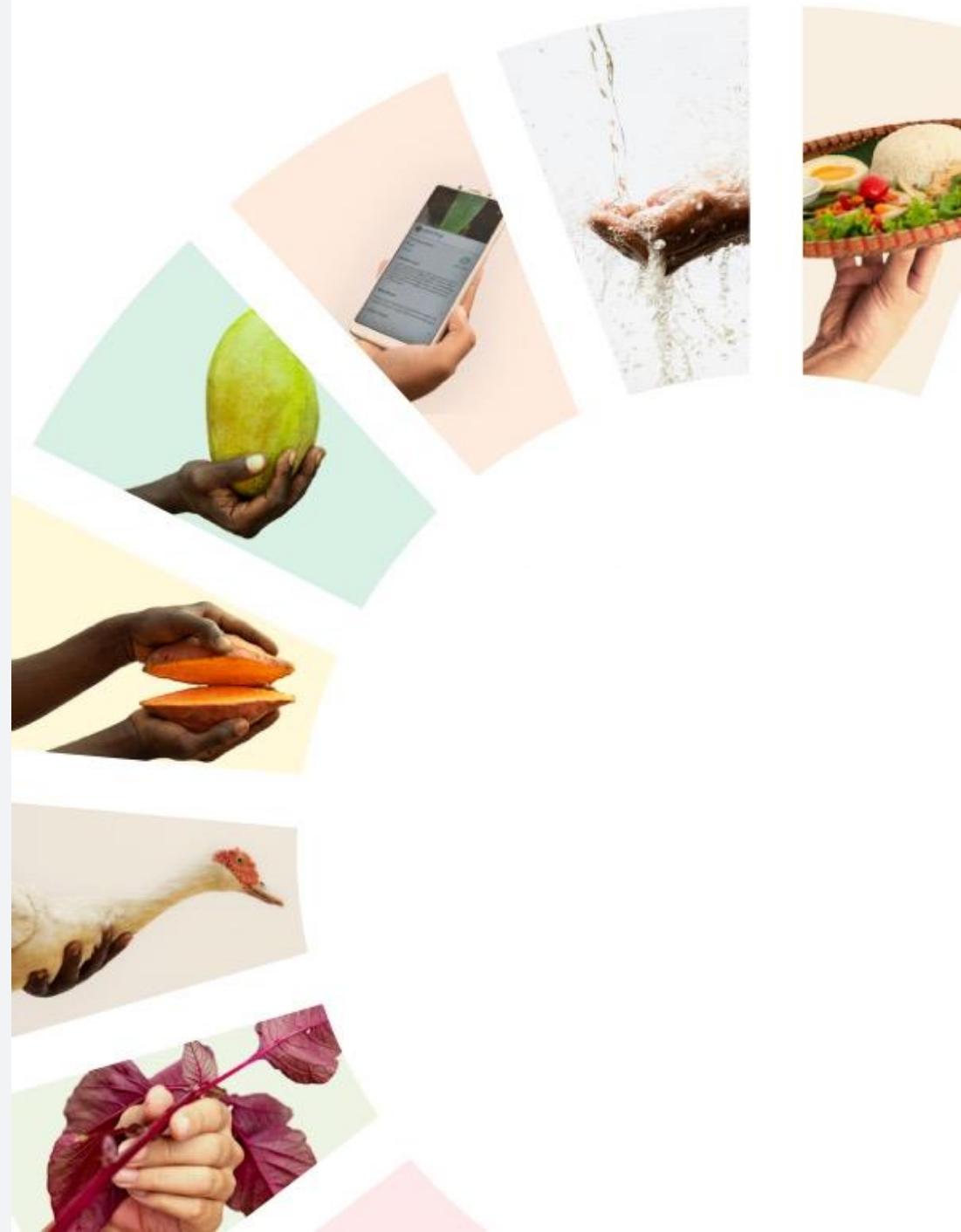




Agenda Item 6  
**For information**  
**(Article 6.1, 6.2b, 6.2n of CGIAR System Framework)**  
Issued: June 3<sup>rd</sup>, 2025



## Finance Working Groups | Inception Update

Purpose: To provide an update of the inception of the Working Group on Incentives for Portfolio Funding for Window 1 and 2, including cost-sharing mechanisms, as well as of the Working Group on Innovative Finance Modalities

Prepared by: Co-chairs of the Working Groups, Luis Felipe Mendes and André Zandstra

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1. Inception update for the Working Group on Incentives for Portfolio Funding for

Window 1 & 2, including Cost Sharing Mechanism.

