



Executive Summary of the 2001 CGIAR Financial Results

The 2001 financial results reported here are based on audited financial statements of the 16 Future Harvest Centers supported by the CGIAR. Consolidated analyses and reports, including this summary, were produced on behalf of the CGIAR Secretariat by an ICLARM team (Su Ching Tan and Rainelda Ampil) led by Edward Sayegh, Assistant Director General, Corporate Services. A more detailed financial report including time series tables and charts is contained in the enclosed compact disc and is posted on the CGIAR's Web site.

CGIAR Members support the Future Harvest Centers and programs of their choice, and each Center directly receives and expends these funds. Thus, the CGIAR financial results presented here are a consolidation of the financial results of the 16 international Centers. The results are reported in US dollars.

CGIAR's 2001 Financial Goals

As in past years, the CGIAR's financial goals in 2001 were to attract sufficient resources to enable it to implement its approved work program for the year and to maintain its strong financial position. The financial targets for 2001 approved at International Centers' Week 2000 (ICW00) were

- to raise \$340 million in funding from Members, which would be supplemented by \$15 million in Center income to implement a work program of \$355 million
- to maintain the same levels of financial position and operating ratios as in the previous year.

Overall Financial Outcome

The overall 2001 result confirms that the CGIAR was successful in achieving its financial targets. The system registered a modest operating deficit (\$2 million) in 2001 on total resources of \$353 million against total expenditures of \$355 million. Total resources consisted of \$337 million in Member funding (1 percent below the goal set at ICW00) and \$16 million in Center-generated income. The CGIAR was in a strong financial position at the end of the year: net assets totaled \$189 million, compared with \$203 million in 2000; and liquidity indicators, such as cash, working capital, and

current ratio, remained healthy. Highlights of the Group's 2001 financial performance are shown in table 1, with comparative information for the previous four years.

Contributions

For the Centers supported by the CGIAR, 2001 marked another year of stable financial support.¹ The overall level of support of \$337 million in 2001 compares with \$331 million in 2000, and with an average level of approximately \$332 million for the 1997–2001 period. In 2001, 55 of the 58 Members² contributed \$314 million (\$312 million in 2000); the remaining \$23 million came from a broad range of sources, including nonmember foundations and developing countries. Table 2 lists the contributions for 1997–2001 by contributor.

The increase in total contributions from 2000 to 2001 is illustrated by Member group in figure 1. Contributions were higher from North America, from foundations, and from the European group, and they partly offset the substantial decline in contributions from the Pacific Rim. Contributions by nonmembers increased by \$3.9 million, from \$19.2 million in 2000 to \$23.1 million in 2001.

Contributions from North American Members increased by \$3.5 million, or 7 percent, largely as a result of higher contributions from the United States, which contributed \$45.4 million in 2001 compared with \$42.1 million in 2000. Contributions from Canada remained stable at the 2000 level. Foundations increased their support in 2001 by \$2.6 million. The Rockefeller Foundation's contribution grew from

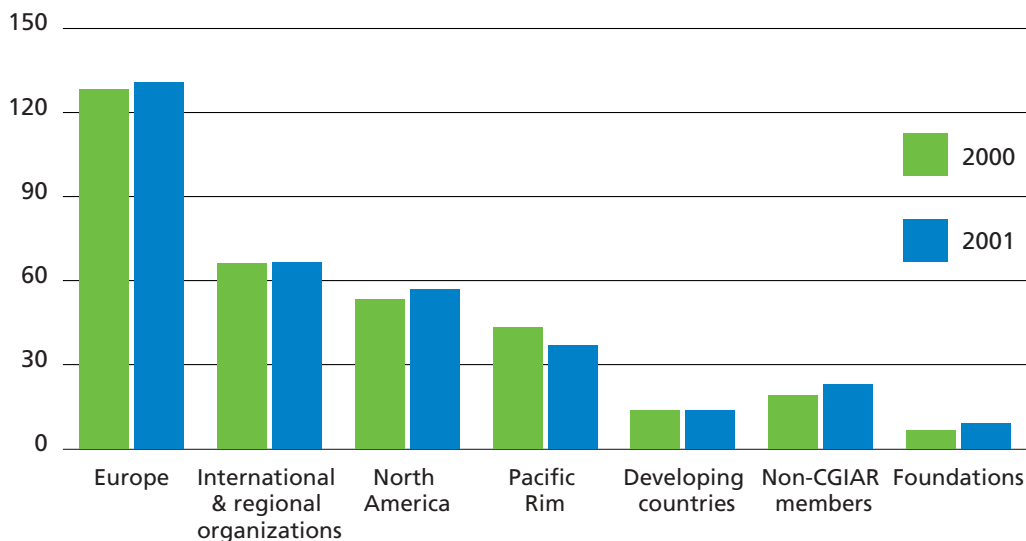
Table 1. CGIAR Program and Resource Highlights, 1997–2001

