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OPTIONS FOR CGIAR GOVERNING STRUCTURES
AND DECISION-MAKING

Submitted by:
Options Team
OPTIONS FOR CGIAR GOVERNING STRUCTURES
AND DECISION-MAKING
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<tr>
<td>AfDB</td>
<td>African Development Bank</td>
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<td>AMA</td>
<td>Australian Multilateral Assessment</td>
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<td>CB</td>
<td>Consortium Board</td>
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<td>CCAFS</td>
<td>Climate Change, Agriculture and Food Security</td>
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<td>CEO</td>
<td>Corporate Executive Officer</td>
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<td>CIF</td>
<td>Climate Investment Funds</td>
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<td>CIRAD</td>
<td>French Agricultural Research Center for International Development</td>
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<td>CO</td>
<td>Consortium Office</td>
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<td>CPA</td>
<td>Consortium Performance Agreement</td>
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<td>CRP</td>
<td>CGIAR Research Program</td>
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<td>CTF</td>
<td>Clean Technology Fund</td>
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<td>DAC</td>
<td>Development Assistance Committee</td>
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<td>DG</td>
<td>Director General</td>
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<td>EC</td>
<td>European Commission</td>
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<td>EIAC</td>
<td>Evaluation and Impact Assessment Committee</td>
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<td>EIARD</td>
<td>European Initiative for Agricultural Research for Development</td>
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<td>ExCo</td>
<td>Executive Committee</td>
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<td>FAO</td>
<td>Food and Agriculture Organization of the United Nations</td>
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<td>FC</td>
<td>Fund Council</td>
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<td>FCGC</td>
<td>Fund Council Governance Committee</td>
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<td>FTE</td>
<td>Full-time equivalent</td>
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<td>FO</td>
<td>Fund Office</td>
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<td>GAFSP</td>
<td>Global Agriculture and Food Security Program</td>
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<td>GAVI</td>
<td>Global Alliance for Vaccinations and Immunizations</td>
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<td>GCARD</td>
<td>Global Conference on Agricultural Research for Development</td>
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<td>GEF</td>
<td>Global Environment Facility</td>
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<td>GFAR</td>
<td>Global Forum on Agricultural Research</td>
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<td>Global Fund, The</td>
<td>Global Fund to Fight Aids, Tuberculosis and Malaria</td>
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<td>GPE</td>
<td>Global Partnership on Education</td>
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<td>GRiSP</td>
<td>Global Rice Science Partnership</td>
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<td>IAU</td>
<td>Independent Audit Unit</td>
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<td>International Bank for Reconstruction and Development</td>
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<td>International Development Association</td>
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<td>International Development Research Centre</td>
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<td>Independent Evaluation Arrangement</td>
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<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
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<td>INRA</td>
<td>French National Institute for Agricultural Development</td>
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<td>ISPC</td>
<td>Independent Science and Partnership Council</td>
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<td>IT</td>
<td>Information technology</td>
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<td>MAR</td>
<td>Multilateral Aid Review</td>
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<td>MDG</td>
<td>Millennium Development Goal</td>
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<td>MTR</td>
<td>Mid-Term Review</td>
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<td>OCS</td>
<td>One Corporate System</td>
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<td>ODA</td>
<td>Official development assistance</td>
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<td>OECD</td>
<td>Organisation for Economic Co-Operation and Development</td>
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<td>PIA</td>
<td>Program Implementation Agreement</td>
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<td>PwC</td>
<td>PricewaterhouseCoopers</td>
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Executive Summary

The CGIAR reform—what worked and what did not

1. Achieving and maintaining global food security, improving nutrition, and reducing rural poverty all require increased and targeted agricultural research. The international partnership leading such research for the last 40+ years is the CGIAR. The CGIAR has evolved to meet the changing times and demands during its existence.

2. In 2008/2009 a substantial reform process was initiated in order to strengthen the ability of the partners to support the development of a global food system that meets the needs of all, particularly the poor. Since the reform process was initiated, the CGIAR has undertaken reviews of governance, resource mobilization, delivery, and impact in order to assess efficiency and effectiveness and identify areas for improvement. A number of recommendations have been made that would affect the governance of the CGIAR. This report, commissioned by the CGIAR Fund Council as a result of its review of the Final Report from the Mid-Term Review Panel of the CGIAR Reform, is an assessment of options for improving the system’s governance structures and decision-making.

3. The CGIAR reform was undertaken in response to the need to rebalance the partnership, with both contributors and research centers adjusting their respective roles and responsibilities. The partners agreed there was a need to improve: (a) clarity of its mission, (b) strategic objectives and directions, (c) trust between centers and contributors, (d) the robustness of partnerships among centers and with outside stakeholders, (e) financing, (f) capability to measure results at the system level and (g) participation in the global debates on the food crisis and climate change. Further it was clear that the complex governance structures and management had led to unclear accountabilities with no central focal point for decision-making. In this regard it was determined that governance and management functions should be separated to avoid conflicts of interest and confusion over mandates and authorities.

4. The objectives of the reform have been partially met. A significant improvement resulting from the reform is the adoption of CGIAR Research Programs (CRPs) through which stakeholders, mostly the centers, have substantially improved collaboration and broadened partnerships with key non-CGIAR research organizations. Another key benefit of the reform process has been the significant increase in funding for the centers’ research, in particular for the CRPs.

5. The governance structure resulting from the reform includes a number of central actors and is inherently complex: 15 research centers located in a range of countries around the world, each a legal entity with its own board and constitution; a treaty-based Consortium Board and Consortium Office charged with facilitating agreement on priorities and accountable for the CRPs; and the Fund Council supported by the Fund Office responsible for endorsing strategy and securing adequate funds to carry out the priority research. The Independent Science and Partnership Council (ISPC) and Independent Evaluation Arrangement (IEA) advise the Fund Council. A biennial Global Conference on Agricultural Research for Development (GCARD) to better align the work of the CGIAR with global and regional needs and activities is jointly organized by the Global Forum on Agriculture Research (GFAR) and the CGIAR Consortium. A Funders Forum to deliberate on CGIAR’s mission, operations and achievements is convened every two years.
6. The objective of this report is to present the results of the assessment of various governance options in a manner that facilitates decision-making by the Fund Council. A wide range of experts and CGIAR stakeholders was consulted in order to assess the potential benefits/impacts of options on specific problems—perceived or real governance issues that are inhibiting the system from achieving the goals which were set out in the reform process in 2008/2009—as well as the overall efficiency and effectiveness of the system.

7. The fact that the CGIAR system is operating without a Strategy and Results Framework (SRF) that can effectively lead to prioritization of research and confidence in results measurement is a fundamental problem. The strengthening of science-based guidance to the system is a work-in-progress under the leadership of the ISPC, as is the preparation of the SRF. All of the options presented in the report rely on a strong SRF and consistent world-class scientific guidance and review.

8. The options differ in complexity and are substantially different in terms of representation of various stakeholders in decision-making processes. A review of comparator partnerships shows that the norm has become broad stakeholder representation in governance of such partnerships.

9. The running costs of each of the options are relatively small when compared to the overall CGIAR budget. The difficulties and costs of transitioning to each option are significantly different, with the shift to a single board and administrative body presenting more challenges as compared to the other options. The task for the Fund Council and other stakeholders is to balance the cost of transitioning against the mid- to long-term benefits derived from each proposed option.

10. The option study would have benefited if the SRF had already been approved. It could have then assessed relative strengths and weaknesses of each option in supporting the priorities and longer-term strategic objectives of the CGIAR. Since this was not possible, the relative merits of each option are measured against CGIAR’s current challenges. In taking its decision on the future governance of the CGIAR, the Fund Council is encouraged to also ask itself whether the option sufficiently positions the CGIAR, as a system, to take a leadership role in the global community to tackle the longer-term challenges of food security, nutrition, and rural poverty.

**Governance and related challenges**

11. Based on the most recent evaluations of the CGIAR system, it is clear that the reforms were not successful in improving efficiency and effectiveness. There are a number of perceived ambiguities regarding the responsibilities, accountabilities, and decision-making processes by the various CGIAR entities. The system suffers from the lack of a clear long-term strategy as well as a shorter-term business plan. The lack of both continues to plague the decision-making processes. These problems are not a result of lack of clarity in the CGIAR agreement structure. They are primarily due to concerns about the broader governance arrangements of the CGIAR, in particular the unbalanced participation of key stakeholders, tension between the dual roles of the Consortium as facilitator and regulator, lack of trust and transparency in current decision-making processes, and weak leadership in promoting a partnership culture. A fundamental problem is that centers do not consider themselves adequately represented in key strategic decisions and decision-making. At the same time, the centers are not adequately unified on issues confronting them to expect them to come together on their own as a group and take overall responsibility for the functions that the Consortium has been assigned.
12. Other key stakeholders, such as national agricultural research systems and private sector partners, do not have sufficient voice in deliberations on strategy and priorities. Another area of concern is the balance of roles and responsibilities between the Consortium and the Fund Council in the overall governance of the CGIAR. Less than a quarter of the decisions taken by the two governing bodies—the Consortium Board and the Fund Council—have dealt with issues of strategy, policies and risks. Delays in finalizing decisions have resulted in increased transaction costs, unpredictability, and protracted meetings. Further, the operating systems that have evolved have resulted in duplication of actions by the Fund Council and Consortium Board, and Consortium Office and Fund Office.

13. While the level of funding has doubled since the reform process started there are also critical issues relating to the way that funds are raised, who has responsibility for resource mobilization, and how funds are managed and committed. The reform process did not achieve its objective of harmonizing the approach to funding from donors through the CGIAR Fund or improving the way cash flows from donors are managed. The lack of predictability of funding is a key concern. Projected flows based on informal communications with contributors are used to plan CRP funding even though such funding is not guaranteed.

14. Another critical issue that has been raised is the lack of a robust, science-based process for identifying research priorities for funding. Relating to this is the importance of having a long-term view, particularly regarding food security and the global challenges that affect food security such as climate change. It is not clear whether the reform resulted in a CGIAR that is well equipped to undertake research programs that will address both immediate and longer-term needs.

15. Stakeholders also believe that the CRP agreement structures and reporting requirements for CRPs are too complex and impose significant transaction costs on centers.

Comparator partnerships

16. The CGIAR is unique as a global partnership with its agricultural research mandate and its long history. The 15 centers through the CRPs are doing research on large, cross-cutting agricultural research programs that affect development. Other comparator partnerships are supporting actual development interventions, mostly downstream from research. Also the 15 centers are each independent legal entities with their own boards. However, the CGIAR is not unique in terms of being a complex, global partnership with multiple contributor, beneficiary, and implementing stakeholders. It is also not unique in facing the kinds of governance challenges described above. Thus it is appropriate to look at comparator partnerships when considering governance options.

17. Governance arrangements of six comparator partnerships were reviewed: Clean Technology Fund; Global Agriculture and Food Security Program; Global Alliance for Vaccinations and Immunizations; Global Environment Facility; Global Fund to Fight AIDS, Tuberculosis, and Malaria; and Global Partnership on Education. Two of the partnerships are legal entities and four are programs without legal identity and are hosted by the World Bank. The two partnerships that are legal entities provide funding directly to recipients and use their own staff to oversee the use of the funds by the recipients. The other four provide funding through intermediaries that are responsible for overseeing the use of funds and the implementation of the activities funded therewith by the recipients. The intermediaries are largely multilateral development banks or UN organizations with established supervision capabilities and which apply their own policies and procedures in the administration of the funds. Each of these partnerships is governed by a multi-stakeholder decision-making body, and in most cases, the
membership of that body is constituency-based. The governing bodies are chaired in different ways—some elect candidates from among the voting members of the governing body, others elect chairs from outside their voting members. Independent chairs tend to have longer tenure and greater time commitments to carry out board duties and advocacy for the organization.

18. The governing bodies of three of the partnerships include representation from some combination of civil society and the private sector, and multilateral organizations are represented on the boards of most, but usually without voting authority. All of the partnerships strive for consensus decision-making but when consensus cannot be reached five of the six provide for some variation of majority rule decision-making. Four of the partnerships have executive directors responsible for managing secretariats. These executive directors have significant roles in running the organizations and have strong public profiles. While all of the comparator partnerships initially had ad hoc or annual funding, four of them have changed fundraising using three- and four-year replenishment cycles.

Goals for CGIAR governance

19. Governance of the CGIAR should enable the system’s donors, centers, programs and partners to foster and engage in the highest quality science for development. In a research environment that is fast moving and competitive, leadership of the CGIAR at the governance level should:

   a. articulate a clear and compelling strategy for a coherent system that prioritizes scientific research with development impacts, especially for the poor;
   b. encourage innovation, problem solving and initiative;
   c. mobilize sufficient and predictable resources needed to sustain research over time; and
   d. assure contributors and stakeholders of the meaningful delivery of global and regional public goods.

20. The options team considered each of the following options for their ability to provide the framework, incentives and conditions through which CGIAR can achieve results. In particular, the team placed an emphasis on structures that reflect and reward partnership, engendering trust in the value of collaboration, as well as structures that clarified accountability and encouraged effective and transparent decision-making.

Options

21. Based on the options team’s review of the reference material and the consultations that it has carried out, four options are presented. The options fall on a spectrum that begins with a proposal for a number of modifications to the existing structure and decision-making process, without significant changes in the responsibilities of the Consortium Board and the Fund Council but with measures to improve communications, transparency, voice and efficiency. At the other end of the spectrum is the most sweeping change—the proposal for one governance body, the proposed CGIAR Council, and one administrative/management office. Two other options build on the modifications proposed in Option 1, with Option 2 proposing a strengthened Fund Office, a Consortium of the centers with responsibility for facilitating collaboration and coordination among the centers, and the lead centers being directly accountable to the Fund Council for the financial and programmatic performance of the CRPs, and Option 3 building on Option 2 and proposing that the functions of the Consortium Office and the Fund Office be consolidated in one office to streamline management and administrative functions.
22. In reviewing the options, the Fund Council should keep in mind that each option contains a number of different elements, and the Council may choose to support some of the main elements in the option while choosing to amend or reject other aspects of the option. No option is a “take it all or leave it” proposal. Nevertheless, the team has included in each option a combination of characteristics that it believes will improve the effectiveness and efficiency of the system in comparison to the present system.

Option 1. Modifications of the existing system structure and decision-making processes and accountabilities

Key points of the option

23. The main modifications to the existing structure are intended to place greater emphasis on the role of the Consortium in promoting and facilitating collaboration among the centers and managing relations between centers, and to reaffirm the role of Fund Council in approving system strategies, priorities and timely financing. Highlights of the proposed modifications include:

a. changes in the composition of the Consortium Board to include as voting members representatives of the centers and a greater number of active observers;

b. reduction in the size of the Fund Council to streamline functions and decision-making, while preserving adequate representation by contributors and providing incentives to contribute to the Fund,

c. providing for representation by the centers as “active observers” on the Fund Council;

d. clear decision-making rules for the Fund Council to ensure that when consensus cannot be reached, there is an equitable system for voting that takes into account financial contributions to the CGIAR Fund;

e. responsibility of the Fund Council to approve and oversee a resource mobilization strategy, with the strategy laying out clear roles and responsibilities of partners in the CGIAR system for mobilizing funds;

f. the adoption by both the Fund Council and the Consortium Board of a risk management framework to oversee risks in their areas of responsibility;

g. a joint annual meeting of the Consortium Board and the Fund Council to address issues of critical importance (quality of science, financing and risk management) as well as taking action on certain items including strategy, CRP proposals, and annual budgets; and

h. additional measures proposed to improve communications and integration of the pillars.

Problems this would address/benefits it would produce

24. Centers would be among the decision-makers on the Consortium Board and would be given voice at the Fund Council as active observers. This will address the perception of the centers that the reforms have marginalized their voice and prevented the Fund Council from fully understanding their needs with respect to delivering high quality scientific research.

1 Active observers would have the right to participate in discussions of the Council and propose agenda items and presentations to be made to the Council. In principle, active observers should not be excluded from any deliberations of the Council. The rules of procedure should specify that decision-making should normally take place in open sessions and executive sessions should occur only in extraordinary circumstances.
25. The Consortium would be better able to balance its two roles: (a) as facilitator of collaboration among the centers and (b) as regulator with fiduciary responsibility for ensuring the financial and operational performance of the CRPs. The facilitation role would be more enhanced from the status quo.

26. The Fund Council would be expected to focus on strategy, priorities, and financing. A smaller Council, with clear decision-making rules, should lead to more effective decision-making.

27. Reinforcing the authority of the Fund Council for resource mobilization and financial decisions should also reinforce the responsibility of the donors to deliver predictable and sufficient funding to achieve the goals of the system.

28. Regular risk monitoring will allow for more effective decision-making, early identification and resolution of emerging problems, and increased credibility of the system.