2. Inception update for the Working Group on Innovative Finance Modalities

# Working Group on Incentives for Portfolio Funding (W1&2), including Cost-Sharing Mechanisms | OVERVIEW



## OBJECTIVE

To develop recommendations to effectively incentivize both current and prospective funders to channel their contributions through Window 1 and 2, with a SC23 deadline.

## SCOPE OF WORK

- Window 1 and 2 rules
- Cost-sharing approaches
- System Council seat arrangements and eligibility criteria

## METHODOLOGY

1. Monthly WG meetings for regular check-ins and discussion
2. Consultations and collaboration with Centers
3. Analysis, scenario planning and issuing of recommendations

## KEY ISSUES

- Funders openness to modify contribution mechanisms in support of collective priorities
- Centers cooperation to align reporting and cost-sharing protocols
- Timely and reliable funding data is available for analysis
- Alignment in funders interests

# Working Group on Incentives for Portfolio Funding (W1&2), including Cost-Sharing Mechanisms | ACTIONS TO EXPLORE



Element	Initial recommendations & actions to explore (not limited to)
Funding models with clear avenues for investments	Current funding channels –approved at SC21 in December 2024– are deemed suitable for supporting the existing portfolio but must be continuously monitored to ensure they remain aligned with the evolving funding landscape.
System Council (SC) Seat Allocation	<ul style="list-style-type: none"><li>• Eliminate the fixed number of eligible Funder Voting Seats (now 15).</li><li>• Combine the Reconciliation and Temporary Seat mechanism into one clear component of the Framework which is currently under review.</li><li>• Continued annual threshold level investment to retain seat (now not required).</li><li>• Increase minimum weighted threshold (now USD 10M).</li><li>• Require an agreed % of W1 investment to be considered for a SC funder seat.</li><li>• Reconsider the eligibility of W3 and Bilateral for seat calculations</li></ul>
Cost-sharing mechanism	<ul style="list-style-type: none"><li>• Revised rates for different funding streams.</li><li>• Exclusion of IAES/SPIA costs from CSP formula, with application of differentiated rates for various funding streams.</li><li>• All approaches above, including W1/2 investment income use to partially cover system costs and help reduce pressure on CSP.</li><li>• Implementation starting from 2027.</li></ul>

These recommendations should be coupled with enhanced CGIAR Management of Science, Business and Governance, leading to enhanced transparency, trust, and impact.

# Working Group on Incentives for Portfolio Funding (W1&2), including Cost-Sharing Mechanisms | TIMELINE & NEXT STEPS



	Parties engaged	Mar - Apr - May - Jun - Jul - Aug - Sept - Oct - Nov - Dec
1	Working Group set up and kick-off	Co-Chairs, WG members  Kick-off meeting
2	Define the WG scope of work	All WG members  WG workstreams defined
3	Inception Report with roadmap	Co-Chairs with WG members  Inception Report prepared
4	Discussion of Inception Report with System Council	Co-Chairs  Alignment with SC to move forward with proposed workplan
5	Structured review of current funding Windows and CSP mechanics	Co-Chairs with WG members  Recommendations on cost- sharing mechanism
6	Development of policy options for funder seat allocation	Co-Chairs with WG members  Recommendations for seat allocation rules
7	Collaborative modelling of funding flows under revised rules	Co-Chairs with WG members  Recommendations for modelling of funding flows
8	Presentation of final results to SC 24	Co-Chairs  Final Report with recommendations

# Working Group on Innovative Finance Modalities |

## OVERVIEW



### OBJECTIVE

Develop recommendations to advise CGIAR in addressing the evolving and challenging funding landscape through innovative finance (IF), thus building a long-term and diversified sustainable financial model for the System.

### SCOPE OF WORK

- **Innovative Finance include grant/non-grant modalities** that go beyond traditional ODA portfolio or programmatic investments.
- **Targeting mainly core funding**, while maintaining a non-limiting perspective to include funding that helps advance CGIAR's mission.

### METHODOLOGY

1. Monthly WG meetings for check-ins/discussion & core sub-group for day-to-day work.
2. Primary & secondary research for data collection/analysis of case studies and benchmark org.
3. Innovative finance modalities prioritization & pilot projects design.
4. Roll-out pilots to test applicability and scalability in CGIAR, and issue recommendations.