ACTUAL	1997	1998	1999	2000	2001
Center income (millions of US dollars)					
Agenda funding	319	338	328	331	337
(percent of which is unrestricted)	64%	61%	54%	50%	42%
Center earned income	13	13	13	14	16
Other income (nonagenda, and so on)	14	0	0	0	0
Advance/draw on reserves					
TOTAL	345	351	341	345	353
Membership agenda support (millions of US dollars)					
Europe	141	148	126	128	131
Pacific Rim	40	44	49	44	37
North America	51	53	52	54	57
Developing Countries	11	13	15	14	14
International and Regional Organizations	63	62	66	66	67
Foundations	6	7	6	7	9
Nonmembers	7	12	15	19	23
TOTAL	319	338	329	331	337
Top three contributors	World Bank United States Japan	World Bank United States Japan	World Bank Japan United States	World Bank United States Japan	United States World Bank Japan
Staffing (number)					
Internationally recruited staff	862	893	907	955	958
Support staff	8,016	7,458	7,721	7,583	7,527
Agenda program expenditures (percent)					
Increasing productivity	40%	37%	34%	36%	35%
(percent of which is germplasm enhancement/breeding)	19%	18%	18%	18%	18%
Protecting the environment	17%	19%	20%	18%	19%
Saving biodiversity	11%	11%	10%	10%	9%
Improving policies	11%	12%	13%	14%	14%
Strengthening NARS	21%	21%	23%	22%	23%
(percent of which is training)	8%	8%	9%	9%	9%
TOTAL (millions of US dollars)	333	337	347	338	355
Object expenditures (percent)					
Personnel	51%	50%	50%	49%	49%
Supplies/services	36%	37%	38%	39%	40%
Travel	7%	7%	7%	7%	7%
Depreciation	6%	6%	5%	5%	4%
Regional expenditures (percent)					
Sub-Saharan Africa	41%	41%	42%	42%	43%
Asia	30%	32%	32%	32%	32%
Latin America and the Caribbean	17%	18%	17%	17%	16%
Central and West Asia and North Africa	12%	10%	9%	9%	9%
Result of operations	12.4	13.6	(6.4)	6.6	(1.7)
Center financial information					
Net assets	316	323	263	203	189
Unappropriated net assets	43	52	44	62	79
Appropriated net assets	273	271	219	141	110
Annual Center cost change (percent)	0	0	0	0	0
Short-term liquidity indicator					
Working capital (days expenditure)	114	127	122	112	129
Current ratio	1.72	1.8	1.63	1.74	1.88
Longer-term sustainability indicator					
Operating fund/revenue (percent)	13%	15%	13%	18%	22%
Fixed asset indicators					
Capital expenditure (millions of US dollars)	21.7	22.2	17.9	14.9	15.9
Capital expenditure/depreciation (percent)	105%	110%	100%	93%	104%