29. A joint annual meeting would raise the bar higher regarding voice, collaboration and understanding. The two pillars of the current system would have a formal structure in which joint decisions are to be taken. This would lead to a greater understanding of the concerns and needs of each partner in the system and align and unify decision-making. The joint meeting would significantly contribute to the articulation of shared objectives, alignment of goals, ability to understand and respond to changing circumstances, mitigation of risks and building trust. It would greatly enhance the legitimacy and transparency of decision-making in the system and minimize the risk of important decisions remaining unresolved. It would also serve to eliminate perceptions that one pillar does not understand nor listen to the other and alleviate concerns about their relative stature in the governance system.

30. Regular communications among the system entities at various levels will contribute to a stronger partnership through aligning objectives at all levels and building trust and more effective collaboration.

*Problems that may not be fully resolved*

31. This option may not sufficiently address the tension between the Consortium and the centers and the practical interrelationships between the centers and the Consortium for coherence, clarity and effectiveness.

32. Potential for duplication could remain between the two governing bodies and two administrative offices.

33. The streamlined Fund Council and the Fund Office would need to take steps to ensure that smaller contributors do not feel marginalized and hence risk losing their contributions.

34. The system would still need to address the issue of providing a strong voice that speaks for the system in the international arena and dynamic leadership of the system.

35. This is the least radical option and may not sufficiently address all the concerns in the MTR and problems identified by the options team.
Option 2. Change in the nature of the Consortium to focus on its role as a cooperative of the centers for coordination and shared services and oversight role to be placed in a strengthened Fund Office

Key points of the option

36. The main modifications to the existing structure are intended to change the nature of the Consortium Board and Office so that the Consortium focuses on being a cooperative of the centers for coordination and shared services. The changes to the Consortium would remove the conflict between its supervising the centers and also representing them. Correspondingly, the oversight role would be removed to a strengthened Fund Office. The Fund Office would have a monitoring role with respect to the implementation of the CRPs and the use of funds, and the lead centers would be directly accountable to the Fund Council and the contributors for the financial and program performance of the CRP in accordance with agreements for direct access to the CGIAR Fund. A strengthened ISPC would take on the roles of priority setting and recommendations for funding allocations for the Fund Council. Features of this proposal include:

a. changes in the composition of the Consortium Board, to be made up of center Directors, center Board Chairs, CRP Directors and independent members;

b. reduction in the size of the Fund Council to streamline functions and decision-making, while preserving adequate representation by contributors and providing incentives to contribute to the Fund;

c. representation by the centers as “active observers” on the Fund Council;

d. clear decision-making rules for the Fund Council to ensure that when consensus cannot be reached, there is an equitable system for voting that takes into account financial contributions to the CGIAR Fund;

e. increased role of the Fund Office, to provide programmatic and financial oversight of the CRPs on behalf of the contributors;

f. responsibility of the Fund Council to approve and oversee a resource mobilization strategy, with the strategy laying out clear roles and responsibilities of partners in the CGIAR system for mobilizing funds;

g. adoption by both the Fund Council and the Consortium Board of a risk management framework to oversee risks in their areas of responsibility;

h. annual reporting on program progress within the CRPs by the lead centers will promote dialogue within the Fund Council on research programs and governance decisions, and GCARD would provide for more in-depth dialogue on the research programs and emerging knowledge and results between the Fund Council and the centers; and

i. strengthened ISPC to include a more explicit role in setting the scientific priorities of the system and recommending funding allocations to the Fund Council.

Problems this would address/benefits it would produce

37. Centers do not feel they are well represented by the Consortium. By changing the composition of the Consortium Board to include center Directors, center Board Chairs, and CRP

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2 As the Fund Office is located in the World Bank and the staff are employees of the World Bank, this option would be dependent on the World Bank’s agreement for the Fund Office to perform the oversight role.
Directors, together with independent Board members, the Consortium Office will become more responsive to the needs of the centers.

38. The conflict between the Consortium’s role as supervisor of the CRPs and representative of the centers would be eliminated by focusing on the role for which the Consortium is best suited. The Consortium would focus on facilitating shared services across centers, where there is a benefit to be gained by either centralizing for efficiency or concentration of expertise. It would also serve as an advocate for the centers and their programs and provide a single voice of the centers when needed in such matters as international treaties (e.g., International Treaty on Plant Genetic Resources for Food and Agriculture).

39. Funders to the system need to ensure that their funds are being spent in an efficient and effective way. Program officers in the Fund Office would be responsible for oversight of the CRPs. The program officers would be responsible for overseeing the portfolios of the CRPs and ensuring the CRPs were reporting in a timely and comprehensive way, while suggesting areas for synergies, improvement and collaboration across the portfolio with regard to implementation and administration. Overall strategic direction would come from the Fund Council through approval of the science agenda and resource allocation based on advice and recommendations on priorities and funding allocations from a strengthened ISPC.

40. Reinforcing the lead role of the Fund Council for resource mobilization and its authority to make financial decisions should also reinforce the responsibility of the contributors to deliver predictable and sufficient funding to achieve the goals of the system.

41. Regular risk monitoring by the Fund Office will allow for more effective decision-making, early identification and resolution of emerging problems, and increased credibility of the system.

42. Centers and funders feel that they are more disconnected from funding decisions and programs. Having two center representatives participate in Fund Council meetings will improve the two-way flow of information between the centers and the contributors. Annual reporting on progress being achieved in the CRPs will enhance the understanding of the Fund Council members of the research activities of the centers. The GCARD, the timing of which is proposed to be aligned with the development of the SRF and CRPs, should provide a regular opportunity for in-depth discussions between the contributors and the centers on the research programs funded by the system.

Problems that may not be fully resolved

43. This option may not fully address the tension between the Consortium and the centers and the practical interrelationships between the centers and the Consortium for coherence, clarity and effectiveness.

44. Potential for duplication could remain between the two governing bodies and the two administrative offices.

45. The Fund Council and the Fund Office would need to take steps to ensure that smaller contributors do not fee marginalized and hence risk losing their contributions.

46. The system would still need to address the issue of providing a strong voice that speaks for the system. This may be addressed in decisions regarding the Chair of the Fund Council.
Option 3. Two governing bodies (Fund Council and Consortium Board) with one administrative/management office for the CGIAR

*Key points of the option*

47. This option would include all of the modifications of Option 2, with the additional element that the Consortium Office and the Fund Office would be merged, and there would be one Director and a single office for the management and administration of the CGIAR. The Consortium Board and the Fund Council would continue to operate as separate governing bodies, meeting jointly once a year. The Fund Council would be the final decision-making body for the system, and the Consortium would be a skills-based subsidiary entity to coordinate and facilitate collaboration and common services among the centers.

*Problems this would address/benefits it would produce*

48. This option would take the system one step further towards effective communications, strong collaboration and efficient decision-making and implementation. Having the management functions of the system performed from one office, under the supervision of a single director, would facilitate the efficiency with which management exercises its responsibilities for program implementation, regulatory compliance, reviewing and reporting, learning and performance assessment. It will facilitate the identification of synergies in the day-to-day coordination of the system and the effective implementation of the decisions for the Consortium Board and Fund Council in a holistic way. It would enhance the flow of information among the partners and coordinated approaches on resource mobilization, communication, knowledge management, risk management, and monitoring and evaluation.

*Problems that may not be fully resolved*

49. This option would result in the single office “having two masters.” This is not, however, an insurmountable issue and is one that can be managed through clear delineation of responsibilities and reporting duties. The Fund Council would be recognized as the final decision-making body of the system, and the Director would report to the Fund Council. The Director of the office would be responsible for managing the staff, including staff whose responsibilities are to facilitate collaboration among the centers. The Consortium and other partners in the system would be invited to provide input on the performance of the office and its Director to the Fund Council. The performance of the office can be considered during Joint Meetings of the Fund Council and the Consortium Board.

50. There may be high costs associated with transitioning to one administrative/management office due to changes occurring in the governance and administrative units simultaneously.

51. The Fund Council and the Fund Office would need to take steps to ensure that smaller contributors do not feel marginalized and hence risk losing their contributions.

52. The Fund Council would need to address the issue of the administrative/management office’s location and legal identity.
Option 4: One governing body with one administrative/management office

Key points of the option

53. This option elaborates upon the proposal of the MTR for one governing body (the CGIAR Council) with one administrative/management office. The CGIAR Council would be responsible for all the functions currently assigned to the Consortium Board and the Fund Council.

54. It is proposed that the Council be of a manageable size, and include representatives from CGIAR contributors from OECD DAC member countries and other CGIAR contributor countries, foundations contributing to the Fund, multilateral organizations contributing to the Fund, centers and a number of independent members with scientific/technical expertise of value to the Council. Representatives from other groups, including national agricultural research systems, the private sector, and civil society organizations, would be included in the Council as active observers to ensure that their voice is included in the deliberations of the Council.

55. Other entities in the system (ISPC, IEA, Trustee) would be represented as active observers at the Board.

56. There would be clear rules for decision-making.

57. In addition to the CGIAR Council, a Centers Committee, chaired by the Director of the administrative/management office, would be established to facilitate frequent consultations, collaboration and engagement with the centers.

Problems this would address/benefits it would produce

58. This proposal calls for a simpler governance structure with clear leadership responsibilities for strategy, policies and funding. The proposed CGIAR Council is sized to be effective but would include broader representation of stakeholders in the decision-making of the system, thereby allowing for a more effective balancing and understanding of different perspectives and requirements.

59. The single board would be able to maintain oversight of the system and to delegate accountabilities (with the flexibility to change such delegation should circumstances dictate that it would be prudent) to the appropriate partners.

60. Under this streamlined proposal the duties, roles and responsibilities of the governing body (underscoring the strategic and oversight role of the CGIAR Council) can clearly be distinguished from those of management (responsible for program implementation, regulatory compliance, reviewing and reporting, administrative efficiency, learning and performance assessment.)

61. As the diverse partners in the system would be represented at the CGIAR Council, the legitimacy and transparency of decision-making would be enhanced. Trust in the system should increase.
62. The expectation is that consolidating the governing functions in one Board and the management functions in one office should reduce the complexity of the current system, since the chain of review and approvals of the current, two pillar system, could be greatly streamlined. There should be a significant reduction in transaction costs from fewer meetings of governing boards and in reducing duplicative administrative functions.

**Problems that may not be fully resolved**

63. The transition process for this option would be the most complex of the proposals, with the potential for substantial transition costs, particularly regarding the transition to one administrative/management office.

64. The Fund Council would need to agree on the location and legal identity of the administrative/management office.

65. The CGIAR Council and Office would need to take steps to ensure that smaller contributors do not feel marginalized and hence risk losing their contributions.

66. Addition of Center’s Committee would require a time commitment on the part of the centers and the office’s staff.

67. The transition would need to ensure that it did not disrupt the research of the centers and the timing of the new SRF and the second call for the CRPs.

**CRP process and fiduciary and programmatic responsibilities**

68. Under the current structure, the Consortium has fiduciary responsibility and programmatic responsibility to the Fund Council for funding provided to the lead centers for the CRPs and enters into legal agreements with the lead centers for the implementation of the CRPs. There would be no change in those arrangements under Option 1. Under the other options, the Consortium would no longer have those responsibilities. Instead, the lead centers would be accountable directly to the Fund Council (under Options 2 and 3) or to the CGIAR Council (under Option 4) under legal arrangements concluded on behalf of the Fund Council or CGIAR Council directly with the lead centers. Oversight of funding to the lead centers for the CRPs would be provided by the Fund Office (under Option 2) or the new administrative/management office established under Options 3 or 4. The Fund Council will need to consider the level of oversight that is necessary to be provided by the Fund Office or new administrative/management office and the extent of responsibility of the Fund Office or new office for the performance of such oversight.

**Actions to improve governance that cut across all options**

69. Regardless of the decisions taken for strengthening the overall governance of the CGIAR, there are some crosscutting actions that should be initiated immediately. One essential action is enhancing the role of the ISPC. Another cross-cutting area relates to funding and financial management issues.
**ISPC**

70. Recommendation 9 in the MTR addresses the need to strengthen the capacity of the CGIAR to pursue research that is highly strategic, likely to yield significant impact, increases knowledge and maintains the quality of science conducted throughout the system. To achieve a more integrated approach to the continuum of activities that leads from strategy formation and priority setting to ongoing evaluation of results, the MTR recommended empowering the ISPC to play a stronger role in each aspect of this process.

71. The ISPC is convening a separate task force to look more specifically at how ISPC might enhance its role and responsibilities within the system. This paper, therefore, in deference to the work of the ISPC task force, has not delved deeply into how the ISPC can be strengthened but it recognizes that under any of the proposed options an enhanced role for the ISPC would be an essential element of a strengthened CGIAR system. Discussions with partners and stakeholders on how to strengthen ISPC’s capacity have highlighted four areas where ISPC should play a stronger role: (a) priority setting; (b) contributing to the development of the SRF and CRPs; (c) undertaking foresight studies and impact assessment; and (d) assessing and reporting on research results and the quality of science, particularly in relation to IEA.

**Funding and financial management**

72. The CGIAR Fund was expected to harmonize and maximize funding for priority research areas, simplify structures, and reduce transaction costs. While there has been success in pooling significant resources, the expectation that most funding would be provided through Windows 1 and 2 of the CGIAR Fund has not been realized, and there has been less success in achieving predictable multi-year programming, backed by a realistic and transparent resource envelope. Thus a systematic resource mobilization process linked to the approval of a portfolio of CRPs should be initiated as one tool to facilitate more predictable funding for the system. A collective mechanism to mobilize resources will help to reinforce accountability and improve strategic prioritization, provide a forum for vital exchange of contributor expectations, and enable the contributors to better plan their financial commitments to recipients.

73. There are a number of opportunities to improve the financial management and associated administrative activities across the system, with a focus on simplification and administrative efficiency. Currently the multi-channel financial network being used is not optimized for efficiency, transparency, reporting, or meeting the cash flow needs of the system as a whole. Simplification of the underlying processes and procedures would improve the funding channels, simplify the processing of legal agreements and arrangements, improve cost recovery processes, reduce fragmentation of reporting, improve the flow of funds, and even out the cash flow.
## Summary table of system challenges and impact of each Option

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Impact of Option 1</th>
<th>Impact of Option 2</th>
<th>Impact of Option 3</th>
<th>Impact of Option 4</th>
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<tbody>
<tr>
<td><strong>Clear accountabilities and responsibilities</strong></td>
<td>While suggestions for better communication and joint decision-making should contribute to clearer accountability and responsibilities, maintaining the Consortium as an intermediary between the donors and centers is likely to have only a small impact on simplifying accountabilities and responsibilities.</td>
<td>Direct access by the lead centers should simplify the responsibilities between the centers and the donors. The Fund Council would clearly be the main decision-making body. There may still be some scope for overlaps and tension between the Fund Office and the Consortium Office, but these should be greatly reduced from the present system through better communications and clearer roles.</td>
<td>Direct access by the lead centers should simplify the responsibilities between the centers and the donors. Having one admin/management office with one Director should also bring greater clarity to the reporting lines and responsibilities. The Fund Council would clearly be the main decision-making body.</td>
<td>With one governing body, one admin/management office, and direct access by the lead centers, this option should significantly clarify accountabilities and responsibilities.</td>
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<tr>
<td><strong>Adequate ownership and participation of key stakeholders</strong></td>
<td>Changes to participation in the deliberations of the Fund Council and the Consortium Board should enhance the voice of diverse partners in system-wide decision-making thereby increasing ownership.</td>
<td>Changes to participation in the deliberations of the Fund Council and the Consortium Board should enhance participation of diverse partners in system-wide decision-making thereby increasing ownership. Consortium would no longer have accountability for CRPs, and centers would be directly accountable to the Fund Council, thereby enhancing the center’s ownership of the CRPs.</td>
<td>Same as Option 2.</td>
<td>Having a single multi-stakeholder decision-making body should enhance ownership of, and participation in, the system as diverse partners will have a voice in the deliberations of the decision-making body.</td>
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<td><strong>Enhanced quality of science and clear strategic direction</strong></td>
<td>Enhanced/lead role of the ISPC in (a) priority setting, (b) contributing to the development of the SRF and CRPs, (c) undertaking foresight studies and impact assessment, and (d) assessing and reporting on research results and quality of science should increase weight of science in determining the strategy and choice of programs to be funded.</td>
<td>Same as Option 1</td>
<td>Same as Option 1</td>
<td>Same as Option 1</td>
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<tr>
<td><strong>Effective decision-making</strong></td>
<td>Proposed changes to the Fund Council and the Consortium Board should lead to more effective decision-making, both in terms of opening the process to diverse voices and in having a streamlined Fund Council with clear rules for decision-making. Joint decision-making and better communications should also enhance collaboration and trust in the decision-making process.</td>
<td>Same as Option 1.</td>
<td>Proposed changes to the Fund Council and the Consortium Board should lead to more effective decision-making both in terms of opening the process to diverse voices and in having a streamlined Fund Council with clear rules for decision-making. Joint decision-making and better communications should also enhance collaboration and trust in the decision-making process. Having a single admin/management office should facilitate effective and efficient oversight by the office of the implementation of the decisions of the governing bodies and promote synergies between the two bodies.</td>
<td>One governing body and one admin/management office, with clear decision-making rules and oversight responsibilities, should lead to more effective decision-making by allowing diverse perspectives to be taken into account in the process. One office will facilitate effective and consistent oversight of implementation of decisions and reporting to the governing body.</td>
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<tr>
<td><strong>Predictable funding and better financial management</strong></td>
<td>If proposals in cross-cutting section on resource mobilization and financing are implemented, they should result in more predictable and timely funding and more efficient financial management.</td>
<td>Same as Option 1</td>
<td>Same as Option 1</td>
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<tr>
<td><strong>Promote collaboration and reduce tension between centers and Consortium</strong></td>
<td>Including centers representation on the Consortium Board and representation at the Fund Council should promote greater understanding and trust. Better communications should contribute to reducing tension. Retaining a regulatory role for the Consortium may serve as a barrier to a reduction of some the tension with the centers since there will always be an inherent tension between the regulator and the regulated.</td>
<td>Elevating the facilitative role of Consortium and transferring its regulatory functions will underscore its role in ensuring collaboration and coordination and should serve to reduce tension between the centers and the Consortium. Representation of centers on the Consortium Board and Fund Council will help to reduce tensions.</td>
<td>One admin/management office could continue tensions resulting from having both a regulatory/facilitative role if the office does not demonstrate appropriate partnership behavior and fully engage with the centers. It should be recognized that there will always be an inherent tension between the regulator and the regulated. Representation of centers on the Consortium Board and Fund Council will contribute to reduced tensions.</td>
<td>One governing body with representation from the centers should contribute to reducing tensions. Admin/management unit will need to adopt appropriate partnership behavior. Centers Committee should enhance communication and regular engagement with the centers thus serving to reduce some of the tension with the centers. It should be recognized that there will always be an inherent tension between the regulator and the regulated.</td>
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<tr>
<td><strong>Ease of transition to new option</strong></td>
<td>Since this option calls for the least amount of change to the current structure, it should be the simplest to implement. This option would require changes to the Fund Council and the Consortium Board.</td>
<td>This option, by highlighting the facilitative role of the Consortium and making lead centers directly accountable for the CRPs, will require a number of changes to the legal documents underpinning the system and would require changes to the Fund Council and Consortium Board.</td>
<td>In addition to requiring a number of changes to the legal documents, this option would also require changes in staffing resulting from the merger of two offices into one. This increases the complexity of the transition.</td>
<td>This option will require changes to the legal documents, changes to staffing resulting from the merger of two offices, and the establishment of a new governing body. It therefore would have the most complex transition.</td>
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I. Introduction

