



Fund

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WORKING DOCUMENT

*GRRC positions on PWC
recommendations arising of Phase 2
of the CGIAR Governance Review*

Submitted by:
Fund Office

GRRC positions on PWC recommendations arising out of Phase 2 of the CGIAR Governance Review

This table summarizes: (i) PricewaterhouseCoopers' (PwC) recommendations from Phase 2 of the CGIAR Governance Review; (ii) the Fund Council Governance Committee (FCGC)'s feedback; (iii) the CGIAR Consortium's feedback; and the Governance Review Reference Committee (GRRC)'s positions based on this feedback.

LEGEND

	PWC Recommendation	FCGC Commentary	Consortium Board Commentary	GRRC Conclusions
Topic of Discussion				
	PWC recommendation	FCGC commentary on PWC recommendation	Consortium Board commentary on PWC recommendation	<p>A. TEXT IN BOLD <u>Accepted</u> - FCGC and CB agree that the recommendation should be adopted. <u>Partially Accepted</u> - FCGC and Consortium agree that part of the PWC recommendation should be adopted. <u>Not Accepted</u> - FCGC and Consortium agree that the PWC recommendation should not be adopted.</p> <p>B. OTHER TEXT Any additional clarifying comments on how the PWC recommendations should or should not be adopted.</p>

	PWC Recommendation	FCGC Commentary	Consortium Board Commentary	GRRC Conclusions
1. Strategy				
1.1.1.	Consortium, Centers and donors to continue to support the development and approval of the SLOs and IDOs and in the future to ensure alignment within the CGIAR Business Plan.	This is on-going work and does not need a direct response from the Fund Council at this time. The revised SRF is an essential element of the CGIAR and was presented in November 2013. The FC acknowledges the importance of the SRF as a key element of the CGIAR accountability and management framework. The FC awaits the revised SRF and associated IDOs, which is more concise and clearer prior to developing new phase of the CRPs.	Yes, Maintain SRF Management Update on SLOs/IDOs, and CRP extension/synchronization and CRP second call work already underway and include funding scenarios analyses.	<u>A. Accepted.</u> B. Ongoing work already underway (SRF Management update and associated IDOs in preparation of CRP second round).
1.1.2.	Commission scenario planning and development of CGIAR Business Plan which would set out the operationalization of the SRF, including organizational, operational and cost structures for the mid and long term	The FC notes this recommendation. We are not specifically requesting the development of a business plan, nevertheless we strongly support efforts to strengthen the development of clear and explicit links between funding, outputs and outcomes and a management system which is effective and efficient and is able to identify, prioritize and deliver high quality research. If the CB feels that a CGIAR wide Business Plan can help deliver these outcomes then we are prepared to discuss this in more detail.	Yes, 3 years Business Plan to be developed in future by the CGIAR Consortium, taking into account different funding scenarios for planning purposes. The FC needs to be involved so as to provide funding indications. The Business Plan would set out the strategy and required business processes and resources (organizational, operational and costing) to implement the strategy, and would take into account the MTR and SFRF Management Update.	<u>A. Accepted.</u> B. Further discussions should be held regarding the development of a Business Plan, or at least a strategy outlining clear and explicit links between funding, outputs, and outcomes to deliver high quality research. Better understanding of what would be in a business plan should be a part of this discussion.

1.2.1.	Chairs of the Fund Council and Consortium Board, together with the CEO of the Consortium Office and the Executive Secretary of the Fund Office to set up a formal process to engage regularly and in particular prior and after board meetings.	FC accepts this recommendation and puts in place a system to ensure better CB FC communication.	Yes, Timetable and protocol established between the two Chairs (FC/CB), starting after CB13 meeting. Still need to formalize a process for regular engagement between FC Chair, CB Chair, Consortium CEO and Executive Secretary of FC, particularly before and after board meetings.	<u>A. Accepted.</u> B. No additional comments.
1.2.2.	Fund Council and Consortium Board to agree on the establishment of (1 to 4) new joint working groups to facilitate consultation between their bodies.	The FC doesn't accept all the points in this recommendation. The need for better communication between the FC and CB is accepted but with reservation about the proliferation of meetings and committees. We have put in place cross FC-Consortium committees where the FC feel this is needed, but don't agree that an ex-ante system is needed.	Partial. It is important to have cross-system communication mechanisms and joint WGs should be created as needed on an <i>ad hoc</i> basis. Continue the current GRRC (reference) format. Consider formation of Programmatic Committee for CRP second call. Consider formation of RM Committee.	<u>A. Partially accepted.</u> B. A large number of joint working groups is not desired. After further discussion it was felt that setting up a joint meeting ahead of FC meetings would increase understanding of issues and proposals that will be discussed at the FC.
1.2.3.	Define a process for system dispute resolution derived from the principles and arrangements set out in the founding documents.	The FC doesn't accept this recommendation. We were not clear what is intended here, nor is it clear that certain donors would be prepared to accept a legally binding arbitration system. The Fund Council is not a legal entity; it's a collection of representative s and does not have a legal counsel as such.	Partial, The JA already sets out a dispute resolution mechanism between the FC and the CGIAR Consortium, for disputes arising in connection with the JA, any Consortium Performance Agreement or any Consortium Fund Use Agreement (the FC and the CGIAR Consortium should strive to settle the dispute amicably, and failing this, may submit it to mediation; any mediation resolution needs to be agreed by both the FC (based on consensus) and the Consortium).	<u>A. Partially accepted.</u> B. The dispute resolution should not be legally binding on the FC but a mechanism for dispute resolution should be explored.