**Table 2. CGIAR Contributions to the Research Agenda by Member Group
1997–2001**
(millions of US dollars)

MEMBERS	1997	1998	1999	2000	2001
Europe					
Austria	1.8	2.3	2.3	1.8	2.1
Belgium	5.5	6.0	6.8	4.7	4.5
Denmark	19.1	17.7	14.0	11.0	10.6
European Commission	23.1	24.9	6.0	22.3	21.7
Finland	2.1	2.1	1.5	1.5	1.5
France	4.9	5.9	5.9	6.0	6.0
Germany	16.6	16.3	15.5	10.2	12.3
Ireland	0.8	1.0	0.9	0.8	1.5
Italy	4.0	3.0	3.2	3.2	3.7
Luxembourg	0.7	0.7	0.7	1.3	0.8
Netherlands	14.5	14.7	11.6	13.7	12.2
Norway	7.2	8.3	8.9	7.7	8.3
Portugal	0.3	0.3	0.5	0.4	0.3
Spain	1.8	1.1	0.9	1.2	1.2
Sweden	7.1	9.3	10.3	9.4	9.2
Switzerland	20.9	22.7	22.8	18.3	15.7
United Kingdom	10.2	11.5	13.9	14.9	19.2
Subtotal	140.6	147.6	125.8	128.3	130.8
North America					
Canada	12.9	12.3	12.3	11.4	11.6
United States	38.3	40.5	39.4	42.1	45.4
Subtotal	51.2	52.8	51.7	53.5	57.0
Pacific Rim					
Australia	6.6	7.8	8.1	8.5	7.2
Japan	33.5	35.3	40.0	34.6	29.2
New Zealand		0.4	0.4	0.5	0.7
Subtotal	40.0	43.5	48.5	43.5	37.1
Developing and transition economies					
Bangladesh	0.1	0.1	0.3	0.3	0.2
Brazil	0.5	0.7	0.4	0.4	0.4
China	0.5	0.5	0.7	1.0	0.9
Colombia	2.6	2.5	2.7	2.3	2.5
Côte d'Ivoire	0.2	0.1	0.1	0.1	0.1
Egypt, Arab Republic of	1.1	1.4	1.4	1.4	1.3
India	0.8	0.8	0.7	0.8	0.8
Indonesia	0.5	0.1	0.4	0.2	0.3
Iran, Islamic Republic of	1.5	2.0	1.8	1.7	1.7
Kenya		0.5	0.4	0.1	0.3
Korea, Republic of	0.6	0.9	0.8	0.9	1.1
Mexico	0.5	0.6	1.7	1.8	1.3
Nigeria	0.1	1.0	1.6	1.0	0.0
Pakistan	0.5	0.2	0.0	0.2	0.6
Peru		0.4	0.3	0.2	0.6
Philippines	0.4	0.7	0.3	0.4	0.2
Russian Federation					0.0
Saudi Arabia					0.0
South Africa	0.5	0.6	0.5	0.6	0.5
Syria			0.5		0.5
Thailand	0.5	0.3	0.1	0.1	0.1
Uganda				0.3	0.3
Subtotal	10.8	13.4	14.7	13.7	13.6
Foundations					
Ford Foundation	3.2	3.1	2.6	2.6	2.7
Kellogg Foundation	0.3	0.3	0.1	0.0	0.2
Rockefeller Foundation	2.1	3.4	3.5	4.0	6.3
Subtotal	5.6	6.8	6.2	6.6	9.2
International and regional organizations					
ADB	1.8	3.8	4.4	6.0	6.9
AFDB	1.0	0.8	2.3	1.2	0.3
Arab Fund	1.0	1.5	1.9	1.7	1.6
FAO	0.3	0.6	0.2	0.2	0.4
IDB	4.5	2.1	1.5	1.4	0.5
IDRC	2.4	2.4	3.0	2.3	2.5
IFAD	3.1	4.0	6.9	5.8	6.6
Opec Fund	0.2	0.2	0.2	0.2	0.4
UNDP	4.5	3.2	2.1	1.8	1.6
UNEP	0.2	0.1	0.2	0.7	0.7
World Bank	45.0	45.0	45.0	45.0	45.0
Subtotal	64.0	63.7	67.7	66.3	66.5
Other Donors	8.1	11.9	15.0	19.2	23.1
Total	320	340	330	331	337

Figure 1 Contributions to CGIAR
Millions of US dollars



\$4 million in 2000 to \$6.3 million in 2001. Contributions from nonmember foundations were stable at \$5 million.

Contributions from European Members increased by \$2.5 million, or 2 percent. In particular, higher contributions were received from the United Kingdom (\$19 million), Germany (\$12 million), and Norway (\$8.3 million). Stable contributions from most other European Members, including the European Commission, more than offset modest exchange-related declines in other cases.

Contributions from Pacific Rim Members declined from \$43.5 million in 2000 to \$37.1 million in 2001, largely as a result of Japan decreasing its contribution by \$5.4 million, or 8 percent. Half of that decrease reflects an actual reduction in the contribution and the other half resulted from exchange losses. Contributions by Australia and New Zealand remained stable at the 2000 level.

The 21 developing countries that are Members of the CGIAR maintained their support at \$13.6 million—the same level as in 2000—providing approximately 4 percent of the total. Colombia maintained its position as

the largest contributor among the developing countries. Support from international institutions was stable at \$66.5 million, representing 18 percent of total contributions.