1. The CGIAR is a global partnership established as the Consultative Group on International Agricultural Research in 1971. In 2008/2009 the key stakeholders agreed on and initiated a substantive reform process intended to strengthen the ability of the partners to support the development of a global food system that meets the needs of all, particularly the poor. The overall objectives of the post-2009 CGIAR are to reduce rural poverty, reduce food insecurity, improve human health and nutrition, and ensure more sustainable management of natural resources.

2. Broad reviews of governance, resource mobilization, delivery, and impact have been sponsored by CGIAR entities in order to assess efficiency and effectiveness and identify areas for improvement. The most recent was the Mid-Term Review (MTR) by an independent panel (completed in November 2014). In parallel, a new Strategy and Results Framework (SRF) is being prepared to guide future CGIAR operations.

3. The aforementioned reviews have provided a large number of recommendations that would affect the future governance of CGIAR. The final report of the MTR Panel, including nine recommendations, was presented to the Fund Council in November 2014. The Fund Council endorsed all of the recommendations except Recommendation 4 that a single CGIAR Board be established to replace the Fund Council and the Consortium Board and be supported by one administrative unit, replacing the Fund Office and Consortium Office. There was not a consensus among Fund Council members on the necessity or relative merit in carrying out this recommendation. Particular concerns included the need for detailed and evidence-based legal, administrative and governance implications for transitioning to such a system.3

4. The Fund Council agreed that it would be useful to have additional analysis focusing on options for CGIAR governing structures and decision-making processes. Thus the Fund Council requested that such an analysis be undertaken with a view to reaching a consensus among donors and other stakeholders on any changes or clarifications in structure, procedures or accountabilities across the partnership.

5. As agreed at the November Fund Council meeting, and as one of the decisions resulting from the discussion on the MTR recommendations, an options team was established to propose and analyze options for the governance structure and decision-making in the CGIAR. The team is proposing four options. These options were arrived at through: (a) a review of previous reports and analyses (see Annex A); (b) consultations with various entities and stakeholders across CGIAR and external experts (see Annex B); (c) a problem analysis; and (d) comparison of other global partnerships, so as to illustrate other models that may provide useful lessons for CGIAR.

6. In addition to the proposed options, the team recognizes, and is providing proposals (see Section VIII) for a number of cross-cutting issues that affect the effectiveness of the system and which should be integrated into all of the proposed options.

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3 See website for summary of meetings: http://www.cgiar.org/who-we-are/cgiar-fund/fundcouncil/fund-council-meetings/12th-fund-council-meeting/
II. Background

Brief description of current structure

7. The foundation of CGIAR continues to be its independent, non-profit research centers (the centers)—currently a total of 15. Each center operates under the authority of its own Board. The CGIAR Consortium was established as an international organization in July 2012 to integrate research across the centers and, in doing so, minimize duplication and streamline funding. The Consortium Office located in Montpellier, France, is responsible for the day-to-day functions of the Consortium.

8. As part of the reform, CGIAR developed a system-wide Strategy and Results Framework (SRF), intended to set out common goals, objectives and priorities, and shifted from an institutional to programmatic approach to research centered on large, cross-cutting CGIAR Research Programs (CRPs). The CRPs are intended to be guided by and generate results in accordance with the SRF. However, in the initial stages of the reform process it was not possible to fully align decision-making on CRPs with an SRF since they were developed in parallel. There are currently 16 CRPs under implementation. Two CRPs, Global Rice Science Partnership (GRISP) and Climate Change, Agriculture and Food Security (CCAFS) were initiated in 2010 so that 2010 funding would not be lost. The Fund Council approved 12 more CRPs in 2011 along with a gene bank maintenance arrangement and one more in 2012. Thus, most of the CRPs have only been operational for two to three years. Binding results-based program performance agreements between the Fund and the Consortium are intended to define the funding and results-based operational dimensions of each CRP. In addition to results-based contracts, accountability is intended to be ensured through a streamlined monitoring and evaluation mechanism, with a new independent evaluation mechanism set up by the Fund Council as its anchor.

9. In December 2010, the CGIAR Fund was launched as a multi-donor financial intermediary trust fund to finance research carried out by the 15 centers in collaboration with hundreds of partners worldwide through the CRPs. The Fund aims to provide reliable and predictable multiyear funding to enable research planning over the long term, resource allocation based on agreed priorities and the timely disbursement of funds. The CGIAR Fund is administered by the World Bank, as Trustee, and governed by the Fund Council, a representative body of Fund donors and other stakeholders. The Fund Office, located at World Bank headquarters in Washington, D.C., supports the Fund Council and its Chair in the conduct of its business and meetings. The Head of the Fund Office also serves as the Executive Secretary of the CGIAR Fund Council.

10. Two independent bodies were established to support the work of CGIAR. The Independent Science and Partnership Council (ISPC), a standing panel of scientists, and the Independent Evaluation Arrangement (IEA) both advise the Fund Council.

11. A biennial Global Conference on Agricultural Research for Development (GCARD) is jointly organized by the Global Forum on Agricultural Research (GFAR) and the CGIAR to better align the work of the CGIAR with global and regional needs and activities. GCARD provides a forum to engage stakeholders in the SRF and CRPs so the CGIAR can avail itself of GCARD recommendations, including the identification of opportunities for partnerships and demand-driven research for development. A Funders Forum is convened every two years to deliberate on CGIAR’s mission, operations and

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4 http://www.cgiar.org/cgiar-consortium/research-centers/
5 http://www.cgiar.org/cgiar-consortium/
6 http://www.sciencecouncil.cgiar.org
7 http://iea.cgiar.org
achievements.

**Reasons system moved to current structure**

12. The key sources of information that have been reviewed include the documentation that supported the decision-making process in 2008/2009, in particular the November 2008 Independent Review of the CGIAR system. The team has supplemented the documentation of the reform process with interviews with some of the key participants in the reform decision-making process and the current system (see Annex B). Other important reference documents that take a more historic view of the reform process include the 2013 publication, “The CGIAR at 40: Institutional Evolution of the World’s Premier Agricultural Research Network” and a 2014 draft of a forthcoming publication by Uma Lele, Kendra White and Sambuddha Goswami, “Food for all: International organizations and the transformation of agriculture”.

13. Highlights of the information provided in these reports and interviews are summarized below.

**Reasons the system moved to the present structure (drawn from evaluations and reform proposals)**

CGIAR as a “tragedy of the commons”: each donor furthers its aims by providing funds restricted to those aims, each center goes its own way, partly to get such funds, partly because doing so frees it from pressures to work with the system as a whole. The results are lack of system-wide strategy, little sense of overall ownership, and loss of system efficiency. (2008 Independent Review)

14. General objective of reforms: It was recognized that there was a need for a rebalanced partnership, with both contributors and centers adjusting their respective roles and responsibilities. The current structure was built on a common foundation set out through the CGIAR Joint Declaration, which was discussed and endorsed at the 2009 CGIAR Business Meeting. The CGIAR Joint Declaration describes the fundamental principles unifying CGIAR participants, which are to harmonize the approach to funding and implementing agricultural research, to manage for results, to ensure effective governance and efficient operations and to collaborate and partner with all users of CGIAR research. The CGIAR Joint Declaration also outlines the roles and responsibilities flowing from those principles crucial to achieving the objectives of the reform. Contributors were expected to provide unrestricted resources to finance implementation of a scientifically-based, coherent, and priority setting strategy. The centers were expected to take collective responsibility, collaborate to make the network more coherent, act programmatically, and be more cost-efficient.

15. More specifically, the reasons that the system moved to the reform structure include:

a. **mission of the CGIAR was no longer clear**: Over the course of its evolution, the CGIAR’s mandate increased significantly, growing from four centers with a narrow focus on productivity to 15 centers with an expanded agenda that address natural resource management and conservation issues critical to sustainable development. There had been progressive mission creep, a tendency to do everything, with research agendas driven by funding supply.

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9 https://library.cgiar.org/bitstream/handle/10947/2761/cgiar40yrs_book_final_sept2012.pdf?sequence=1
10 Summaries of the key source material are posted online at www.cgiar.org/cgiaroptions.
11 http://library.cgiar.org/bitstream/handle/10947/4951/agm08_reform_proposal.pdf?sequence=1
12 http://library.cgiar.org/bitstream/handle/10947/5033/FINAL-from_Printer_jointdeclarat_standalone.pdf?sequence=1
b. **deterioration of trust between centers and contributors:** Without clear strategic direction and with unpredictable funding, both contributors and the centers had lost confidence in the system. Relationships among the centers were marked more by competition for funds and projects than cooperative work on joint programs. Center autonomy was a core principle, and it was agreed that centers should continue to have autonomy but that there needed to be clear accountability and system harmonization.

c. **relevance:** CGIAR had been largely absent from key global debates on the food crisis and climate change, and centers were experiencing difficulties in attracting and retaining top scientists.

d. **lack of coherent strategy:** Resources had not kept pace with a broadening portfolio. The research being undertaken was more a reflection of capabilities of the centers and individual interests of donors rather than the pursuit of big, forward-thinking, results-oriented programs based on collective, scientifically-sound strategies. There was a recognized need to move away from increasingly fragmented and restricted project and center-based programming and funding, to funding major programs that would draw on the competencies of the relevant centers and partners to achieve results. It was recognized that it would be important in preparing a strategy to draw upon independent technical advice, a core CGIAR principle. Restricted and fragmented funding had diminished the authority of independent technical advice in priority setting and resource allocation.

e. **lack of robust partnerships** among centers and with outside stakeholders: This hampered the spread of research findings. There were considerable differences in the capabilities and mandates of the centers, and a perception that as a collective the number and mandates of the centers should be rationalized and greater collaboration was required on priority programs. Agricultural science and technology have become increasingly globalized, spurred by massive growth of private sector research and development (R&D) and rapid advances in information technology. International cooperation in R&D goes well beyond CGIAR, and there was a need for greater cooperation with research being undertaken outside the system. Growing capacities of national agricultural systems hold huge potential for increased South-South cooperation. But at the same time, many smaller developing countries were lagging behind in agricultural research, widening the gulf between strong and weak systems.

f. **financing** was fragmented and declining: Financing had not kept pace with new and emerging research needs (climate change, rapid population growth, land degradation). There was a need for a new channel for predictable, unrestricted funding to centers and for restricted funding to programs. There was also a need to maximize funding coordination and harmonization, reduce transaction costs, and avoid funding and research fragmentation. A first principle carried over from the “old CGIAR” was maintaining donor sovereignty. However at the same time it was necessary to improve harmonization among contributors in order to maximize pooled, fungible research funds. Additionally, while opening up the system to other scientific partners was considered essential to maximize results and impact, there weren’t mechanisms in place to provide funding of programs, which included other partners besides the centers.

g. **results** were not sufficiently strategic at the system-level: Current practices for results-based strategy and management approaches were not being followed. Centers were required to comply with cumbersome monitoring and review procedures. Allocation of funds needed to be linked to performance agreements for specific results.
h. unwieldy governance with unclear accountabilities and no central focal point for decision-making:

i. The CGIAR System had become increasingly complex, characterized by complicated governance structures. The result was a loss of efficiency due to overlaps in mandates, an inability to harmonize funding and resource allocation and a lack of authority to make or enforce difficult decisions. There was no mutually agreed “compact” outlining the obligations of donors and centers.

ii. The partnership had no effective locus for system-wide decisions on important governance matters, and this led to high transaction costs, and an inability of centers to mobilize quickly to respond to opportunities or to position their collective competence to create opportunities in the rapidly changing context of research for development.

iii. It was agreed that governance and management functions should be separated to avoid conflicts of interest and confusion over mandates and authorities. Management responsibility for operations should be separated from oversight.

iv. Centers should strengthen their institutions for common action by consolidating services, common policy and strategy, and program administration.

v. Both donors and centers should establish decision-making with clear authorities.
III. Extent to which objectives of the reform have been achieved and analysis of current challenges

16. The CGIAR system includes a number of actors. Fifteen research centers located in a range of countries around the world, each a legal entity with its own board and constitution. A treaty-based Consortium of centers with a Consortium Board and Consortium Office charged with facilitating agreement on priorities, as well as coordinated, efficiently managed joint work by and collaboration among the 15 centers. The Fund Council currently comprising 26 members and a Chair—mostly autonomous sovereign donors—responsible for endorsing strategy and priority and securing adequate funds to carry out the work by the centers and their partners in line with the strategy and priorities, with support from the Fund Office (see Annex C for a list of current members on the Fund Council). The Independent Science and Partnership Council (ISPC) provides expert advice to Fund donors and aims to strengthen the quality, relevance and impact of CGIAR science and research. The Independent Evaluation Arrangement (IEA) commissions and manages evaluations of CGIAR Research Programs and institutions. A biennial Global Conference on Agricultural Research for Development (GCARD) is jointly organized by GFAR and CGIAR to better align the work of the CGIAR with global and regional needs and activities. A Funders Forum is convened every two years to bring together Fund contributors, bilateral donors and other invited stakeholders to exchange views about CGIAR’s mission, operations and achievements.

17. The reform of the CGIAR, according to most stakeholders, is still a work-in-progress. Elements of the reform, outlined in paragraph 15, have been addressed, however not fully and much work remains to be done. For example, while a single, system-wide Strategy and Results Framework (SRF) was developed, it was not able to fully align decision-making on CRPs as these were developed in parallel. Overall funding in the system has increased, but it is still fragmented and unpredictable. Oversight mechanisms have been put in place, however, it appears that they have not resulted in increased effectiveness and efficiency.

18. Various reviews of the CGIAR over the last three years, including two studies commissioned by the Fund Council, the PricewaterhouseCoopers (PwC) study and the Mid-Term Review, have identified particular aspects of the reform that are working well and those that have proven to be challenges to achieving its objectives and streamlining the system’s operational effectiveness and efficiency. These achievements and remaining challenges are elaborated on below.

Achievements of the reform

19. The level of funding to the CGIAR has doubled in the first five years since the reform process started, from $500 million in 2008 to $1 billion in 2013. The MTR identified that this was at least in part as a result of the collective commitment of the CGIAR contributors to channel scaled-up research funding through CGIAR if the reforms take hold.

20. Some of the most important improvements of the reform of the CGIAR have come out of the adoption of the CRPs. Stakeholders across the system have reported that collaboration among centers has increased, with improved planning, coordination and joint work to undertake the CRPs. This includes a tangible increase in scientific collaboration across centers as evidenced by increased joint planning, implementation and publications. The CRPs have also facilitated broadened partnerships. In addition to continuing the practice of partnering with developing country partner national agricultural research systems, some of the CRPs have been highly successful at establishing partnerships with outside organizations that not only enhance the quality of the research but also strengthen the linkage to scaling and delivery mechanisms. In these ways, the CRPs have improved CGIAR’s focus on development impact by strengthening the structure of research for development impact, including a focus on gender
and inclusion.