			<p>However, the various steps involved in both the amicable settlement stage and the mediation stage could be expanded on to ensure proper dialogue in the event of a dispute.</p> <p>Subsequent review by Legal Counsels.</p>	
1.3.1.	Strategic leadership to commission further analysis on the dual pillar structure and alternative structures in particular: a consolidated single CGIAR Board, strong technical board committees and technical advisory panels, the need to limit the size of center boards in the scenario whereby CRPs continue to grow, a single structure whereby Centers would become CGIAR offices without a board, within a scenario whereby CRPs would account for all Center activities	The Fund Council will direct MTR Panel's attention to including the PwC Report as a potential input into the MTR process with the caveat that many FC members consider that any major structural changes would more prudently be considered by the scheduled system wide evaluation due in 2017.	For later consideration by MTR And to be discussed with Centers to explore what type of organization Centers would like for the future.	<p><u>A. Accepted.</u></p> <p>B. Will direct MTR Panel's attention to this. Any structural changes likely to be considered in 2017.</p>
1.3.2.	Fund Council and Consortium Board to take a strategic decision on the most appropriate structure for CGIAR in the long term.	The Fund Council will direct MTR Panel's attention to including the PwC Report as a potential input into the MTR process with the caveat that many FC members consider that any major structural changes would more prudently be considered by the scheduled system wide evaluation due in 2017.	For later consideration by MTR And to be discussed with Centers to explore what type of organization Centers would like for the future.	<p><u>A. Accepted.</u></p> <p>B. Will direct MTR Panel's attention to this. Any structural changes likely to be considered in 2017.</p>

1.4.1.	Legal counsels of the Consortium Office and Fund Council to develop a Decision Chart to detail their entity's roles based on founding documents and consolidate across the System, and use it to further operationalize and develop the governance documents for their entity further rationalize in a consistent manner the roles and processes for their own entities and linkages between both entities.	The FC does not see the need to act here. We accept that further rationalization of roles and responsibilities may be useful, though were not completely convinced of the need for this. If it is done we don't think this should be allocated to legal councils but should be left to the CO and FO to sort out.	Partial The Consortium will develop a Decision Chart	<u>A. Partially accepted.</u> B. Legal council are not needed to lead this and the role should be with the Consortium. With that understanding, the Consortium will develop a decision chart.
1.4.2.	After completion, and depending on outcome, of 1.4.1 , legal counsels to analyze the need to revise CGIAR founding documents.	No action required at this stage by the FC.	Yes, Follow 1.4.1.	<u>A. Partially accepted.</u> B. Follow 1.4.1.
1.5.1.	Allocate responsibility to set out the modalities to centrally plan and manage all activities to follow through change and to implement the reform successfully	We recommend no action by the FC. Many of the actions set out in the 2010 are already underway or completed. The CO has the responsibility for taking most of the outstanding reforms forward and has the capacity to do this. A review of reforms will be the main focus of the MTR and should give us an accurate view of what still needs to be completed. We don't see the need at this stage for a new reform "hub".	Partial Given the depth of the reform and the many changes put in place coordinating change management across the many reform-related projects is essential. In this regard the Consortium wishes to create a time-limited position of Change Project Manager and needs additional capacity to fill this position and therefore additional resources. The project manager would, in particular, ensure that the agreed actions from Phase 1 and 2 of the CGIAR Governance Review and the Consortium governance to do list are amalgamated and satisfactorily implemented.	<u>A. Partially accepted.</u> B. FC does not need to take any action and the CO should bear the responsibility for coordinating the reform.