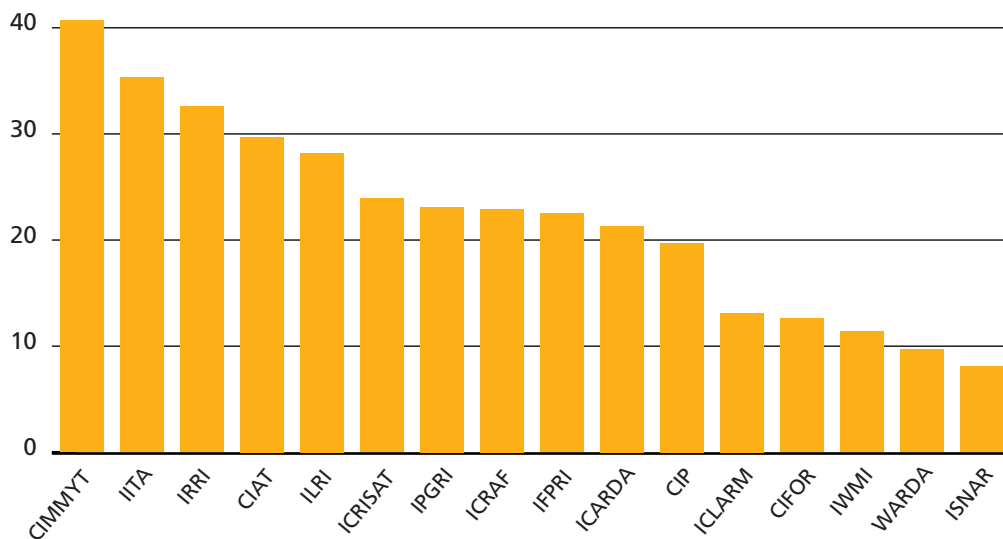
Disbursements

There was a slight improvement in the disbursements picture in 2001 when only 12 percent of funds remained outstanding at the end of the year, compared with 18 percent at the end of 2000. When compared with the normative schedule, however, the pace of disbursement continues to present a challenge to the Centers' cash flow, a situation that could become more difficult as targeted funding increases as a percentage of total funding.

Resource Allocation

In overall terms, expenditures in 2001 amounted to \$355 million, 4 percent higher than those in 2000. Resource allocation at the Center level is governed largely through research projects established in the context of CGIAR activities. These allocations are summarized at the system level by Center and by object of expenditure, and are illustrated by activity and developing region.

Figure 2 Expenditures by Center
Millions of US dollars



Distribution of Expenditures among Centers: Figure 2 shows the distribution of expenditures by CGIAR Centers in 2001. The distribution remained broadly in line with expenditures by Center in 2000.

Expenditures by Object: The trend toward reduced personnel spending continued in 2001. Personnel costs amounted to 49 percent of the total costs in 2001, compared with an average of 55 percent in the mid-1990s. The total number of staff continued to decline as well: there were 8,485 in 2001 compared with 8,638 in 2000. Approximately 958 staff members were recruited internationally, a number essentially unchanged from 2000. A significant reduction in internationally recruited staff (IRS) by several Centers was offset by a similar increase at IWMI, which almost doubled its IRS complement from 26 to 49. Expenditures by object are indicated in figure 3.

Allocations by Activity: Amounts allocated in 2001 to the five principal CGIAR activities—increasing productivity, protecting the environment, saving biodiversity, improving policies, and strengthening national agricultural research systems—are shown in figure 4. These allocations are broadly congruent with those of the last several years.