21. One of the first independent evaluations of a CRP found that the CRP, engaging most of the social scientists across the CGIAR system, has created an intellectual critical mass to pursue cutting-edge science. Inter-center collaboration is (a) strengthening the impact pathways of the CRP research by engaging centers that are closer to the users of the research, (b) bringing together discovery and delivery-type researchers to address development challenges in a more complete way, (c) deepening country-level partnerships that have greater potential for more immediate development outcomes, (d) enabling researchers in the commodity-based centers to work on important socio-economic issues that are broader than the commodities covered by their centers, and (e) helping to raise the scientific quality of social science and policy research in the participating centers. Researchers are paying greater attention to impact pathways in the design and implementation of their research activities and to achieving development outcomes beyond their research outputs.

22. The decision to have a single, system-wide Strategy and Results Framework (SRF) is another positive outcome of the reforms in terms of identifying clearly defined impact pathways with measurable intermediate development outcomes. However, it is generally agreed that the current SRF is too broad to effectively prioritize research and outcomes. A second SRF is being prepared in tandem with this report.

23. The PwC study found that the Consortium Office has progressed in its ability to coordinate and improve the formulation of performance and quality metrics for the CRP portfolio. Additionally, monitoring for system-wide issues such as gender and capacity development is improving as well, in part due to the CRP review process. However, the implementation across different CGIAR entities has been uneven.

Current challenges

24. The PwC study and the Mid-Term Review (MTR) identified perceived ambiguities in the responsibilities, accountabilities, and decision-making processes by the various CGIAR entities. The perceived lack of clarity over such responsibilities affects a broad range of the functions of different CGIAR entities. This analysis of the “governance problems” is largely drawn from the work of the MTR Panel, which included interviews of key stakeholders from the Fund Council, the Consortium Board, the centers, the Fund Office, and the Consortium Office. It also draws from the PwC report, external analyses such as the one by Uma Lele and others, and inputs to the options team from the Consortium, centers, donors, ISPC, IEA, GFAR and the Trustee.

25. The CGIAR is certainly a complex and complicated partnership. It should be no surprise that the execution of the partnership has led to confusion regarding roles and responsibilities and inefficiencies over the years. Such challenges are inherent in such partnerships. The challenge as seen by the options team is to attempt to delineate the governance and high-level management problems in sufficient detail to assess the potential for governance options to eliminate or minimize hindrances to good governance and efficiency and effectiveness of operations.

26. As a starting point, it is important to note that the options team considers that the problems facing CGIAR governance are not due primarily to lack of clarity in the CGIAR agreement structure. The options team believes that the allocation of responsibilities and accountabilities in the agreements are generally clear, although the number of agreements adds to the complexity. These agreements include: (a) the Agreement Establishing the Consortium of International Agricultural Research Centers as an International Organization, (b) Constitution of the Consortium of International Agricultural Research Centers, (c) the Contribution Agreements, (d) the CGIAR Fund Governance Framework, (e) the Joint Agreement, (f) the Consortium Performance Agreements, and (g) the Program Implementation
Agreements. These agreements, together with the provisions of the Joint Declaration and the CGIAR Principles, are summarized in Annex D.

27. While it is clear, based on recent inputs from the Consortium Board and centers (discussed below) that there are concerns about the allocation of responsibilities and accountabilities in these agreements, the options team does not believe the terms of the agreements are the main source of ambiguities in the overall system governance. Instead, the options team believes that the problems that are often referred to as lack of clarity in responsibilities and accountabilities in the CGIAR relate primarily to concerns about the broader governance arrangements of the CGIAR, including issues relating to adequate participation of key stakeholders in the CGIAR, tension between the dual roles of the Consortium as “facilitator” and “regulator”, lack of trust and transparency in current decision-making processes, and weak leadership in promoting a culture of partnership. We believe that a fundamental problem is that centers do not consider themselves adequately represented in key strategic decisions and decision-making. Other key stakeholders, such as national agricultural research systems and private sector partners, do not have sufficient voice in deliberations on strategy and priorities. This issue of representation and participation in decision-making has come up repeatedly in discussions between the options team and different stakeholders, and addressing this issue is clearly a work-in-progress at the Consortium.

28. Another area of concern is the balance of roles and responsibilities between the Consortium and the Fund Council in the overall governance of the CGIAR. To some, the CGIAR reform envisioned two separate but equal pillars— the Fund Council and the Consortium. For others, the two pillars were based on a customer-contractor principle. In practice, the Consortium is not an equal partner. The role it plays to the Fund Council exacerbates the centers’ sense of disenfranchisement or marginalization, and contributes to a loss of trust and good will on the part of all involved.

29. Regardless of clarity of the over-arching agreements governing the CGIAR, the operating systems that have evolved have resulted in duplication of actions by the Fund Council and Consortium Board, and Consortium Office and Fund Office. The back-and-forth communications between the two offices have not been sufficient to avoid confusion on key issues such as the recent misunderstandings at the November 2014 Fund Council meeting in Brussels regarding rollover of CRP budgets from one fiscal year to the next. There is also a duplication of some functions at the center and Consortium levels.

30. The PwC report concluded that there is a lack of strong and coordinated strategic leadership; clear accountability and ownership; transparency and coherence of overall decision-making; and efficient, lean and low-cost decision-making processes by both the Fund Council and the Consortium Board. A review of decisions reached at the Fund Council and Consortium Board meetings since their inception leads to the conclusion that both governing bodies spend a minimal amount of time on strategic decisions and the majority of time on administration. Less than a quarter of the decisions of the two governing bodies dealt with issues of strategy, policies and risks, while over 75 percent of decisions were concerned with administration, budget, operations and financing. Promoting high performance and efficient processes by establishing an appropriate balance between control by the governing body and delegation to an effective management unit is an important characteristic of effective partnerships.

31. The MTR panel pointed out further evidence that the Fund Council’s decision-making on core issues is limited and noted that, while a number of individual donors from the Fund Council have been actively engaged in the development of the draft SRF, the Fund Council, as a body, has not provided sufficient guidance to this critically important strategic work as it develops. Relying on the ISPC to play this role and effectively waiting until the process is completed means that those donor partners that can afford to expend the resources to participate as individual donors in the formulation of the strategy have a much greater influence on the strategic direction of the CGIAR. The MTR panel also pointed out the importance of having a clear long-term strategy as well as a shorter-term business plan. The lack of both
continues to plague the decision-making of the various CGIAR entities, currently having to function without strategic direction, while taking decisions on policies and procedures and financial commitments.

32. Additionally, a number of instances have been identified where high-level decisions took multiple Fund Council or Consortium Board meetings to reach a conclusion or have yet to reach a conclusion. Delays in making decisions lead to high transaction costs, unpredictability, and protracted meetings. There is also concern about the inefficiency in the requirement that most of the decisions of the Consortium Board be submitted to the Fund Council for final approval. Examples include: (a) the policy and project for open access in the CGIAR; (b) the action plan for gender in research; (c) financial guideline 5 on cost allocations; and (d) the investment policy. The proposed policy and project for Open Access in the CGIAR was submitted to the tenth Fund Council meeting (FC10) in November 2013. Despite widespread support for an open access policy, the Fund Council expressed serious reservations regarding the project budget. The Consortium was requested to revise the budget and clarify issues raised during the discussion. Revised versions were submitted at both FC11 and FC12. A final proposal was only approved in March 2015. The Gender in Research Action Plan took about two years to finalize and approve. The action plan was approved in May 2014. However, an agreement providing for the required funding has not yet been signed. The Consortium is implementing and spending towards the gender action plan with the assumption that funding will be forthcoming. Proposals for both Financial Guideline 5 and the Investment Policy were approved by the Consortium Board in 2013. The Fund Council Governance Committee (FCGC) has discussed each of these proposals in at least five meetings. The FCGC has not yet presented a recommendation to the Fund Council for its approval. Furthermore, it has been suggested that the Fund Council might not have the professional expertise needed to judge the policies and, therefore, external advice might need to be sought as to the appropriateness of the proposal.

33. Consultations with the Consortium and centers have been largely consistent in highlighting some of their concerns. They have concluded that the Consortium Constitution should be revised so that the entity becomes an organization that is more accountable to the CGIAR centers. They have concluded that the Consortium Board membership criteria do not ensure Board members with sufficient knowledge of the centers—what they do, how they operate and the way that they partner with different entities. The Consortium Board has insufficient accountability to the centers in terms of governance in funding and perspective. The way in which the mixed mandate of the Consortium Board/Consortium Office is executed creates an adversarial relationship with the centers. Finally they conclude that the current structure increases transaction costs with a doubling of reporting responsibilities. These reviews also note that one of the challenges is that the centers are not adequately unified on issues confronting them to expect them to come together on their own as a group and take overall responsibility for the functions that the Consortium has been assigned. The Consortium Board has proposed actions that seek to address some of these concerns (as described in the letter from the Interim Consortium Board Chair to the center DGs attached as Annex E), which are initial steps towards a strengthened relationship.

34. The Consortium Board and the centers have highlighted the need for improved communication among all key stakeholders. The letter from the Interim Consortium Board Chair to the center DGs proposes that the Consortium and the centers hold an annual meeting with the centers. The meeting would provide an opportunity to discuss the very large range of issues facing them and future directions and to set priorities for joint activities and services. The current lack of such an opportunity to have these discussions is considered a major problem by the centers.

35. The level of funding has doubled since the reform process started, but there are critical issues relating to the way that funds are raised, who has responsibility for resource mobilization, and how funds are managed and committed. While the CGIAR reform brought about improvements/simplification to the funding approval process, it did not improve the way that cash flows from donors are managed. The current system continues to rely on: (a) an annual cycle of contributions rather than multiyear
contributions, (b) unpredictable and sporadic timing of payments, (c) independent and disconnected decision-making on bilateral funding, (d) continuation of a bilateral donor approach through Window 3, and (e) direct donor negotiations with centers. The financing of the CGIAR presents a number of problems which can mostly be improved/addressed only if the contributors change their behaviors to be in line with their commitments to the reform. Contributors need to address issues such as the mismatch between inflows and disbursements requiring scaling back programs and their costs, and ensuring adequate liquidity to cover disbursements. The lack of predictability of funding is a key concern—projected flows based on informal communications with contributors are used to plan CRP funding even though such funding is not guaranteed. Nevertheless, the Fund Council approves a portfolio of CRPs that exceeds projected funding. This means that some CRPs could end up with significantly less funding than what they understood was allocated. Finally, there continues to be a lack of incentive to have the Fund Council contributors increase their contributions to Windows 1 and 2, and there continues to be a lack of incentive to get non-CGIAR Fund Council bilateral contributors to join the CGIAR.

36. The centers require long-term funding to sustain their research infrastructures, including maintaining their top-level research personnel. What used to be called CGIAR core funding is now being channeled through the CRPs, raising questions about sustaining the research infrastructures that the centers have built up over the years. Allowing the centers to allocate some Windows 1 and 2 funds to help finance the indirect administrative costs of bilaterally funded activities does not address the issue that the centers are no longer receiving core-type unrestricted funds to sustain the research infrastructures. Furthermore, the centers have to be very disciplined about making sure that all contributors pay the full costs (the 2% administrative fee to fund system costs and the indirect administrative costs) of the research that they are funding. Contributors have made a commitment to full cost recovery from all sources of financing, including Window 3 and bilateral funding that are supporting the SRF. That some contributors may not be meeting these commitments is also an accountability issue that is threatening the maintenance of the system.

37. Another critical issue that has been raised is the lack of a robust, scientifically-based process for identifying priorities for funding. Currently, the expectation is that priorities will be set through the development of the CRP portfolio proposals, taking into account the agreed results framework. But it is not clear that this approach will provide sufficient confidence to contributors that funds are being provided to address the major research challenges with potential for the highest return on the investment. It has been suggested that the ISPC should play a much stronger role, including through the convening of global eminent scholars and practitioners, in recommending the prioritization of research challenges and providing scientific leadership and independent scientific advice at appropriate points in the development of the strategy and the portfolio of CRPs to enhance their scientific quality.

38. All of the issues have served to contribute to an eroding trust and a lack of ownership in the system. It is widely believed that the current system lacks positive incentives to promote appropriate partnership behavior and has not been able to align goals and expectations so as to achieve a wide appreciation of the value of collaboration. The level of trust and the quality of working relationships between the system-level bodies and the centers seem to have deteriorated significantly since the reform. This has critical consequences for a system such as the CGIAR that has historically operated on an informal basis marked by consensus and negotiation. The current donor-recipient style communication between the Consortium Office and the centers does not reflect the responsibilities that the centers have towards bilateral donors that fund the majority share of the CRP portfolios.
IV. Overview of other global partnerships

39. The following six global funds for health, education and climate change have been reviewed with a view to identifying models and structures that might be helpful to the CGIAR. These partnerships are of similar size with recent annual commitments ranging from $167 million to $3,625 million. Like the CGIAR, they leverage multinational sovereign and private resources in pursuit of international initiatives:

- a. Clean Technology Fund (CTF)
- b. Global Agriculture and Food Security Program (GAFSP)
- c. Global Alliance for Vaccinations and Immunizations (GAVI)
- d. Global Environment Facility (GEF)
- e. Global Fund to Fight Aids, Tuberculosis and Malaria (The Global Fund)
- f. Global Partnership on Education (GPE)

40. A variety of financial, organizational and decision-making parameters were explored for each partnership. Some overarching findings are presented below. Tables summarizing information on each partnership are presented in Annex F.

Governance

41. **Multilateral board:** At the head of each partnership is a multi-stakeholder decision-making body. For the most part, membership is constituency-based.

42. **Chair:** The partnerships deal with the selection of the governing body chair or chairs in a number of different ways. Some elect candidates from among the voting members of the governing body, often for a relatively short term (one meeting, one year or 18 months), with provision for co-chairs or a chair and vice-chair.

43. Other partnerships elect chairs from outside their voting members and often for a longer term (2 or 3 years). These independent chairs are expected to dedicate a significant amount of time to their board duties and advocacy for the organization. The Global Fund requires that its Board Chair and Vice-Chair be able to dedicate “between one and two working days a week to [fund] matters”, and potentially, “commit full capacity to [fund] matters for several consecutive days.” The GPE Board Chair has a formal role in resource mobilization efforts and “represents the Partnership in political and public fora.”

44. **Decision-making procedures:** For the most part, voting members of these bodies consist of delegates from contributor and recipient countries/regions. Three partnerships - GAVI, the Global Fund and GPE - also include representation from some combination of civil society and the private sector. Multilateral organizations are also represented on the boards, but usually without voting authority. While all partnerships strive for consensus decision-making, when consensus cannot be reached they provide for some variation of majority rule decision-making. Of the three other governing bodies, two, the CTF Trust Fund Committee and the GAFSP Steering Committee, govern only by consensus. If a vote is required in the GEF Council, a double-weighted majority procedure is followed.

45. **Executive Director:** Neither the CTF nor GAFSP have a formal Executive Director. Their relatively smaller secretariats are managed by Program Managers of the World Bank. In the other four organizations, the CEO or Executive Director appears to have a strong role. Each one of them directs a large secretariat and has a strong public profile. In GAVI, the Global Fund and the GEF, formal association with the decision-making body underwrites the importance of these executives. GAVI’s CEO and the Global Fund’s Executive Director are permanent, non-voting members of their respective boards. The GEF CEO is Co-Chair of the GEF Council.
46. **Board Committees:** Board committees play a critical role in facilitating board decisions in all of the comparator partnerships, and in at least three the boards have delegated select decision-making authority to the board committees. The board of the Global Fund has three committees with very clear mandates and operating procedures. The Global Fund board committees are: the Strategy, Investment, and Impact Committee, the Finance and Operational Performance Committee, and the Audit and Ethics Committee. The GPE Board has four committees responsible to improve strategy, strengthen the monitoring of financial and programmatic performance and results, increase attention to global education issues, and increase efficiency, transparency and voice. The committees include the Coordinating Committee; the Country Grants and Performance Committee; the Governance, Ethics, Risk and Finance committee; and the Strategy and Policy Committee. The GAVI alliance board delegates certain activities to five board committees and one advisory committee staffed by board members, alternates, and in certain instances independent experts or partner representatives. The committees include the Executive Committee; Program and Policy Committee; Governance Committee; Investment Committee; Audit and Finance Committee; and an Evaluation Advisory Committee.

**Fundraising**

47. **Multiyear fundraising cycles:** The Global Fund, GEF, GAVI and the GPE raise funds in multiyear cycles. The Global Fund, GAVI and the GPE operated using ad-hoc or annual funding drives in their early days before switching to fundraising methods that require/encourage long-term financing commitments from donors. The GEF has a four-year replenishment cycle, and contributions take into account a burden-shared approach. The Global Fund has a three-year replenishment cycle. GAVI seeks four-year donor commitments, though this will switch to a longer commitment period by 2021. The GPE adopted a three-year replenishment cycle in 2011.