1.5.2.	Assign permanent staff in Consortium Office and Fund Office and reform change agents in each Center.	No action needed at this stage. The centers and Consortium are still working hard on their relationship and the DGs and Board Chairs are key agents in this change process. Appointing new staff with relatively little authority would not be effective. The CO is already well-resourced to drive forward reform.	Partial. Create temporary change management position in the CO (See 1.5.1).	<u>A. Partially accepted.</u> B. FC does not need to take any action. CB feels that an experienced change manager should be recruited temporarily in the CO to assist with reform implementation and change management Resource implications will need to be brought to the FC for approval.
1.6.1.	The Fund and Consortium Office, in close consultation with the Centers DGs, and overseen by the relevant Fund Council and Consortium Committees or preferably a Joint Committee, to prepare the fundraising approach and process across the system.	See our response to the FC	Yes, Whilst the Consortium and centers are developing fund raising strategies, this can only reflect part of the overall strategy for the CGIAR. Strongly endorse that a joint FC/Consortium/Centers group work together to develop CGIAR strategy, including definition of the scope of the strategy (CRPs, endowment funds for genebanks, etc)	<u>A. Accepted.</u> B. This has been taken on by the FC and was discussed at FC10.
1.6.2.	For the Fund Council and the Consortium Board to approve the resource mobilization strategy.	As above	Yes, Follow 1.6.1.	<u>A. Accepted.</u> B. This has been taken on by the FC and was discussed at FC10.
1.7.1.	Implement and monitor alignment with the branding guidelines through the Consortium Good Governance Framework and related standards that Centers should apply		Yes, Collaborative process already underway. Advocacy and marketing of brand needs improvement.	<u>A. Accepted.</u> B. Work already underway.
1.7.2.	Consortium Office to expand communications efforts alongside the increased definition and monitoring of results.		Yes, Collaborative process already underway. Advocacy and marketing of brand needs improvement.	<u>A. Accepted.</u> B. Work already underway.

1.7.3.	Define a process including roles and expectations of Boards and Senior Management at Fund, Consortium and Center level, in order for CGIAR to play a more prominent role in major global events and meetings that are relevant for CGIAR and boost CGIAR brand	The FC accepts this recommendation.	Yes, Collaborative process already underway. Advocacy and marketing of brand needs improvement.	<u>A. Accepted.</u> B. Ongoing and collaborative work already underway.
1.7.4.	Develop and implement a system wide branding, advocacy and marketing strategy.	As above	Yes, Collaborative process already underway. Advocacy and marketing of brand needs improvement.	<u>A. Accepted.</u> B. Ongoing and collaborative work already underway.
2. Oversight				
2.1.1.	define FC and CB respective board thematic areas, key roles and priorities, and requirements for experience, skills and commitment for existing and new committee members and propose changes to existing Committee Terms of Reference and recommend new	The recommendation is based on a mis-understanding of the FC, its make up and constituency. It is a representative body. Members of the FC are not selected but represent a major stakeholder of the CGIAR based on agreed rules. The FC should ignore this recommendation.	Partial, In place for Consortium	<u>A. Partially Accepted.</u> B. This is already in place for the Consortium, but irrelevant for the Fund.
2.1.2.	Fund Office to prepare, Governance Committee to oversee, and Fund Council to approve a revised appointment process for Fund Council members to ensure an appropriate level of seniority at the Fund Council meetings.	As above. As representative nominations have to come from the body being represented (eg: major donors will appoint their own representative).The FC acknowledges the need for both consistency and quality during decision-making and this is an important issue, but we don't recommend changes to the selection process for FC members. The FC does not accept this recommendation.	Yes, agree with principle of having an appropriate level of seniority at FC meetings. This is the responsibility of the donors	<u>A. Not Accepted.</u> B. FC members are appointed by the body being represented. Agree with principle of having an appropriate level of seniority at FC meetings, but do not agree on imposing a process on donors to achieve this.