### KEY ISSUES FOR SUCCESSFUL PILOTS

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• Fitness, ROI, scalability</li><li>• Partnerships</li><li>• Capacity and expertise</li><li>• System and Center's commitment</li></ul> | <ul style="list-style-type: none"><li>• Culture of continuous improvement</li><li>• Regulatory, legal &amp; structural framework</li><li>• Openness to market-oriented approaches</li><li>• Adaptability of business model and structure</li></ul> |
|--|--|

# Working Group on Innovative Finance Modalities | INNOVATIVE FINANCE MODALITIES TO FURTHER EXPLORE



IF MODALITY (Non-exhaustive)	OPPORTUNITY
<b>Funds (GCF, GEF, etc.)</b>	Funds for which the CGIAR SO is already accredited (e.g. GCF) and that have an untapped potential.
<b>International Finance Institutions (IFIs)</b>	IFIs manage large-scale investment portfolios in agriculture and related fields, with Technical Assistance initiatives that could be further explored by CGIAR.
<b>Blended finance</b>	Leveraging IFIs funds that combine grants with loans and guarantees, can increase concessionality and reduce risks for private investors.
<b>Asset backed securitization</b>	Vast and valuable intellectual assets portfolio of Centers with high economic potential (commercialization, licensing, advisory services, etc.
<b>Impact funds</b>	Funds specialized in scaling impact could directly benefit from of CGIAR's research output in niche areas.
<b>Carbon markets</b>	Untapped revenue generation opportunity from carbon credits via research-based projects.
<b>Tax credits</b>	Leveraging donor funding tied to tax-advantaged giving, or R&D partnerships with private firms that use tax credits.

## Preliminary lessons learned

- *Blended and co-financing approaches* enable risk-sharing with private and development finance actors but often require strong technical assistance and guarantees to de-risk investments.
- *Private sector engagement* is strongest with clear market opportunities (e.g., data products), but requires capacity building and regulatory alignment.
- *Scalability* remains constrained in many pilots due to time-limited donor funding, lack of institutional anchoring, or insufficient pipeline development.

# Working Group on Innovative Finance Modalities | PRELIMINARY RECOMMENDATIONS



- **Untapped traditional funding sources**

...recognizing the existence of more traditional funding sources that are currently not fully harnessed. E.g., funds from GCF or similar, International Finance Institutions and the Technical Assistance associated to their investments.

- **Advanced innovative financing sources**

...reconizing the potential to unlock new, sustainable streams of capital currently available in the market. E.g., blended finance, asset back securitization, impact funds, tax credits, carbon markets, etc.

Note that some of the innovative finance modalities presented might require CGIAR to adapt its business model as well as the regulatory/structural framework to give, for instance, space for closer relationships with the private sector.

# Working Group on Innovative Finance Modalities |

## TIMELINE AND NEXT STEPS



	<i>Parties engaged</i>	<i>Mar - Apr - May - Jun - Jul - Aug - Sept - Oct - Nov - Dec - Jan - Feb - Mar - Apr - May - Jun</i>
1	<b>Working Group set up and kick-off</b>	<i>Co-Chairs, WG members</i>  Kick-off meeting
2	<b>Define the WG scope of work</b>	<i>All WG members</i>  Preliminary workstreams defined
3	<b>Inception Report with roadmap</b>	<i>Co-Chairs with WG members</i>  Inception Report prepared
4	<b>Discussion of Inception Report with System Council</b>	<i>Co-Chairs</i>  Alignment with SC to move forward with proposed workplan
5	<b>Analysis of IF modalities (case studies, benchmark)</b>	<i>Co-Chairs with WG members</i>  Lessons learned
6	<b>Prioritization for fitness and suitability</b>	<i>All WG members</i>  Innovative Finance modalities prioritized
7	<b>Pilot design</b>	<i>All WG members, Centers</i>  IF pilots designed
8	<b>Seek alignment with SC 23</b>	<i>Co-Chairs</i>  Alignment with SC to move forward with proposed workplan
9	<b>Piloting &amp; results analysis</b>	<i>All WG members &amp; CGIAR champions</i>  IF piloted
10	<b>Presentation of final results to SC 24</b>	<i>Co-Chairs</i>  Final Report



**CGIAR**

*Science for a food-secure future*

*Thank you*

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