48. The GAFSP Steering Committee is currently considering moving to a multiyear funding cycle and has commissioned a vision paper. The CTF does not raise funds by multiyear cycles, although this must be qualified by the fact that the fund has a sunset clause so its long-term future is unclear. Contributions are made by contributors on a voluntary basis.

**Legal Identity**

49. The Global Fund and GAVI are each legal entities (foundations established under domestic law). Each entity has its own governing document, a governing board and its own staff. In the case of the Global Fund, the contributions to the entity from donors are held in a trust fund, for which the World Bank is trustee. In the case of GAVI, some contributions are made directly to it. Both the Global Fund and GAVI have legal personality and legal capacity to enter into contractual agreements and make funding available directly to recipients under agreements between them and the recipients. In the case of the Global Fund, the funding is transferred from the trust fund to the recipients upon the instruction of the Global Fund, which supervises the use of the funding and the activities carried out therewith in accordance with its own policies and procedures. The recipients are directly accountable to the Global Fund and GAVI for the use of the funds. The trustee has no responsibility for the use of funds by the recipients.

50. For CTF, GEF, GFASP and GPE, no legal entity was created. Instead, each program is established and functions in accordance with the terms of the agreements between the participants in the program. There is a governing body for each program and a secretariat, hosted by the World Bank, which provides the staff of the secretariat. The secretariat generally provides only administrative support for the governing body and does not have any operational functions. Contributions from donors are held in a trust fund, for which the World Bank is trustee. The programs provide funding to intermediaries that then
provide the funding to recipients under agreements between the intermediaries and the recipients. The intermediaries supervise the use of the funding and the activities carried out therewith by the recipients in accordance with the intermediaries’ own policies and procedures. The intermediaries’ responsibilities are set forth in the governing instrument for the program and/or in memoranda of understanding between the intermediaries and the secretariat or financial procedures agreements between the trustee and the intermediaries. The recipients are directly accountable to the intermediaries for the use of the funds. The intermediaries, in turn, are responsible to the contributors to the program for the proper performance of their supervisory functions. If the recipient has misused funds, the intermediary would be expected to seek to recover the misused funds from the recipient in cases where such recovery would be feasible. If the intermediary is negligent in performing its responsibilities and thereby contributed to the misuse, the intermediary might be financially liable to the contributors.
V. Considerations of options for governance and decision-making in the CGIAR

51. After undertaking the problem analysis, it was considered useful to consider some basic principles of good governance that should be kept in mind in considering options for the CGIAR governance structure, focused as it should be on science for development. These are listed below.

Principles for good governance in CGIAR

52. Governance of the CGIAR should enable the system’s donors, centers, programs and partners to foster and engage in the highest quality science for development. In a research environment that is fast moving and competitive, leadership of the CGIAR at the governance level should:

   a. articulate a clear and compelling strategy for a coherent system that prioritizes scientific research with development impacts, especially for the poor;
   b. encourage innovation, problem solving and initiative;
   c. mobilize sufficient and predictable resources needed to sustain research over time; and
   d. assure contributors and stakeholders of the meaningful delivery of global and regional public goods.

53. Effective governance should focus on creating the framework, incentives and conditions through which scientists and partners can achieve results.

54. A key element of the CGIAR’s governance should be a structure that drives and supports partnership. The presence of clear and well-publicized objectives, an alignment at all levels in support of those objectives, and clear incentives for achieving results are critical components of a successful partnership. Governance of the CGIAR should reflect and reward partnership, engendering trust in the value of collaboration.

55. The governance structure should be flexible enough to accommodate partners, dynamic enough to adjust to changing circumstances, nimble enough to provide for efficient and effective decision-making but fixed enough in mission to serve the common goal.

56. It should distinguish between the duties, roles and responsibilities of governance (i.e., strategic direction, management oversight, resource mobilization, stakeholder participation, risk management, audit and evaluation) and the duties, roles and responsibilities of management (i.e., program implementation, regulatory compliance, reviewing and reporting, administrative efficiency, learning and performance assessment).

57. Effective governance structures should incorporate processes and procedures for (a) mobilizing and allocating resources, (b) coordinating activities among partners, (c) establishing good communications channels, (d) capturing and sharing innovation and knowledge, (e) monitoring and evaluation to track program outputs and outcomes and demonstrate results to show achievement of the goals of the partnerships, (f) periodic assessment of the governance structure and function, (g) managing change and (h) mitigating risks.

58. To assure that it maintains the trust of partners and stakeholders in its work, the governance structure should be attentive to preserving the following characteristics:

   a. legitimacy: governance and management structures should facilitate the participation and voice of stakeholders;
b. **accountability**: accountability should be defined, accepted, and exercised by all partners;

c. **fairness**: partners should perceive that they are being treated fairly, and partners and participants, similarly situated, should have an opportunity to influence or benefit from the partnership;

d. **transparency**: decision-making, reporting, and evaluation processes should be open and freely available to the general public;

e. **efficiency**: governance and management structures should enhance efficiency in the allocation and use of the resources;

f. **effectiveness**: results in terms of outputs and outcomes should be measured and shared; and

g. **independence**: decision-making and oversight should be unconstrained by conflicts of interest.

**Options**

59. Based on its review of the reference material and the consultations that it has carried out, the options team is presenting four options. The options fall on a spectrum that begins with a proposal for a number of modifications to the existing structure and decision-making process, without significant changes in the responsibilities of the Consortium Board and the Fund Council but with measures to improve communications, transparency, voice and efficiency. At the other end of the spectrum is the most sweeping change – the proposal for one governance body, the proposed CGIAR Council, and one administrative/management office. Two other options build on the modifications proposed in Option 1, with Option 2 proposing a strengthened Fund Office, a Consortium of the centers with responsibility for facilitating collaboration and coordination among the centers, and the lead centers being directly accountable to the Fund Council for the financial and programmatic performance of the CRPs, and Option 3 building on Option 2 and proposing that the functions of the Consortium Office and the Fund Office be consolidated in one office to streamline management and administrative functions.

60. In reviewing the options, the Fund Council should keep in mind that each option contains a number of different elements, and the Council may choose to support some of the main elements in the option while choosing to amend or reject other aspects of the option. No option is a “take it all or leave it” proposal. Nevertheless, the team has included in each option a combination of characteristics that it believes will improve the effectiveness and efficiency of the system in comparison to the present system. Annex G includes a table summarizing how each option addresses the challenges of CGIAR governance and decision-making identified in Section III. Annex H includes a summary table of functions and responsibilities under the four options. Annex I presents a cost analysis of each option.
OPTION 1 – Modifications of the existing system structure and decision-making processes and accountabilities

Consortium

61. The purpose of the Consortium is to coordinate activities among member centers and other partners within the framework of the strategy and CRPs in order to enable its members to enhance their individual and collective contribution to the achievement of the CGIAR vision and goals. The Consortium serves as a central point of fiduciary and operational responsibility for all funds that pass to either the Consortium or the centers from the CGIAR Fund.

Functions of the Board

62. The Consortium Board is the Consortium’s decision-making body. It would have the following functions:

a. strengthening centers’ partnership and facilitate collaboration and alignment of activities
b. approving Consortium inputs into SRF
c. endorsing coherent portfolio of CRP proposals
d. approving common policies of the Consortium
e. taking ultimate financial and operational accountability for funds received from the CGIAR Fund
f. reviewing implementation of common policies
g. reviewing alignment of center activities with SRF
h. approving risk framework for the Consortium and monitor Consortium risks
i. keeping under review the performance and structure of the centers and CRPs and decide on appropriate action
j. seeking to resolve conflicts among the centers
k. ensuring that the CGIAR evolves into a performance based system
l. endorsing annual work plans and budget of the Consortium Office and Consortium Board for approval by the Fund Council
m. approving proposals for shared services and reviewing their performance
n. approving standards for membership
o. recommending annual budget proposals for CRPs for submission to the Fund Council for approval
p. reviewing and approving CRP annual financial reports
q. reviewing and accepting audit reports
r. initiating periodic external reviews of Consortium’s functioning and performance
s. reporting to Fund Council on its activities
t. proposing amendments to the Consortium Constitution, in consultation with Fund Council
u. appointing the Director of Consortium Office
v. reviewing the performance of the Director of Consortium Office

Consortium Board Structure

Modifications

63. It is proposed that the Board consist of members representing the following groups:

a. center board members
b. center DGs
c. CRP directors
d. independent members

64. The following entities or groups would be invited to identify observers to attend the Board meetings:
   a. Fund Council
   b. Fund Office
   c. ISPC
   d. IEA
   e. partners significantly engaged in CRPs
   f. Trustee

65. A Chair will be elected from among the members.

66. The Director of the Consortium Office would be the Secretary of the Board.

67. Decision-making rules:
   a. Decisions of the Consortium Board should normally be taken by consensus. If, however consensus cannot be reached, the Chair may call for a formal vote.
   b. Decisions requiring a formal vote by the Consortium Board should be taken by a [2/3][3/4] majority of the members.

**Consortium Office**

68. The Consortium Office is the administrative/management office of the Consortium responsible for the day-to-day activities of the Consortium.

**Functions of the Consortium Office**

69. The Consortium Office would have the following overarching functions:
   a. servicing the Consortium Board and organize its meetings
   b. overseeing implementation of Consortium Board decisions and implementation of the CRPs by the lead centers
   c. establishing strong communications channels with, and collaboration with, the centers to, among other things, align values and incentives, build trust and facilitate coordination and partnership
   d. servicing the centers to enable them to execute their roles and responsibilities
   e. coordinating activities among centers and center inputs into CGIAR processes such as SRF and links with other entities in the system
   f. coordinating development of coherent portfolio of CRP proposals, budgets and performance agreements
   g. coordinating activities to monitor performance of CRPs and other activities implementing the SRF
   h. developing proposals for common policies and overseeing that such common policies are implemented
   i. managing a process to move towards a performance based system
   j. developing proposals for common services among the centers and ensuring that approved services are effectively implemented
   k. working jointly with the Fund Office, developing and contributing to the implementation of a CGIAR communications strategy, working closely with all entities in the system
1. developing and overseeing implementation of a robust knowledge strategy, including facilitating communities of practice
m. maintaining partnerships with Fund Office, ISPC and IEA
n. building strategic collaboration and relations with external partners
o. establishing and maintaining system-wide assets, including a comprehensive database of CGIAR activities, knowledge management system, results measurements
p. representing CGIAR system at events where a consolidated voice on CRPs is needed
q. gathering and collating information from centers needed for Consortium Board and Fund Council
r. developing an annual work plan for approval by Consortium Board
s. reporting to the Consortium Board on its activities at least twice a year

**Fund Council**

70. The Fund Council is the governing body with primary responsibility for strategy, funding and financial decisions. It is proposed that the Fund Council’s responsibilities be confirmed to include specific responsibility for system strategy and priorities, resource mobilization, approval of CRPs and funding, approval and monitoring of a risk framework, and approval of a system-wide communications strategy.

**Functions of Fund Council**

71. Fund Council is the CGIAR’s Fund decision-making body. It would have the following functions:

a. approving system’s strategy and priorities and taking strategic decisions to guide their implementation
b. approving portfolio of CRP proposals, and endorsing anticipated funding requirement
c. approving resource mobilization strategy to facilitate robust and predictable funding
d. informing Funders Forum on the status of the Fund, approved CRPs and facilitating pledges to ensure sufficient funding
e. keeping financial status of the CGIAR Fund under review
f. approving annual funding for CRPs
g. approving administrative budgets for Fund Office, Trustee, Consortium Board, Consortium Office, ISPC and IEA
h. approving risk framework and monitoring system risks
i. approving communications strategy
j. approving annual report
k. commissioning, reviewing and taking appropriate decisions on periodic independent evaluations
l. approving the appointment of the Director of the Fund Office and reviewing the Director’s performance
m. appointing ISPC members and ISPC Chair

**Fund Council Structure**

**Modifications**

72. It is proposed that the voting members of the Fund Council be reduced from 26 to 18. Nine others would be invited to participate in the Council deliberations as active observers. Each member would have an alternate who can attend the meeting and represent the member in his/her absence. The members and the alternates would be agreed through consultations among those in the interest group. Alternates may be drawn from other representatives in the interest group (i.e., from another country) so
that a broader representation from the group would be at the meetings of the Fund Council.

73. The following interest groups would have voting representatives on the Council:

a. CGIAR contributors from OECD DAC member countries
b. other CGIAR contributor countries
c. foundations contributing to the Fund
d. multilateral organizations contributing to the funds

74. The following entities or groups (which would be invited to consult among themselves) would be invited to identify an active observer\(^\text{13}\) to attend the Fund Council meetings.

a. Trustee
b. Consortium Board
c. Centers
d. ISPC
e. IEA
f. GFAR
g. Regional organizations representing national agriculture systems and other research institutions
h. Private sector

75. More specifically, it is proposed that the seats be distributed as follows:

a. 8 seats for OECD DAC contributor countries
b. 8 seats for other CGIAR contributor countries (contributors or host countries)
c. 1 seat for foundation contributors
d. 1 seat for multilateral contributors

76. For the active observers, it is proposed that the centers be invited to select two representatives. The others would be invited to select one representative.

77. Selection of countries or organizations to identify the individuals to serve as members would be agreed through consultations among the four groups identified above. Each group would be able to agree on the regional distribution within the group to balance other considerations.\(^\text{14}\)

78. In making this proposal, equal representation of developed and developing countries was considered a key criterion. It is proposed that the following additional criteria be taken into consideration during consultations on the distribution of seats within each of the four groups:

a. Regional representation
b. Recognition of largest country contributors to CGIAR Fund as entitled to “single” seat, i.e., the member and the alternate would be from the same country (top 2-4 contributors: top 2 equals 38% of contributions, top 4 equals 51% of contributions, based on contributions to the CGIAR Fund (Windows 1, 2 and 3) since its establishment in 2011)

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\(^\text{13}\) Active observers would have right to participate in discussions of the Council and propose agenda items and presentations to be made to the Council.

\(^\text{14}\) At the Fund Council Meeting in Punta del Este, Uruguay in October/November 2012, it was agreed that the CGIAR regional constituencies would be as follows: (a) for the OECD contributor countries, Asia, Europe, North America and Pacific, and (b) for the other contributor countries, Asia, Central Asia, West Asia and North Africa, Latin America and Caribbean, Pacific, and Sub-Saharan Africa.
c. Non-governmental contributors to have one seat for each group (foundations and multilaterals)
d. Europe as the largest regional grouping could be assign more seats than other regions among the OECD DAC contributor countries
e. Among developing countries, representatives may be drawn not only from countries contributing to the CGIAR Fund but also from countries hosting centers (Mexico, Colombia, Peru, Benin, Nigeria, Kenya, Lebanon, Sri Lanka, Malaysia, Philippines, and Indonesia) as a recognition of the contribution they make as hosts

Example of possible seat distribution among country voting members with two largest contributors in each group having single seats

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<td>Western Asia and North Africa</td>
<td>Western Asia and North Africa</td>
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Chair of the Fund Council

79. A number of options could be considered for chairing the meetings: (a) continuation of the current practice of having a member of the Bank’s senior management team chair the Fund Council, (b) an independent chair appointed by the Council members, as a remunerated position with expectations of 30-40% of the time of a full-time position, (c) a senior representative of the World Bank, to be appointed by the World Bank President, able to commit a significant amount of time to leading the CGIAR, (d) a single chair elected from Council Members, (e) two co-chairs elected from Council members, or (f) a co-chair elected from among the voting members to serve jointly with an independent co-chair elected by the Council members appointed as suggested in (b) of this paragraph or a World Bank senior representative appointed as suggested in (a) or (c) of this paragraph.

80. A key consideration in choosing among these options is whether the Chair is to play a leadership role for the entire system, outside of the meetings of the Fund Council. If continuous leadership is to be
provided, the decision should include an independent chair or a senior representative of the World Bank able to commit a significant amount of time to leading the CGIAR. While electing a chair from among the Council members and/or inviting a member of the World Bank’s senior management team to serve as chair often provides good leadership during the meeting, such representatives may be unable to provide sufficient time to the system’s leadership needs during the intersessional period.

Meetings and Decision-Making

81. Two regular meetings would be held each year with at least one held at the seat of the Fund Office.

82. Decision-making rules

a. Decisions of the Fund Council should normally be taken by consensus. If, however, consensus cannot be reached, the Chair may call for a formal vote.

b. Decisions requiring a formal vote by the Fund Council should be taken by a double weighted majority, that is, an affirmative vote representing both a \([2/3][3/4]\) majority of the total number of voting members and a \([2/3][3/4]\) majority of the total contributions.

c. Decisions could also be taken by mail, with a lack of written objection during the prescribed time for replying being considered as an affirmative vote.