2.1.3.	Set up a comprehensive and transparent process and criteria for proposal submission (including but not limited to CRP proposals) from the CB to the FC to ensure quality of proposals and efficient decision-making (e.g. an administrative panel would ensure readiness and completeness and a technical panel would assess technical quality)	We agree and recommend this is accepted.	Partial, Centers and Consortium are already fully cognizant of this responsibility but agree that there is a need for a better communication and consultation process ahead of FC meetings that allows expectations and responses to be matched.	<u>A. Partially accepted.</u> B. In conjunction with 1.2.2 the submissions to the FC could be discussed in a joint meeting prior to the FC meeting to facilitate feedback and understanding.
2.1.4.	Legal and governance offices at Fund Council, Consortium and Center level to work more proactively together to ensure consistent governance advice to their respective governing bodies and offices about system (governance) challenges.	There is no FC “legal and governance office”. While consistent a clear advice on governance issue is a priority there is no need to develop a single joint process to do this. FC should not accept this recommendation.	No, Centers and Consortium are already fully cognizant of this responsibility	<u>A. Not Accepted.</u> B. No need to develop a joint process for legal and governance offices to work more proactively together.
2.2.1.	Expand the Consortium delegation at the Fund Council temporarily with Center representatives in addition to the Consortium Board and Consortium Office representatives.	There was no clear view on this issue. On one hand the idea of better communication with the centers was accepted, but isn’t that the Consortiums role? This implies that the centers feel collectively that one representative of one centre is better able to represent their interests than the Consortium. Would this person be asked to speak for the Centers and if so where would that leave the Consortium? The FC does not accept the recommendation.	No, Once clarity is established on strategy, responsibilities and communication processes involving FC/FO, CB/CO and Centers, trust will begin to develop	<u>A. Not Accepted.</u> B. It is the Consortium's role to represent the interests of the Centers.
2.2.2.	Define the terms of reference and establish the Centers’ Policy Dialogue Group.	This is a decision for the Consortium. No action required at this stage by the FC.	Yes, The CB’s Members’ Interest Committee has already been converted into a Policy Coordination Committee.	<u>A. Accepted.</u> B. This is the role of the CB, which has already established the Policy Coordination Committee.

2.3.1.	Consortium Office to define, develop and implement the Consortium Good Governance Framework and related standards, ensuring to integrate the on-going governance initiatives that are being developed and focusing on assessments, monitoring & compliance processes and reporting.	This is an action for the Consortium and while in principle the FC supports this and would in due course like to see it, we don't think this is an action the FC needs to rule on at this stage. No action needed by the FC.	Yes, Ongoing work in this regard, with active involvement of the CB's Governance Risk and Compliance Committee.	<u>A. Accepted.</u> B. No action needed by FC. This is the role of the CB, which has ongoing work on the Consortium Good Governance Framework and related standards.
2.4.1.	Consortium Office to create a CRP Governance Handbook setting out minimum standards for governance, management and operating principles and practices, and develop more stringent rules for CRP oversight and management	This is an action for the CO to lead. As above we would like to see this in due course and it should be informed by the on-going evaluation of CRP governance and possibly the MTR. No action needed by the FC.	Yes, Underway including through IEA CRP Management and Governance Review, and joint CO Center group	<u>A. Accepted.</u> B. Ongoing work already underway by the CO through the IEA CRP Management and Governance Review and through the joint CO Centers Group.
2.4.2.	Consortium Office to create CRP financial management training.	This is a decision for the Consortium. No action required at this stage by the FC.	Yes, following OCS implementation	<u>A. Accepted.</u> B Agreed; Consortium will undertake training following OCS implementation.
2.4.3.	Consortium Office to develop fiduciary architecture to increase oversight across the full CRP portfolio horizontally across all Centers involved in CRP implementation.	This is a decision for the Consortium. No action required at this stage by the FC.	Consortium accepts recommendation.	<u>A. Accepted.</u> B. Accepted as priority for the Consortium.
2.4.4.	Consortium Office to commission CRP verification of program achievement and expenditures by an independent body (peer review amongst Centers or on a risk sample basis by an external provider).	This is a decision for the Consortium. This has to be consistent with the role and functions of the IEA and other audit activity. No action required at this stage by FC.	Yes, underway through IEA and CRP-commissioned external reviews.	<u>A. Accepted.</u> B. Yes, underway through IEA and CRP-commissioned external reviews.