Figure 3 Expenditures by Object

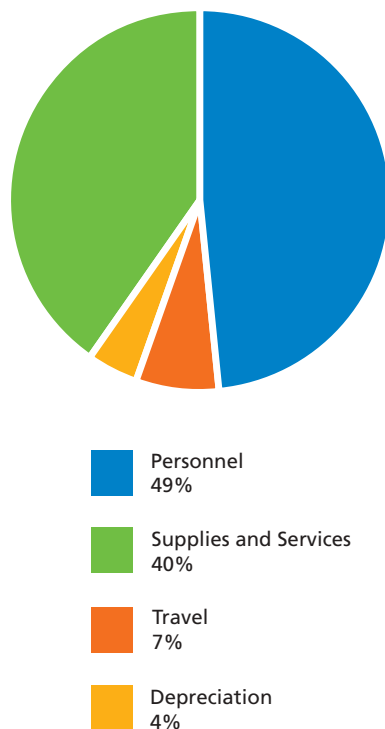


Figure 4 Allocations by Principal Activity

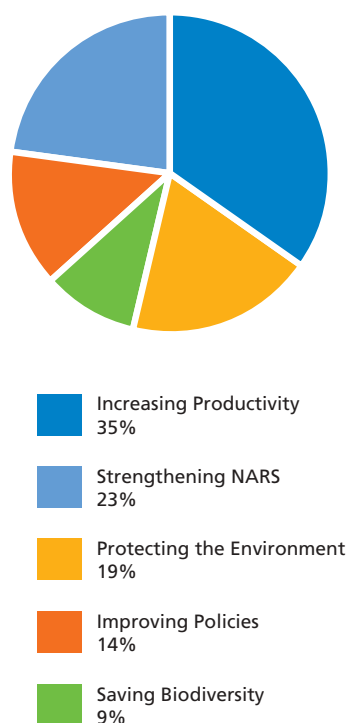
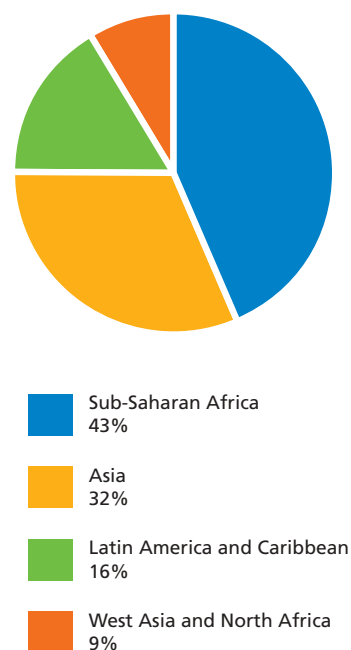


Figure 5 Allocations by Developing Region



Allocations by Region: Allocations by region are shown in figure 5. The CGIAR's investment in Sub-Saharan Africa increased from 42 percent in 2000 to 43 percent of total investment in 2001. Investment in Asia remained at 32 percent. Allocations targeted to Latin America and the Caribbean decreased from 17 percent to 16 percent. Investment in West Asia and North Africa remained at 9 percent of the total amount allocated.

Center Perspectives

The stability noted at the system level reflects a range of outcomes at the individual Centers. Funding for eight Centers was within 4 percent (plus or minus) of funding levels in 2000. Three Centers were funded at 6 percent or higher levels, and funding for the remaining five Centers contracted by approximately 7 percent.

Following a continuing decline in unrestricted support, unrestricted funding levels ranged from 31 percent to 45 percent at most Centers, and averaged 42 percent (compared with approximately 50 percent in recent years). As a consequence, during 2001 Centers initiated

precautionary cost reduction measures, such as expenditure curtailment and staff separations. These measures, which are continuing in 2002, are somewhat concentrated at Centers with large field operations (for example, ICRISAT, IITA, ILRI, IRRI, CIP, and CIMMYT). These circumstances led to deficit spending at eight Centers, with deficits ranging from \$0.5 million to \$2 million.

Conclusion

The 2001 results confirm the continued stability of CGIAR finances in the aggregate. As in the last several years, however, there is wide variability in financial performance among the 16 Centers, and that suggests a need for continued vigilance at the Center level. Furthermore, Members need to address the system-level issue of slow disbursements.

Compliance with Financial Guidelines

The Centers are independent institutions governed by their respective boards of trustees. In the interest of transparency and consistency in financial practices and the presentation of financial information, the Centers

follow financial guidelines issued by the CGIAR Secretariat. In the following finance-related areas, these guidelines seek to promote “best practices” in the CGIAR: financial management, accounting, budgeting, internal audit, and procurement. Developed with the input of Center finance personnel, external financial experts, and Secretariat staff, the guidelines are amended as required to reflect changing practices and to ensure that the CGIAR’s practices are in conformity with those generally accepted worldwide. Guidelines covering accounting policies and the preparation of externally audited annual financial statements are particularly relevant in this regard. The most recent update of these guidelines took effect in 1999 and brought CGIAR practices up-to-date with the current practices of not-for-profit organizations.

As part of the annual review of the substantive financial performance, PricewaterhouseCoopers (PwC) is reviewing the externally audited 2001 Center financial statements to ensure compliance with CGIAR policy and reporting guidelines. PwC will verify Center compliance with existing policy and reporting guidelines and ensure that any departures have resulted in no material misstatement of the financial information.

The CGIAR’s financial goals in 2001 were to attract sufficient resources to enable it to implement its approved work program for the year and to maintain its strong financial position.

Endnotes

1. This report does not include a discussion of the World Bank’s support allocated to the CGIAR Secretariat and the Technical Advisory Committee/Interim Science Council Secretariat. In 2001 this support amounted to \$5 million.
2. For presentation purposes, these 58 Members are divided into four distinct groups: industrialized countries (21), developing countries (22), foundations (3), and international and regional organizations (12). Industrialized countries can be further divided along geographical lines into three subgroups: Europe, North America, and the Pacific Rim.