Justification for proposed changes to Fund Council

83. In the reform proposal that served as the basis for the 2008/2009 reforms\(^{15}\), it was proposed that the Fund Council serve as the key decision-making body of the Fund and that the Council should have 15 members—12 contributors and 3 stakeholder representatives. It was further proposed that the contributors serve on a rotational basis, representing regional constituencies.

84. The proposal was submitted and discussed at the Annual General Meeting in December 2008 in Maputo, Mozambique. At that meeting, the CGIAR approved, in principle, the proposal. Regarding the Fund Council composition, it was decided that it would “be organized such that it includes donors to the Fund from both the south and north with some stakeholders.”

85. Since the agreement on the size of the Fund Council at the time of the reform, membership on the Council has increased from 15 to 26 members plus the Chair. In the option above, voting members of the Fund Council would be reduced from the current membership to 18. Each member would have an alternate who could attend the meeting and represent the member in his/her absence. The members and the alternates would be agreed through consultations among contributors in the group (OECD DAC contributors, other contributor countries, foundations, or multilateral organizations). Alternates could be drawn from other representatives in the group (i.e., from another contributor) so that a broader representation from the group would be at the meetings of the Fund Council. In selecting representatives, consideration should be given to the size of contributions.

86. The proposed reduction in the size of the Fund Council is to allow for more effective decision-making, while preserving adequate regional and interest group representation and also providing an incentive for increased contributions to the Fund.

87. The options team recognizes that there is no one-size-fits all solution to the issue of board size, and that the nature of an organization has an impact on the optimal size of its board and its ability to carry out its mandate. Nonetheless, it is useful to look at the literature on this point.

88. A survey published by Deloitte and the Society of Corporate Secretaries & Governance Professionals\textsuperscript{16} found that the 87 percent of public, private, and nonprofit companies had 7-14 board members. Nonprofit organizations tend to have slightly larger boards, averaging approximately 16 members\textsuperscript{17}. A report published by Bain & Company\textsuperscript{18} estimated that after a decision-making body includes seven members, each additional member reduces decision effectiveness.

89. While such models do not address all the issues and interests present in the CGIAR system, it is clear from a number of studies, including a policy paper published by the Center for Global Development analyzing governance effectiveness of 11 global partnerships\textsuperscript{19} that the effectiveness of a group’s decision-making decreases as a board gets larger, particularly if they include more than 16 members. A number of challenges often arise from a large board that impact their decision-making: for example, decision-making can become unwieldy, individual members may lose a sense of personal accountability for board decisions, it can be difficult to create opportunities for interactive discussion, core groups can be formed which deteriorate overall cohesion and transaction costs are high. Additionally, such boards often are unable to effectively address core issues of strategy, policy and accountability, and end up micromanaging instead. Many organizations with large boards rely on board committees for some key tasks, including empowering the committees to take decisions and actions on behalf of the board.

90. In proposing the reduction of the Fund Council to 18 members, the team has considered the different stakeholders engaged in the CGIAR, the agreement reached at the Fund Council meeting in November 2012 on regional distribution of seats, and the funding provided by contributors. The team believes that the principles and considerations agreed at the Fund Council meeting in November 2012 can be fully accommodated by a Board of 18 members. The options team is also proposing that a number of organizations be able to participate in the board as active observers. An active observer would be able to fully participate in the discussion of the meetings, but would not have any voting power. Recognizing that voting is expected to be a rare occurrence, active observers in almost all circumstances would be able to participate in the meeting in a way similar to full members. If in the exceptional case a consensus decision cannot be reached, only those contributing to the fund would have a vote, providing an additional incentive to contribute to the fund. While active observers may not have the right to vote, such procedures would ensure that their voice is heard in the deliberations leading to a final decision.

91. Decision-making in the Fund Council is currently by consensus only. It is common practice among global partnerships for consensus decision-making to be the preferred manner in which to reach agreements. Consensus is a procedure for adopting a decision when no participant in the decision-making process blocks a proposed decision. Consensus does not necessarily imply unanimity. A dissenting decision-maker, who does not wish to block a decision, may state an objection by attaching a statement or note to the decision. Even though consensus is the preferred mode of decision-making, many organizations also provide for a voting system in instances where consensus cannot be reached, since without such procedures, all members of the governing body have veto authority that can be a barrier to


\textsuperscript{17} \url{http://www.thenonprofitpartnership.org/files/board-source-governance-2012.pdf}

\textsuperscript{18} \url{http://www.bain.com/publications/articles/decide-and-deliver.aspx}

\textsuperscript{19} \url{http://www.cgdev.org/files/1426627_file_Bezanson_Isenman_FINAL.pdf}
effective decision-making. The Clean Technology Fund, referred to in Section IV, does not provide for decision-making by vote when consensus cannot be obtained. A recent evaluation of the CTF found that consensus decision-making had led to protracted meetings and decision-making, and sometimes indecision and micromanagement. During its consultations, the options team heard views that the Fund Council has been relatively ineffective in its decision-making.

92. The options team is proposing that the decision-making rules be amended to provide for a voting rule in cases where consensus cannot be reached. Drawing lessons from the rules of the GEF and the Global Fund, the team is proposing, in the exceptional cases where voting may be required, that a successful proposal would require support from a double-weighted majority—in other words a majority counted in two respects. The vote would need to include an agreed percentage of votes based on a one-member one-vote count as well as a percentage of votes based on cumulative contributions to the CGIAR trust fund. This second part of the double majority provides assurance to contributors that they have a voice commensurate with their investment. Such a provision can act as a further incentive to contribute to the Fund. Clearly, the higher the required majority, the greater the required agreement among stakeholders yet it can still allow a decision to be reached when a relatively few are of a different view. In determining the number of votes based on contributions, the representative member on the Fund Council would be able to indicate the vote of the separate members in the regional group if there is no consensus among such contributors.

93. Another point that has been raised during the team’s consultations is the seniority and authority of the members of the Fund Council. Representatives on the Fund Council should be of a high level in their national systems, with experience in the field of agricultural research and funding of international programs, and with the authority to take decisions during the Council meetings that have the force of their national governments behind them. Having senior representatives would add to the trust in the decision-making of the Council and would promote confidence in the strategic leadership and guidance of the Council. Senior representatives would also be better able to reach out within their governments and to other partners to generate support for the system.

94. The inclusion of active observers in the Fund Council meetings, including representatives from the centers and the private sector that are not currently invited to Fund Council meetings, should raise the trust of all partners in the decision-making process. By opening the Council’s deliberations to representation by the main stakeholders in the CGIAR partnership, partners will have a greater appreciation and understanding of the reasoning and context of the Council’s decisions and will have had an opportunity to share with Council members their perspectives on issues under consideration.

**Fund Office**

95. The Fund Office is the administrative/management office of the Fund Council.

**Functions of the Fund Office**

96. The Fund Office would have the following functions:

a. servicing the Fund Council and organizing its meetings  
b. developing a strategy for resource mobilization (laying out clear roles and responsibilities of partners in the CGIAR system for mobilizing funds) and managing its implementation  
c. overseeing implementation of Fund Council decisions and maintaining an archive of all Council decisions  
d. managing relations with Fund contributors
e. working with the Trustee to monitor funding status of the CGIAR Fund and compiling and preparing a report on the funding status of the Fund for review by the Fund Council at each of its regular meetings
f. analyzing the Consortium’s compliance with performance agreements, based on information submitted by the Consortium, and providing a report to the Fund Council
g. working jointly with the Consortium Office, developing and contributing to the implementation of a CGIAR communications strategy, working closely with all entities in the system
h. coordinating relations with Consortium, ISPC and IEA
i. developing and maintaining a risk matrix for the CGIAR and preparing annual risk reports for the Fund Council
j. collaborating with the Trustee to ensure that the Trustee receives all the information necessary to carry out its responsibilities

Joint Meetings of the Fund Council and Consortium Board

97. It is proposed that the second meeting in each calendar year of the Fund Council and the Consortium Board be held jointly. In the joint meeting, the two governing bodies would exercise the following functions:

a. approving the SRF, taking into account the recommendations and guidance of ISPC,
b. approving the portfolio of CRPs proposals (prepared and submitted by the centers and the Consortium Office) and endorse anticipated funding requirements, taking into account the recommendations and guidance of the ISPC
c. reviewing and recommending CRP annual budget proposals
d. reviewing monitoring reports and recommending appropriate action
e. reviewing annual report on risks
f. reviewing financial reporting
g. commissioning, reviewing and taking appropriate decisions on periodic independent evaluations

98. Subsequent to the joint meeting, the Fund Council or the Consortium Board could meet separately (in the same location) to deal with other functions that each entity is to fulfill but which are not included in the functions of the joint meeting (for example, the Fund Council could meet after the joint meeting to approve the annual budgets of the CRP, based on the review and recommendations of the joint meeting).

99. Joint meetings would be co-chaired by a chair of the Fund Council and the chair of the Consortium Board.

100. Membership of joint meetings would combine the membership of the two governing bodies.

101. Decision-making during joint meeting:

a. Decisions of the joint meeting should normally be taken by consensus. If, however consensus cannot be reached, the Chairs may call for a formal vote.
b. Decisions requiring a formal vote by the joint meeting should be taken by a double weighted majority, that is, an affirmative vote representing both a [2/3][3/4] majority of the total number of voting members and a [2/3][3/4] majority either of the total contributions or the total contributions and the center members.

Measures to improve communication and integration of “pillars”
102. Timely access to relevant information about decision-making processes and substantive information on the matters under consideration are essential for accountability and to enable participants and stakeholders to make meaningful contributions to deliberations. Open and effective communications are particularly critical to create trust in dispersed partnerships, and trust is critical to partnership functioning.

103. The chairs/co-chairs of the Fund Council and the Consortium Board and the Directors of the Fund Office and the Consortium Office, together with up to two additional representatives from each of the governing bodies, should meet in person at least twice a year to review the work of the system, to exchange proposals for the on-going and forthcoming work programs, and to make recommendations to their respective governing bodies on any measures to improve the effectiveness of the system. In addition, this group may wish to organize at least one virtual meeting in between their in-person meetings to provide updates on their activities and identify challenges and jointly discuss possible ways to address such challenges.

104. The Fund Office and the Consortium Office should agree in advance on an annual calendar of meetings, including a timeline for meeting and document preparation so that there is an efficient flow of information required for effective decision-making.

105. The Trustee, Fund Office and Consortium Office should agree on clear, robust and harmonized reporting procedures (including timing) and content guidelines. This includes financial, performance, and results reporting.

106. The Fund Office and the Consortium Office should have regular (at least monthly) virtual meetings to discuss their work programs and system issues.

107. The Fund Council and the Consortium Board should establish joint committees when needed to address matters affecting the CGIAR system.

108. Centers and contributors believe that the reforms created a disconnect between funding decisions and programs. Having two center representatives on the Fund Council will improve the two-way flow of information between the centers and the contributors. Annual reporting on progress being achieved in the CRPs will enhance the understanding of the Fund Council members of the research activities of the centers. The GCARD, the timing of which is proposed to be aligned with the development of the SRF and CRPs, should provide a regular opportunity for in-depth discussions between the contributors and the centers on the research programs funded by the system.

109. As part of its responsibility to manage relations with Fund contributors, the Fund Office should hold regular information sessions and consultations with all Fund contributors, particularly recognizing that a more streamlined Fund Council has the potential to make smaller donors feel less engaged. Such consultations could be held virtually in advance of Fund Council meetings to ensure that the voice of all contributors can be shared in advance of the Council deliberations.

**Legal Implementation Requirements**

110. The Consortium would continue to be an international organization established under the agreement establishing the Consortium as an international organization, operating in accordance with the Consortium Constitution. This option would require amendments to the Consortium Constitution and the CGIAR Governance Framework. The Consortium Constitution would need to be amended to change the composition of the Consortium Board and to include a greater number of active observers. An amendment might also be needed to the provision in the Constitution regarding the function of the
Consortium Board with respect to the resource mobilization strategy. Amendments to the Constitution require the approval of three-quarters of the members of the Consortium Board and three-quarters of the Centers. The Consortium Board is also to consult with the Fund Council before adopting amendments to the Constitution.

111. The CGIAR Governance Framework would need to be amended to provide for voting if decisions are to be made in the absence of consensus and to address any changes in Fund Council membership decided under this option. The Governance Framework might also need to be amended to clarify observer participation in Fund Council meetings and the role and responsibilities of the Fund Council with respect to resource mobilization.

112. The Governance Framework provides that decisions of the Fund Council are made by consensus. The Framework would need to be amended to provide voting rules for decisions to be made in the absence of consensus.

113. The Governance Framework includes provisions regarding the composition of the Fund Council. It provides that members are selected from Fund donors eligible to participate in the Fund Council, either through their constituencies or by their institutions, depending on the nature of their seat. The Framework states that any Fund donor that has paid an average annual minimum amount of $500,000 during the two years prior to each three-year term of the Fund Council is eligible for representation on the Fund Council. The Governance Framework also states that the Fund Council seeks to maintain a North-South balance in its membership. The Framework establishes five regional constituencies for Fund donors from the South, as well as representatives from the regional fora of agricultural research by countries in each of the five regions and four regional constituencies for Fund donors from the North and additional representatives drawn from multilateral organizations, a constituency of donor foundations and GFAR. The Governance Framework would need to be amended if there is a reduction in the size, or change in the composition of, the Fund Council from that currently provided in the Framework. In making such amendments, consideration should be given to minimizing the provisions in the Framework on the Fund Council composition and instead addressing some matters in Fund Council decisions or rules of procedure to provide flexibility to adapt to future changes in the composition of Fund donors and minimize the need to amend the Framework itself to address such changes.

114. The Governance Framework does not address the participation of observers in Fund Council meetings, but the Rules of Procedure of the Fund Council provide for the participation of the Chair and/or CEO of the Consortium to be an observer. The Framework could be amended to provide expressly for observer participation in Fund Council meetings.

115. Amendments to the Constitution and Governance Framework would be needed to accommodate the joint meetings of the Consortium Board and the Fund Council. There would also need to be rules of procedures adopted that would address issues concerning the conduct of such joint meetings (including, for example, arrangements for chairing such meetings and provide the secretariat services for them).

116. The Governance Framework provides that the Fund Council is responsible for “[c]ontributing to the development and implementation of a joint resource mobilization strategy for raising funds for the CGIAR Fund in support of the Consortium Board’s core responsibility for resource mobilization.” Option 1 envisions that the Fund Council would be responsible for approving the resource mobilization strategy, with the strategy laying out clear roles and responsibilities or entities in the CGIAR system for mobilizing funds. The Governance Framework provisions on resource mobilization would need to be amended to the extent that Option 1 would entail a change in the Fund Council’s responsibilities from those currently set forth in the Framework.
117. The Governance Framework provides that it may be amended by consensus of the Fund Council without the need for further action unless such amendments conflict with the terms of the Contribution Agreements with Fund contributors or World Bank policies and procedures applicable to trust funds. Moreover, if the amendment would impose obligations on, or infringe the rights of, the Consortium or the centers, such amendment would not be effective as to them if the Consortium observer objects to the amendment at the time it is considered by the Fund Council.

Programmatic and Fiduciary Responsibilities

118. This option does not entail any change in the current allocation of programmatic and fiduciary responsibilities. The Consortium would retain both fiduciary responsibility (i.e., to monitor and be responsible for the intended use of Window 1 and Window 2 funds) and programmatic responsibility (i.e., to be responsible for implementation by the centers and partners of the CRPs). There would not be any change in the current contractual arrangements. No amendments would be needed in the Joint Agreement or the Consortium Performance Agreements between the Consortium and the Fund Council or the Program Implementation Agreements between the Consortium and the lead centers for the CRPs.

*This is a simplified schematic of system entities. It does not show the flow of resources.*
OPTION 2 - Change in the nature of the Consortium to focus on its role as a cooperative of the centers for coordination and shared services, and oversight role to be placed in a strengthened Fund Office

119. Main changes in terms of system-level governance are the enhanced role/authority of the Fund Council and the Fund Office, and the shift of accountability directly to the lead centers. Changes to the role of the Consortium are the result of this shift. Changes to the composition of the Consortium Board are seen as secondary, but it is important to ensure that the centers have a voice on the Board.

Consortium

120. The purpose of the Consortium will be to facilitate collaboration, coordination and shared services among the centers. The Consortium would be an independent, center-owned co-operative that is governed by its members.