2.4.5.	Consortium Office to develop CRP budget template to categorize budgets forecasts consistently across CRPs so that actuals can be reported against budget.	This is a decision for the Consortium. No action required at this stage by the FC.	. Accepted.	<p><u>A. Accepted.</u></p> <p>B Accepted as action by Consortium.</p>
2.5.1.	Consortium Office to bring in where possible core functions undertaken by staff in existing roles, and as a minimum the following 3 functions: 1) Governance, Ethics, Risk and Compliance; 2) HR coordination; and 3) Program management to oversee CRP performance monitoring.	Yes this is a priority for the Consortium. This is a decision for the Consortium. No action required at this stage by the FC.	<p>Partial.</p> <p>The CO needs additional capacity, and therefore resources, for the 3 following key functions: 1) Senior Science Officer (adding a third to the 2 current positions) to ensure that the 16 CRPs are adequately covered; 2) CGIAR Strategic HR Manager (including G&D staffing); and 3) a Change Project manager (cf. response under 1.5.1 above)</p> <p>Regarding the Governance, Ethics, Risk and Compliance position recommended by PwC, the Consortium's view is that this position is not required as ethics is at the foundation of CGIAR work and is the responsibility of the Consortium CEO and Center DGs for their entities respectively, through research, HR, legal and finance functions. Putting it in an office does not improve its effectiveness.</p> <p>b</p>	<p><u>A. Partially accepted.</u></p> <p>B. The Consortium agrees to bring on 3 new positions in line with the recommendations but not the Governance, Ethics, Risk and Compliance position. Funding implications will need to be brought to the FC for approval.</p>

2.5.2.	Consortium Office to expand further its capacity , based on risk assessment, allowing for at least one program resource focusing on large and complex CRPs, together with support functions..	Yes, this is fundamental to the reform and should be properly budgeted and funded, This proposal seems to blend distinct mandates into one. Would benefit from further clarity of purpose.	Partial The CO needs an additional Senior Science Officer and the resources to fund this position (cf. response under 2.5.1 above).	<u>A. Partially accepted.</u> B. See 2.5.1. Funding implications will need to be brought to the FC for approval.
3. Risk Management				
3.1.1.	Develop a system wide conflict of interest policy applicable to the Fund Council, Consortium Board, and Center Boards and to the senior management of each body.	This should be developed by the FO in collaboration with the Consortium and endorsed by the FC. There was a question whether the FC should adopt a Col policy. We agree and recommend this is accepted.	This was accepted by FC at FC 10. Agree with need to develop a CGIAR wide COI policy (also applicable to senior management) taking into account the policies already in place for CB and Center BOTs.	<u>A. Accepted.</u> B. The FO will develop this in collaboration with the Consortium. Defining shared values and developing a high level conflict of interest policy for donors, tailored and cascaded down to the various levels of stakeholders in the System, will be explored.
3.1.2.	Appoint a Governance, Ethics, Risk and Compliance Officer at the Consortium Office level, reporting to the CEO.	This proposal seems to blend distinct mandates into one and would benefit from further clarity of purpose. This is a decision for the Consortium. No action required at this stage by the FC.	Partial. The CO needs a Change Project Manager (temporary position) who would, in particular, ensure that the agreed actions from Phase 1 and 2 of the CGIAR Governance Review and the Consortium governance to do list are amalgamated and satisfactorily implemented, and needs the	<u>A. Partially accepted.</u> B. See 1.5.1 and 2.5.1 above.

			additional resources to fund this position (cf response under 1.5.1 and 2.5.1 above).	
3.1.3.	Develop and implement an on-line independence disclosure process for CGIAR whereby independence declarations and supporting documentation are reviewed on an annual basis by an independent party.	This is a decision for the Consortium. No action required at this stage by the FC.	No, Inappropriate and expensive	<u>A. Not accepted.</u>
3.2.1.	Consortium Office to refine the CGIAR risk management governance concept to take into account systemic risk identification and response.	Systemic risk analysis and registration is needed across the system including the FC, CO centers. The FC agrees and recommends that this is accepted.	Yes, Planned to be developed in 2014 with active center involvement	<u>A. Accepted.</u> B. Ongoing CO work already underway.
3.2.2.	Consortium Office to review risk registers regularly to identify areas where better risk management and more efficient risk mitigating activities can be gained through centralization of some risk management procedures.	This should be a priority for the Consortium, without undermining the JA/COF. Is this needed for the FC as well? This is a decision for the Consortium. No action required at this stage by the FC.	Yes, Consortium to prepare an aggregate Consortium-wide risk register together reflecting common risks of Centers and CRPs, and prepare a consolidated CGIAR risk profile	<u>A. Accepted.</u> B. Ongoing work already underway.
3.2.3.	(see also 3.1.2) Create a new position to ensure a Governance, Ethics, Risk and Compliance function, independent from the internal audit unit at the Consortium level.	This is a decision for the Consortium. No action required at this stage by the FC. However if this is a new position included within the CO budget then it will have financial implications for the FC.	Partial. The CO needs a Change Project Manager (temporary position) who would, in particular, ensure that the agreed actions from Phase 1 and 2 of the CGIAR Governance Review and the Consortium governance to do list are amalgamated and satisfactorily implemented, and needs the additional resources to fund this position (cf response under 1.5.1 and 3.1.2 above).	<u>A. Partially accepted.</u> B. See 1.5.1 and 2.5.1 above.

3.2.4.	Centers to create a similar Ethics, Risk and Compliance function in each Center, reporting locally to the Director General and with a dotted line reporting to the Governance, Ethics, Risk and Compliance Director at the Consortium Office level.	This recommendation would benefit from greater clarity of purpose. This is a decision for the Consortium. No action required at this stage by the FC.	No, the ethics, risk and compliance functions already exist in Centers and are fulfilled by existing staff. No need to create a single position to fulfill these functions.	<u>A. Not Accepted.</u>
4. Policy Framework				
4.1.1.	Develop further the key components of the investment policy guidelines as set out in this report, to provide clear guidance especially on risk management and on performance management.	These (4.1.1 and 4.2.1) are important policies that need to be developed in by the CO consultation with the centers. The FC needs to take a view on both the way these policies are developed, what they say and how they will be implemented given their importance. This is a decision for the Consortium. No action required at this stage by the FC.	Yes, Underway	<u>A. Accepted.</u> B. Work already underway.
4.2.1.	Further develop the key components of the reserves policy guidelines as set out in this report, in order to ensure that each Center has an appropriate level of reserves and is able to calculate, monitor, and report on that level.		Yes, Underway A Consortium working group was established to develop a Consortium position on how Centers should generate reserves, and reach common ground on the question with the FC Resource Group.	<u>A. Accepted.</u> B. Work already underway.
5. Finance and Operations				
5.1.1.	Consortium Board to oversee the Office to ensure the implementation of standardized reporting across all Centers showing financial and programmatic performance through the support of new templates.	The FC supports this recommendation in principle, while recognizing the challenge of rolling this across the centers. The FC view is that this is already on-going. This is a Consortium action and requires no action from the FC.	Yes, Already implemented	<u>A. Accepted.</u> B. Already implemented.

5.1.2.	Consortium Board to introduce independent verification of consolidated financial results at Consortium level which can be done by the Consortium External Auditor.	The FC supports this recommendation in principle but noted that this is already on-going. This is a Consortium action and requires no action from the FC.	Yes, Already implemented	<u>A. Accepted.</u> B. Already implemented
5.1.3.	Consortium Office to assess the need for independent periodic verification of programmatic results at Lead Center level and report to the Consortium Board for further decision making.	This is a decision for the Consortium. No action required at this stage by the FC.	Yes, If necessary on an ad hoc basis	<u>A. Accepted.</u> B. Independent periodic verification of programmatic results when necessary and on an ad hoc basis.
5.1.4.	Fund Office to ensure that the total system contributions and costs (including the system costs for FC, FO, ISPC, IEA, CO, CB) are prepared and disclosed in one single statement, in order to provide a comprehensive financial and programmatic system-wide statement for management purposes	There are no system costs for the FC. Some budgets are already public. Full visibility is accepted in principle but the FC should consider how to put this in place.	Yes, in collaboration with CO	<u>A. Accepted.</u> B. Accepted in principle, but more information needed to determine how this can be effectively implemented.
5.2.1.	Transfer OCS lead responsibilities to the CO as set out in the sheet for OCS under range of solutions.	This is a decision for the Consortium. No action required at this stage by the FC.	Yes, Already implemented	<u>A. Accepted.</u> B. Already implemented
5.2.2.	Continue to involve the Internal Audit Unit (IAU) to ensure that project risks are appropriately managed and that the project is adequately governed and executed.	This is a decision for the Consortium. No action required at this stage by the FC.	Yes, Underway	<u>A. Accepted.</u> B. Work already underway.
5.2.3.	Consortium Office to review the funding model of the OCS; consider gradually changing to a centrally funded model in the future for on-going operational and maintenance costs.	This is a decision for the Consortium. No action required at this stage by the FC.	Yes, In due course	<u>A. Accepted.</u> B. Accepted, but in due course.