Functions of the Consortium Board

121. The Consortium Board is the Consortium’s decision-making and oversight body. The Board’s primary role is to manage the business of the Consortium, provide leadership and ensure maximum returns to centers. It would have the following functions:

   a. strengthening centers’ partnership and facilitating collaboration and alignment of activities
   b. ensuring a consultative process to coordinate Consortium inputs into SRF
   c. ensuring a consultative process to develop a coherent portfolio of CRP proposals
   d. approving common policies of the Consortium and keep their implementation under review
   e. approving a risk framework for the Consortium and monitor Consortium risks
   f. seeking to resolve conflicts among the centers
   g. ensuring that the CGIAR evolves into a performance based system
   h. approving proposals for shared services and review their implementation
   i. approving standards for membership
   j. reviewing internal audit reports
   k. reporting to the Fund Council on its activities
   l. appointing a manager of the Consortium Office and review his/her performance

Consortium Board Structure and Decision-making

Modifications

122. It is proposed that the Board consist of members representing the following groups:

   a. center board members
   b. center DGs
   c. CRP directors
   d. independent members

123. The following entities or groups would be invited to identify observers to attend the Board meetings:

   a. Fund Council
   b. Fund Office
c. ISPC
d. IEA
e. partners significantly engaged in CRPs
f. Trustee

124. A Chair will be elected from among the members.

125. The Director of the Consortium Office would be the Secretary of the Board.

126. Decision-making rules:

a. Decisions of the Consortium Board should normally be taken by consensus. If, however consensus cannot be reached, the Chair may call for a formal vote.
b. Decisions requiring a formal vote by the Consortium Board should be taken by a [2/3] [3/4] majority of the members.

**Consortium Office**

127. The Consortium Office is the administrative office of the Consortium responsible for the day-to-day activities of the Consortium.

**Functions of the Consortium Office**

128. The Consortium Office would have the following overarching functions:

a. servicing the Consortium Board and organizing its meetings
b. overseeing implementation of Consortium Board decisions
c. establishing strong communications channel with, and collaboration with, the centers to, among other things, align values and incentives, build trust and facilitate coordination and partnership
d. servicing the centers to enable them to execute their roles and responsibilities
e. coordinating activities among centers and center inputs into CGIAR processes such as SRF and links with other entities in the system
f. coordinating development of coherent portfolio of CRP proposals
g. coordinating activities to provide consistent and coherent information to the Fund Office on monitoring of the portfolio of CRPs and other activities implementing the SRF
h. developing proposals for common policies and monitor their implementation
i. facilitating a process to move towards a performance based system
j. developing proposals for common services among the centers and monitoring the effective implementation of agreed services
k. working jointly with the Fund Office, developing and contributing to the implementation of a CGIAR communications strategy, working closely with all entities in the system
l. developing and overseeing implementation of a robust knowledge strategy, including facilitating communities of practice
m. maintaining partnerships with Fund Office, ISPC and IEA
n. building strategic collaboration and relations with external partners
o. establishing and maintaining system-wide assets, including a comprehensive database of CGIAR activities, knowledge management system, monitoring results
p. serving as an advocate of the centers and represent CGIAR system at events where a consolidated voice on CRPs is needed
q. gathering and collating information from centers needed for Consortium Board and Fund Council
r. developing an annual work plan and budget for approval by Fund Council
s. reporting to the Consortium Board on its activities at least twice a year.

**Fund Council**

129. The Fund Council is the governing body with primary responsible for oversight of the activities of the system. It is proposed that the Fund Council’s responsibilities include specific responsibility for system strategy and priorities, resource mobilization, approval and oversight of CRPs and funding, approval and monitoring of a risk framework, and approval of a system-wide communications strategy.

**Functions of Fund Council**

130. As the governing body responsible for system oversight, the Fund Council would have the following functions:

   a. approving system’s strategy and priorities and taking strategic decisions to guide their implementation
   b. approving portfolio of CRP proposals, and endorsing anticipated funding requirements
   c. approving a resource mobilization strategy to facilitate robust and predictable funding and oversee its implementation
   d. keeping financial status of the CGIAR Fund under review
   e. approving annual funding for CRPs
   f. approving administrative budgets for Fund Office, Consortium Board, the Consortium Office, Trustee, ISPC and IEA
   g. approving standards for lead centers
   h. approving risk framework and monitoring system risks
   i. approving communications strategy
   j. approving annual report
   k. commissioning, reviewing and taking appropriate decisions on periodic independent evaluations
   l. approving appointment of manager of Fund Office and reviewing manager’s performance
   m. appointing ISPC members and ISPC Chair and reviewing their performance

**Fund Council Structure**

**Modifications**

131. It is proposed that the voting members of the Fund Council be reduced from 26 to 18. Nine others would be invited to participate in Fund Council meetings as active observers. Each member would have an alternate who can attend the meeting and represent the member in his/her absence. The members and the alternates would be agreed through consultations among those in the interest group. Alternates may be drawn from other representatives in the interest group (i.e., from another country) so that a broader representation from the group would be at the meetings of the Fund Council.

132. The following interest groups would have voting representatives on the Council:

   a. CGIAR contributors from OECD DAC member countries
   b. other CGIAR contributor countries
   c. foundations contributing to the Fund
   d. multilateral organizations contributing to the funds.
133. The following entities or groups (which would be invited to consult among themselves) would be invited to identify an active observer\(^\text{20}\) to attend the Fund Council meetings.

a. Trustee  
b. Consortium Board  
c. Centers  
d. ISPC  
e. IEA  
f. GFAR  
g. Regional organizations representing national agriculture systems and other research institutions  
h. Private sector

134. More specifically, it is proposed that the seats be distributed as follows:

a. 8 seats for OECD DAC contributor countries  
b. 8 seats for other CGIAR contributor countries (contributors or host countries)  
c. 1 seat for foundation contributors  
d. 1 seat for multilateral contributors

135. For the active observers, it is proposed that the centers be invited to select two representatives. The others would be invited to select one representative.

136. Selection of countries or organizations to identify the individuals to serve as members would be agreed through consultations among the four groups identified above. Each group would be able to agree on the regional distribution within the group to balance other considerations.\(^\text{21}\)

137. In making this proposal, equal representation of developed and developing countries was considered a key criterion. It is proposed that the following additional criteria be taken into consideration during consultations on the distribution of seats within each of the four groups:

a. Regional representation,  
f. Recognition of largest country contributors to CGIAR Fund as entitled to “single” seat, i.e., the member and the alternate would be from the same country (top 2-4 contributors: top 2 equals 38% of contributions, top 4 equals 51% of contributions, based on contributions to the CGIAR Fund (Windows 1, 2 and 3) since its establishment in 2011)  
b. Non-governmental contributors to have one seat for each group (foundations and multilaterals)  
c. Europe as the largest regional grouping could be assign more seats than other regions among the OECD DAC contributor countries  
d. Among developing countries, representatives may be drawn not only from countries contributing to the CGIAR Fund but also from countries hosting centers (Mexico, Colombia, Peru, Benin, Nigeria, Kenya, Lebanon, Sri Lanka, Malaysia, Philippines, and Indonesia) as a recognition of the contribution they make as hosts.

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\(^{20}\) Active observers would have right to participate in discussions of the Council and propose agenda items and presentations to be made to the Council.

\(^{21}\) At the Fund Council Meeting in Punta del Este, Uruguay in October/November 2012, it was agreed that the CGIAR regional constituencies would be as follows: (a) for the OECD contributor countries, Asia, Europe, North America and Pacific, and (b) for the other contributor countries, Asia, Central Asia, West Asia and North Africa, Latin America and Caribbean, Pacific, and Sub-Saharan Africa.
Example of possible seat distribution among country voting members with two largest contributors in each group having single seats

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<tr>
<th>OECD DAC contributor countries</th>
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<td>Non- OECD DAC countries (contributors or hosts)</td>
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Chair of the Fund Council

138. A number of options could be considered for chairing the meetings: (a) continuation of the current practice of having a member of the Bank’s senior management team chair the Fund Council, (b) an independent chair appointed by the Council members, as a remunerated position with expectations of 30-40% of the time of a full-time position, (c) a senior representative of the World Bank, to be appointed by the World Bank President, able to commit a significant amount of time to leading the CGIAR, (d) a single chair elected from Council Members, (e) two co-chairs elected from Council members, or (f) a co-chair elected from among the voting members to serve jointly with an independent co-chair elected by the Council members appointed as suggested in (b) of this paragraph or a World Bank senior representative appointed as suggested in (a) or (c) of this paragraph.

139. A key consideration in choosing among these options is whether the Chair is to play a leadership role for the entire system, outside of the meetings of the Fund Council. If continuous leadership is to be provided, the decision should include an independent chair or a senior representative of the World Bank able to commit a significant amount of time to leading the CGIAR. While electing a chair from among the Council members and/or inviting a member of the World Bank’s senior management team to serve as chair often provides good leadership during the meeting, such representatives may be unable to provide sufficient time to the system’s leadership needs during the intersessional period.
Meetings and Decision-making

140. Two regular meetings would be held each year with at least one held at the seat of the Fund Office.

141. Decision-making rules:

   a. Decisions of the Fund Council should normally be taken by consensus. If, however, consensus cannot be reached, the Chair may call for a formal vote.
   b. Decisions requiring a formal vote by the Fund Council should be taken by a double weighted majority, that is, an affirmative vote representing both a [2/3][3/4] majority of the total number of voting members and a [2/3][3/4] majority of the total contributions.
   c. Decisions could also be taken by mail, with a lack of written objection during the prescribed time for replying being considered as an affirmative vote.

Fund Office

142. The Fund Office is the administrative/management unit of the Fund Council.

Fund Office Functions

143. The Fund Office would have the following functions:

   a. servicing the Fund Council and organizing its meetings
   b. developing a strategy for resource mobilization (laying out clear roles and responsibilities of the partners in the CGIAR system for mobilizing funds) and managing its implementation
   c. overseeing implementation of Fund Council decisions and maintaining an archive of all Council decisions
   d. providing programmatic and financial oversight of the CRPs on behalf of the Fund Council22
   e. managing relations with Fund contributors
   f. working with the Trustee to monitor funding status of the CGIAR Fund and compiling and preparing a report on the funding status of the Fund for review by the Fund Council at each of its regular meetings
   g. working jointly with the Consortium Office, developing and contributing to the implementation of a CGIAR communications strategy, working closely with all partners in the system
   h. coordinating relations with Consortium, ISPC and IEA
   i. developing and maintaining a risk matrix for the CGIAR and preparing annual risk reports for the Fund Council
   j. collaborating with the Trustee to ensure that the Trustee receives all the information necessary to carry out its responsibilities

Joint Meetings of the Fund Council and Consortium Board

144. As proposed in Option 1, the second meeting in each calendar year of the Fund Council and the Consortium Board (CB) would be convened jointly to exercise the following functions:

22 See Section VI, CRP process and fiduciary and programmatic responsibilities.
a. approving the SRF, taking into account the recommendations and guidance of ISPC
b. approving the portfolio of CRPs proposals (prepared and submitted by the centers and the Consortium Office) and endorse anticipated funding requirements, taking into account the recommendations and guidance of ISPC,
c. reviewing and recommending CRP annual budget proposals
d. reviewing monitoring and evaluations reports and recommending appropriate action
e. reviewing annual report on risks
f. reviewing financial reporting
g. commissioning, reviewing and taking appropriate decisions on periodic independent evaluations

Enhanced communications among partners in the system

145. Centers and contributors believe that the reforms created a disconnect between funding decisions and programs. Having two center representatives on the Fund Council will improve the two-way flow of information between the centers and the contributors. Annual reporting on progress being achieved in the CRPs will enhance the understanding of the Fund Council members of the research activities of the centers. The GCARD, the timing of which is proposed to be aligned with the development of the SRF and CRPs, should provide a regular opportunity for in-depth discussions between the contributors and the centers on the research programs funded by the system.

146. As part of its responsibility to manage relations with Fund contributors, the Fund Office should hold regular information sessions and consultations with all Fund contributors, particularly recognizing that a more streamlined Fund Council has the potential to make smaller donors feel less engaged. Such consultations could be held virtually in advance of Fund Council meetings to ensure that the voice of all contributors can be shared in advance of the Council deliberations.

Legal Implementation Requirements

147. The Consortium would continue to be an international organization established under the agreement establishing the Consortium as an international organization, operating in accordance with the Consortium Constitution. This option would require amendments to the Consortium Constitution and the CGIAR Governance Framework. The Consortium Constitution would need to be amended to change the composition of the Consortium Board and to include a greater number of active observers. An amendment might also be needed to the provision in the Constitution regarding the functions of the Consortium Board. Amendments to the Constitution require the approval of three-quarters of the members of the Consortium Board and three-quarters of the centers. The Consortium Board is also to consult with the Fund Council before adopting amendments to the Constitution.

148. The CGIAR Governance Framework would need to be amended to provide for voting if decisions are to be made in the absence of consensus and to address any changes in Fund Council membership decided under this option. The Governance Framework might also need to be amended to clarify observer participation in Fund Council meetings and the role and responsibilities of the Fund Council.

149. The Governance Framework provides that decisions of the Fund Council are made by consensus. The Framework would need to be amended to provide by voting rules for decisions to be made in the absence of consensus.

150. The Governance Framework includes provisions regarding the composition of the Fund Council. The Governance Framework would need to be amended if there is a reduction in the size, or change in the composition of, the Fund Council from that currently provided in the Framework. In making such
amendments, consideration should be given to minimizing the provisions in the Framework on the Fund Council composition and instead addressing some matters in Fund Council decisions or rules of procedure to provide flexibility to adapt to future changes in the composition of Fund donors and minimize the need to amend the Framework itself to address such changes.

151. The Governance Framework does not address the participation of observers in Fund Council meetings, but the Rules of Procedure of the Fund Council provide for the participation of the Chair and/or CEO of the Consortium to be an observer. The Framework could be amended to provide expressly for observer participation in Fund Council meetings.

152. The Governance Framework provides that the Fund Council is responsible for “[c]ontributing to the development and implementation of a joint resource mobilization strategy for raising funds for the CGIAR Fund in support of the Consortium Board’s core responsibility for resource mobilization.” Option 2 envisions that the Fund Council would be responsible for approving the resource mobilization strategy, with the strategy laying out clear roles and responsibilities or entities in the CGIAR system for mobilizing funds. The Governance Framework provisions on resource mobilization would need to be amended to the extent that Option 2 would entail a change in the Fund Council’s responsibilities from those currently set forth in the Framework.

153. Additional changes would be needed to reflect the elimination of the Consortium’s fiduciary responsibilities with respect to the funds provided to lead centers for CRPs and to address the oversight functions to be performed by the Fund Office. This would include changes to the CGIAR Principles and amendments to the Constitution, the Governance Framework, the Contribution Agreements and the Joint Agreement. Some provisions of the Common Operational Framework may also need to be amended. The Consortium Performance Agreements between the Consortium and the Fund Council and the Program Implementation Agreements between the Consortium and the lead centers would be superseded by new agreements. Such agreements might include direct agreements between the Fund Council and the CRP lead centers and/or financial procedures agreements between the Trustee and the lead centers.

154. The Governance Framework provides that it may be amended by consensus of the Fund Council without the need for further action unless such amendments conflict with the terms of the Contribution Agreements with Fund contributors or World Bank policies and procedures applicable to trust funds. Moreover, if the amendment would impose obligations on, or infringe the rights of, the Consortium or the centers, such amendment would not be effective as to them if the Consortium observer objects to the amendment at the time it is considered by the Fund Council.

155. Since the modifications under this option include the elimination of the Consortium’s fiduciary responsibilities, consideration should be given to whether further approvals (either on an absence of objections basis or by providing any that do not concur with the changes to opt out of further participation in the system) should be sought from all Fund contributors and centers to the proposed amendments to the Consortium and Governance Framework that would be needed in reallocate such responsibilities.

156. Elimination of the Consortium’s fiduciary responsibilities and the inclusion of Fund Office oversight functions would also require changes to the CGIAR Principles and the Contribution Agreements. The CGIAR Principles can be changed by adoption of revised principles by the Fund Council and the Consortium Board. Annexes 1 (Glossary) and 2 (Trustee Provisions) to the Contribution Agreements would need to be amended. Those Annexes may be amended by agreement of the Trustee and a decision of the Fund Council, provided that the amendment does not conflict with World Bank policies and procedures applicable to trust fund and, given the nature of the amendments that would be required, the Consortium Observer to the Fund Council does not object to the amendments.
157. The Joint Agreement would also need to be revised substantially to address the changes in the roles and responsibilities of the Consortium. The Joint Agreement may be amended by written agreement of the Consortium and the Fund Council. The Joint Agreement also provides that no Fund donor shall be obligated to make any additional financial contributions under any such amendments unless it expressly agrees to do so. (Alternatively, the Joint Agreement might be replaced by a different agreement between the Consortium and the Fund Council that is better tailored to the revised arrangements between them.)

158. New agreements would need to be prepared to replace the Consortium Performance Agreements and the Program Implementation Agreements for the CRPs. Those new agreements might include agreements for CRPs between the Fund Council and the lead centers and/or financial procedures agreements between the Trustee and the lead centers.

**Programmatic and Fiduciary Responsibilities**

159. This option would result in the elimination of the supervising intermediary body between the lead centers and the Fund Council that now exists in the form of the Consortium. The lead centers would have direct access to the Fund and be directly accountable to the Council for the use of the Window 1 and Window 2 funds provided to them for CRPs. The Fund Office would have a role in monitoring the use of funds by the lead centers\(^23\). The degree of oversight required to be provided by the Fund Office would need to be determined by the Fund Council, and the World Bank would need to agree to perform such functions. See the discussion in Section VI below on the CRP process and fiduciary and programmatic responsibilities.