5.3.1.	Fund Council to review the need for each window and bilateral funding for the system.	It is clear there is still a diversity of views within the FC on the use of the 3 Fund windows, their utility and impact. The MTR may take a view on this.	Yes, subject to the Consortium and Centers preserving their right to raise funds for work that is aligned with the SRF and which may not be part of a CRP.	<u>A. Accepted.</u> B. The MTR Panel will do this review, however the Consortium and Centers will maintain the right to raise funds for work which may not be part of a CRP.
5.3.2.	Fund Council to analyze current and future trends in donor funding preferences.	This work is underway, with a study being overseen by the FC resource mobilization group.	–	<u>A. Accepted.</u> B. Work already underway.
5.3.3.	Fund Council to determine a realistic funding model with supporting mechanisms	This will be substantially informed by the outcome of the two reviews mentioned above.	Yes, subject to the Consortium and Centers preserving their right to raise funds for work that is aligned with the SRF and which may not be part of a CRP.	<u>A. Accepted.</u> B. Accepted, however extent to which this can be implemented will be determined on the basis of the outcomes of the two studies underway (See 5.3.2 and 5.3.3).
5.3.4.	After completion of 5.3.1 to 5.3.3: CGIAR leadership to revise CGIAR funding strategy accordingly and define a process whereby the entities in the system take ownership of implementation of the necessary policies and procedures.	In principle we accept that this is needed. But the extent to which this can be delivered depends to a large extent on the outcome of the two studies underway.	Yes, subject to the Consortium and Centers preserving their right to raise funds for work that is aligned with the SRF and which may not be part of a CRP.	<u>A. Accepted.</u> B. Accepted, however extent to which this can be implemented will be determined on the basis of the outcomes of the two studies underway (See 5.3.2 and 5.3.3).
5.4.1.	Fund Council to oversee and FO to ensure that donor information is more transparent throughout the system and to encourage large donors to plan their disbursements	We accept that greater transparency is a good thing across the system. We accept this recommendation in principle but recognize the limitation placed on donors by internal policies.	Yes.	<u>A. Accepted.</u> B. Accepted in principle with the recognition that limitations are in place based on donors' internal policies.
5.4.2.	For the Fund Council to oversee the Fund Office to analyze and prepare a process how to obtain multi-year commitments from key donors including a replenishment approach, in close consultation with the	Some donors have already moved to multi-year commitments and the FO is actively promoting this approach. Adopting a replenishment approach was	Yes.	<u>A. Partially accepted.</u> B. Work is ongoing on a resource mobilization strategy which addresses the issues in the recommendation. The adoption of a replenishment model is

	Consortium Office.	explicitly discussed by the FC in Seattle in March 2012 and was broadly rejected. The principle of replenishment is not accepted at this time.		not accepted by the FC at this time but may be revisited in the future, depending on the outcome of the ongoing resource mobilization study.
5.5.1.	Consortium to appoint a senior HR professional in CO to ensure strategic management of CGIAR HR.	This is a decision for the Consortium. No action required at this stage by the FC. However concerns were raised regarding the cost implications of creating new posts.	Yes, a CGIAR Strategic HR Manager (including G&D staffing) is needed to lead strategic work with centers and harmonize HR policies and practices. Additional resources are requested to fund this position (cf. response under 2.5.1 above)	<u>A. Accepted.</u> B. See 2.5.1. Funding implications will need to be brought to the FC for approval.
5.5.2.	Consortium Office to identify and create Centers of excellence to share and lead implementation of some HR shared services (such as training) as set out in this report.	This is a decision for the Consortium. No action required at this stage by the FC. However the recommendation was generally endorsed	This is already underway through the creation of a HR Community of Practice	<u>A. Accepted.</u> B. Accepted and underway
5.5.3.	Consortium Office to implement one HR system as part of the OCS in the long term.	This is a decision for the Consortium. No action required at this stage by the FC.	Yes, To be planned in the future	<u>A. Accepted.</u> B. Accepted and to be planned in the future.
5.6.1.	IEA to evaluate CRPs on the basis of program targets which are time bound and clearly set out in a performance measurement system.	This is already part of the IEA workplan. The establishment of an effective performance management system is a priority for both the FC and Consortium.	Yes, To be planned in the future	<u>A. Accepted.</u> B. Already part of IEA workplan.
5.6.2.	IEA to align the timing of evaluations to overall program cycles, leaving enough time to allow for corrective action.	This has been the subject of a detailed discussion around the phasing of CRP2 commissioning. We agree and recommend this is accepted.	Yes, To be planned in the future	<u>A. Accepted.</u> B. Part of plan for second round of CRPs.
5.6.3.	IEA to align the timing of system wide evaluations to the future CGIAR strategy and targets/indicators, allowing sufficient time after the reform for	We agree and recommend this is accepted	Yes, To be planned in the future	<u>A. Accepted.</u> B. Accepted.

	different functions to grow into their roles			
6. Fiduciary Oversight and Audit				
6.1.1.	Consortium Office to develop a due diligence process to include identification of minimum standards for technical know-how and CRP management that should be met by external partners at application stage.	This is a decision for the Consortium. No action required at this stage by the FC. However FC members may need to scrutinize these processes to ensure compliance with internal policies and the JA.	Yes, CO to lead the process to harmonize these solutions building on center expertise	<u>A. Accepted.</u> B. CO to lead the process, however, FC may need to be brought in to ensure compliance with internal policies and the JA.
6.1.2.	Consortium Office to develop a due diligence process and to include the modification of the CRP proposal template to include these “must have” elements, which could then input into the CRP approval process.	This is a decision for the Consortium. No action required at this stage by the FC. However FC members may need to scrutinize these processes to ensure compliance with internal policies and the JA.	Yes, CO to lead the process to harmonize these solutions building on center expertise	<u>A. Accepted.</u> B. CO to lead the process, however, FC may need to be brought in to ensure compliance with internal policies and the JA.
6.1.3.	Consortium Office to develop a due diligence process and to include assessment of all applicants against the “must have” elements. The result of this assessment should input into the program's overall risk assessment for appropriate monitoring.	This is a decision for the Consortium. No action required at this stage by the FC. Concerns expressed about the ways in which the CO applies these across the centers.	Yes, CO to lead the process to harmonize these solutions building on center expertise	<u>A. Accepted.</u> B. Accepted, but further clarification needed regarding the methods CO will use to implement recommendation across Centers.
6.1.4.	Consortium Office to develop a due diligence process and to include development of action plans to address noted weaknesses.	This is a decision for the Consortium. No action required at this stage by the FC. However FC members may need to scrutinize these processes to ensure compliance with internal policies and the JA.	Yes, CO to lead the process to harmonize these solutions building on center expertise	<u>A. Accepted.</u> B. CO to lead the process, however, FC may need to be brought in to ensure compliance with internal policies and the JA.

6.1.5.	Consortium Office to develop a due diligence process and to include a modulated assessment which may be lighter for previously well implemented programs or low risk environments.	This is a decision for the Consortium. No action required at this stage by the FC. However FC members may need to scrutinize these processes to ensure compliance with internal policies and the JA.	Yes, CO to lead the process to harmonize these solutions building on center expertise	<u>A. Accepted.</u> B. CO to lead the process, however, FC may need to be brought in to ensure compliance with internal policies and the JA.
6.2.1.	Consortium to review the reporting structure and align it with the current “shared service” IAU model.	This is supported in principle but is a decision for the Consortium. No action required at this stage by the FC.	Yes, To be implemented by CB and Center boards.	<u>A. Accepted.</u> B. To be implemented by CB and Center boards.
6.2.2.	Consortium to define the terms of reference of the IAU and ensure it takes into account the expectations of the Centers, Consortium Board and Fund Council by aligning the ToR with the COF.	There was no clear view as to whether the IAU function should be included in the COF and whether this requires FO/FC action. This is primarily a Consortium responsibility.	Yes, Defined, to be implemented	<u>A. Accepted.</u> B. Work already underway. Accepted, conditional on the confirmation that FC/FO not needed at this time.
6.2.3.	Consortium to review the current versus needed capabilities of the IAU (based on the defined ToR), and define a resourcing plan aligned with the standard NGO practices to ensure the right resources can be attracted and retained.	This is a decision for the Consortium. No action required at this stage by the FC.	Yes, Underway	<u>A. Accepted.</u> B. Work already underway.
6.3.1.	Consortium to develop a process for the implementation of a system external audit approach by 2015	The definition of a system wide audit was not clear. If this is to include the FO and other system entities, these don’t fall within the remit of the CB.	The Consortium is considering a single external auditor for the Consortium and the Centers.	<u>A. Partially accepted.</u> B. This recommendation is interpreted as being applicable to the Consortium and the Centers and not the other System Entities. The Consortium is currently considering a single external auditor.