160. There would be direct agreements for the CRPs between each of the CRP lead centers and the Fund Council and/or under financial procedure agreements between the CRP lead centers and the Trustee, with the Trustee committing and transferring funds to the lead centers (and possibly to the other centers and partners participating in the CRPs) as authorized by the Fund Council in its approval of funding for the CRPs. In either case, the agreements would govern the use of such funds provided to the lead center and the lead centers accountability to the Fund Council for their use. See the discussion in Section VI below on the CRP process and fiduciary and programmatic responsibilities.

\(^{23}\) Note that this option would not involve the World Bank as a “supervising entity” as it does in the CTF, GEF, GAFSP and GPE partnership programs referred to in Section IV. In those cases, the administrative unit does not have any monitoring responsibilities for the use of funds by recipients. Instead, the World Bank agrees to act as a supervising entity, receiving funds from the Trustee and providing funding to the recipient under agreements between the World Bank, as supervising entity, and the recipient. As a supervising entity, the World Bank has an arm’s length relationship with the governing body and the administrative unit for the partnership program and is accountable to the governing body for the supervision of the recipient’s use of the funds provided to it by the World Bank and the implementation of the activities funded therewith.
Schematic of OPTION TWO

JOINT ANNUAL MEETING

CONSORTIUM BOARD

Decisions

Support

Communicate

ISPC

IEA

TRUSTEE

FUND COUNCIL

Decisions

Support

FUND OFFICE

Funding Approvals

CENTERS

*This is a simplified schematic of system entities. It does not show the flow of resources.
OPTION 3 – Two governing bodies (Fund Council and Consortium Board) with one administrative/management office for the CGIAR

161. Under this option, the Fund Council and Consortium Board would continue to function as two separate governing bodies, with the structure and functions described in Option 2. The new element in this option is that there would be one administrative/management office that would service the CGIAR system, including the Fund Council and the Consortium Board, and facilitate collaboration among the partners in the system. It would bring together the functions of the Consortium Office and the Fund Office (servicing of the Fund Council and the Consortium Board, oversight of operations, facilitating collaboration among the centers, financial management, knowledge management, communications, resource mobilization, monitoring and results, risk management and audits.)

162. The Consortium Board and the Fund Council would continue to operate as separate governing bodies, meeting jointly once a year. The Fund Council would be the final decision-making body for the system, and the Consortium would be a skills-based subsidiary entity to coordinate and facilitate collaboration and common services among the centers.

163. The Director of the office would report to the Fund Council. The Director would be responsible for managing the staff, including staff whose responsibilities are to facilitate collaboration among the centers. The Consortium and other partners in the system would be invited to provide input on the performance of the office and its Director to the Fund Council for its review of his/her performance.

164. This option would take the system one step further towards effective communications, strong collaboration and efficient decision-making and implementation. Having the management functions of the system performed from one office, under the supervision of a single director, would facilitate the efficiency with which management exercises its responsibilities for program implementation, regulatory compliance, reviewing and reporting, learning and performance assessment. It will facilitate the identification of synergies in the day-to-day coordination of the system and the effective implementation of the decisions for the Consortium Board and Fund Council in a holistic way. It would enhance the flow of information among the partners and coordinated approaches on resource mobilization, communication, knowledge management, risk management, and monitoring and evaluation.

Legal Implementation Requirements

165. Legal implementation requirements would be the same as Option 1 with the addition of amendments to the Constitution, the Governance Framework and Contribution Agreements to consolidate the Consortium Office and the Fund Office functions into one office. The form of the consolidation of the two offices would need to be agreed. Currently, the Consortium is an independent international organization, established under international law with legal personality and capacity. The Fund Office is an administrative unit housed within the World Bank without its own legal personality or capacity.

166. One option would be for the functions now performed by the Fund Office to be assumed by the Consortium. In that case, the Constitution would need to be amended to include the Fund Office functions in the Consortium, to address responsibility for oversight of the use of Window 1 and Window 2 funds and CRP implementation by the lead centers, to clarify that the Director is accountable to the Fund Council, and to address the manner in which the Director would be selected. Recognizing that the Director would service both the Consortium Board and the Fund Council, a joint committee might best be established to recommend a candidate to the Fund Council. The Governance Framework and the Annexes 1 and 2 to the Contribution Agreements would also need to be amended. Both include provisions concerning the Fund Office’s roles and responsibilities, which under this option would be assumed by the Consortium.
167. Another option would be for the Consortium to be dissolved and for its functions to be assumed by the Fund Office. If the Consortium were to be dissolved, the Consortium Board would also cease to exist and it would be necessary for another arrangement to be agreed between the centers to establish the legal relationship between them (for example, to provide for a new Centers Board to be the body that represents them as their governing body). The Constitution provides that the Board may adopt a resolution by three-quarters majority dissolving the Consortium if it determines that the Consortium is no longer able to function effectively. The Board is to consult the Fund Council, the Member centers, and the States that are parties to the agreement establishing the Consortium as an international organization, prior to taking such a decision. Three-quarters of the Member centers would need to agree to the dissolution.

168. In either case, there would also be a need for there to be some form of agreement (somewhat similar to a partnership or joint venture agreement) between the Fund Council and the Consortium (if it is not dissolved) or with the centers themselves (represented by the Centers Board) that addressed the relationship between the two governing bodies in the governing of the remaining entity. Alternatively, conforming decisions could be adopted by the Fund Council and the Consortium Board or new Centers Board, as the case may be, that regulates the rights and responsibilities of the two bodies with respect to the remaining entity. Care will be needed to ensure that potential conflict of interest issues are addressed and to provide for any necessary segregation of functions within the new office.

169. Regardless of whether the new office emerges from the Consortium Office or the Fund Office as the single entity, the contractual arrangements with the lead centers for the CRPs would change from the current arrangements. As the new entity would be an organ of the new structure (two governing bodies with one office), the lead centers would have direct access to the Fund. Unlike the current structure, there would be no independent, intermediary legal entity that would contract with the Fund Council to make funds available to the lead centers for CRPs pursuant to an agreement between that entity and the lead center. Either the Fund Council would enter into the agreement for the CRP with the lead center and/or the Trustee would enter into a financial procedures agreement with the lead center and commit and transfer funds for the CRP with the approval of the Fund Council.

**Programmatic and Fiduciary Responsibilities**

170. As this option would result in direct access by the lead centers to funding from Windows 1 and 2 of the Fund, the lead centers would be directly accountable to the Fund Council for the use of the funds. The new office would monitor the implementation of the CRPs and the use of funds by the lead center. See the discussion in Section VI below on CRP process and fiduciary and programmatic responsibilities.
This is a simplified schematic of system entities. It does not show the flow of resources.
OPTION 4 – Single board with one administrative/management office

171. As proposed in the MTR, this option outlines ideas for the functions and structure of one CGIAR Council with one administrative/management office.

CGIAR Council

172. The CGIAR Council would be the CGIAR decision-making body. As such, it would be responsible for determining the strategy and policies of the system. Its functions would include:

a. approving strategy and priorities
b. ensuring that the CGIAR evolves into a performance based system
c. approving portfolio of CRP proposals
d. approving common policies and standards
e. approving common services
f. approving program criteria and financing modalities
g. approving resource mobilization strategy
h. approving indicative allocation of funds to CRPs
i. approving annual funding for CRPs
j. approving a CGIAR risk framework
k. monitoring alignment of center activities with the Strategy and Results Framework
l. monitoring risks and authorizing corrective action
m. monitoring/reviewing financial accountability of centers
n. reviewing reports from the Trustee on the financial status of the CGIAR Fund
o. approving work plans and administrative budgets for system entities (Administrative Office, ISPC, Trustee, IEA)
p. approving communications strategy
q. approving knowledge management strategy
r. approving annual report
s. commissioning, reviewing and taking appropriate decisions on audits and periodic independent evaluations and review such audits and evaluations
t. approving appointment of the Director of Administrative/Management Office and reviewing performance
u. appointing ISPC members and ISPC Chair and reviewing performance

Structure of the CGIAR Council

173. It is proposed that the Council be of a manageable size (24 voting members and 7 active observers) and include members and alternates from:

a. CGIAR contributors from OECD DAC member countries
b. CGIAR contributor countries
c. foundations contributing to the Fund
d. multilateral Organizations contributing to the Fund
24
e. centers
f. independent members

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24 Multilateral Organizations would have a voting seat if they contribute to windows 1 or 2. If they do not contribute, that seat would be deemed an observer seat.
174. The following would be invited to identify representatives to attend the meetings of the Council as active observers:

a. civil society organizations
b. GFAR
c. ISPC
d. IEA
e. private sector
f. regional organizations representing national agricultural research systems
g. Trustee

175. It is proposed that the 24 voting member seats be distributed as follows:

a. 8 seats for OECD DAC contributor countries
b. 8 seats for other CGIAR contributor countries (contributors or host countries)
c. 1 seat for foundation contributors
d. 1 seat for multilateral contributors
e. 3 seats for centers
f. 3 seats for independent members

176. Active observers would be invited to select one representative. GFAR, as a forum of constituent bodies, could be invited to manage the identification of representatives from national agricultural research systems, the private sector, and civil society organizations (including academia).

177. Selection of countries or organizations to identify the individuals to serve as members would be agreed through consultations among the groups identified above. The independent members would be selected by the CGIAR Council, and such members should have scientific/technical expertise of value to the Council. Independent members would not have alternates.

178. For the contributor country seats, each of the two groups would be able to agree on the regional distribution within the group to balance other considerations.

179. In making this proposal, equal representation of developed and developing countries was considered a key criterion. It is proposed that the following additional criteria be taken into consideration during consultations on the distribution of seats within each of the country groups:

a. Regional representation
b. Recognition of largest country contributors to CGIAR Fund as entitled to “single” seat, i.e., the member and the alternate would be from the same country (top 2-4 contributors based on contributions to the CGIAR Fund (Windows 1, 2 and 3) since its establishment in 2011)
c. Europe as the largest regional grouping could be assign more seats than other regions among the OECD DAC contributor countries

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25 Active observers would have right to participate in discussions of the Council and propose agenda items and presentations to be made to the Council. In principle, active observers should not be excluded from any deliberations of the Council. The rules of procedure should specify that decision-making should normally take place in open sessions and executive sessions should occur only in extraordinary circumstances.

26 At the Fund Council Meeting in Punta del Este, Uruguay in October/November 2012, it was agreed that the CGIAR regional constituencies would be as follows: (a) for the OECD contributor countries, Asia, Europe, North America and Pacific, and (b) for the other contributor countries, Asia, Central Asia, West Asia and North Africa, Latin America and Caribbean, Pacific, and Sub-Saharan Africa.
d. Among developing countries, representatives could be drawn not only from countries contributing to the CGIAR Fund but also from countries hosting centers (Mexico, Colombia, Peru, Benin, Nigeria, Kenya, Lebanon, Sri Lanka, Malaysia, Philippines, and Indonesia) as a recognition of the contribution they make as hosts

**Example of possible seat distribution among voting members (with two largest contributors in each country group having single seats)**

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<th>Member</th>
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<td><strong>Non-OECD DAC countries (contributors or hosts)</strong></td>
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<td><strong>Independent members</strong></td>
<td>Independent member with scientific/technical expertise</td>
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<td>Independent member with scientific/technical expertise</td>
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Chair of the CGIAR Council

180. A number of options could be considered for chairing the meetings: (a) continuation of the current practice of having a member of the Bank’s senior management team chair the Fund Council, (b) an independent chair appointed by the Council members, as a remunerated position with expectations of 30-40% of the time of a full-time position, (c) a senior representative of the World Bank, to be appointed by the World Bank President, able to commit a significant amount of time to leading the CGIAR, (d) a single chair elected from Council Members, (e) two co-chairs elected from Council members, or (f) a co-chair elected from among the voting members to serve jointly with an independent co-chair elected by the Council members appointed as suggested in (b) of this paragraph or a World Bank senior representative appointed as suggested in (a) or (c) of this paragraph.

181. A key consideration in choosing among these options is whether the Chair is to play a leadership role for the entire system, outside of the meetings of the Fund Council. If continuous leadership is to be provided, the decision should include an independent chair or a senior representative of the World Bank able to commit a significant amount of time to leading the CGIAR. While electing a chair from among the Council members and/or inviting a member of the World Bank’s senior management team to serve as chair often provides good leadership during the meeting, such representatives may be unable to provide sufficient time to the system’s leadership needs during the intersessional period.

Meetings and Decision-making

182. Two regular meetings would be held each year with at least one held at the seat of the CGIAR Office.

183. Decision-making rules

a. Decisions of the CGIAR Council should normally be taken by consensus. If, however, consensus cannot be reached, the Chair may call for a formal vote.

b. Decisions requiring a formal vote by the CGIAR Council should be taken by a double weighted majority, that is, an affirmative vote representing both a [2/3][3/4] majority of the total number of voting members and a [2/3][3/4] majority either of the total contributions or the total contributions and the center members.

c. Decisions could also be taken by mail, with a lack of written objection during the prescribed time for replying being considered as an affirmative vote.

CGIAR administrative/management office

184. An administrative/management office would be established to service the CGIAR Council and service the operations of the CGIAR system.

Functions of the administrative/management office

185. The office will have the following functions:

a. servicing the Council and organizing its meetings
b. overseeing implementation of Council decisions
c. establishing strong communications channel with centers to, among other things, align values and incentives and build trust (establishment of a centers Committee that meets regularly)
d. coordinating activities among centers
e. establishing and maintaining system-wide assets, including a comprehensive database of CGIAR activities, knowledge management system, results measurements
f. facilitating shared services as agreed with centers Committee
g. providing programmatic and financial oversight of the CRPs 27
h. managing a process to move towards a performance-based system
i. implementing, in collaboration with other entities in the system, the communication strategy and the knowledge management strategy, including the facilitation of communities of practice
j. developing an annual work plan and administrative budget for the CGIAR system entities for approval by the CGIAR Council
k. preparing an annual consolidated report on CGIAR’s activities, CRP performance, lessons learned, status of implementation, funding allocations for the previous period, funding projections, administrative costs and other pertinent information
l. managing relations with Fund contributors
m. coordinating relations with other entities in the system
n. managing partnerships and external relations
o. developing a strategy for resource mobilization and managing its implementation
p. developing and maintaining a risk matrix for the CGIAR and preparing annual risk reports for the Fund Council
q. collaborating with the Trustee to ensure that the Trustee receives all the information necessary to carry out its responsibilities.

Centers Committee

186. To facilitate collaboration, coordination and information exchange among the centers, a Centers Committee comprising representatives of the centers and the Director of the administrative/management office would be established. The Centers Committee would be chaired by the Director of the office.

Functions of the Centers Committee

187. The Centers Committee would:

a. serve as a forum to ensure regular and effective operational coordination, exchange of information and experience among the centers;
b. coordinate center input into CGIAR processes such as the SRF development, CRP development and approval, links with other entities in the system.
c. develop and monitor a strong portfolio of CRPs
d. agree on areas in which administrative/management office would develop common policies and review such policies as they are developed28
e. agree on common services to be developed and review proposals to implement such services as they are developed
f. prior to each meeting of the governing body, review a provisional agenda and documentation prepared by the administrative/management office and agree to a timetable for submission of information;
g. review recommendations proposed by the administrative/management office
h. develop proposals on allocation of available resources

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27 See Section VI, CRP Process and Fiduciary and Programmatic Responsibilities.
28 These would include, inter alia, membership standards, common financial policies (financial guidelines, common investment policy, coordinate annual financial statement peer review), minimum HR standards and board policies, research and research support (intellectual assets, open access) [from centers proposal].
i. monitor progress in implementing CRPs and reporting to the governing body on compliance with approved policies on the use of CGIAR resources;

j. review a draft annual consolidated report on the CGIAR’s activities, performance, and lessons, including details of the CGIAR CRPs, status of implementation, funding allocations for the previous period, funding projections, administrative costs incurred, and other pertinent information;

k. collaborate with the administrative/management office on its work program, including the implementation of a comprehensive knowledge management and learning program, communications and results measurement system, taking into account opportunities for synergies with the activities of the centers;

l. performing any other functions agreed among the centers or assigned to it by the governing body.

188. The Centers Committee will meet (normally through a virtual meeting) at such frequency as it may deem necessary, but at least [once a month][once every two months][once a quarter.]

Legal Implementation Requirements

189. This option would require a complete revision of the governing documents and contractual agreements. One approach would be to maintain the Consortium’s status as an international organization, for purposes of this option called, “the CGIAR”, and amend the Constitution to reflect the one integrated governance structure and one office. The Fund Governance Framework would be terminated and the Contribution Agreements amended to reflect the new structure. The Joint Agreement and the Consortium Performance Agreements would no longer be used. The CGIAR would enter into CRP agreements with the lead centers.

190. Another approach would be to dissolve the Consortium and for there to be a new Governance Framework adopted that would reflect one integrated governance structure and one office, either as an independent international organization or an office hosted by the World Bank or another international organization. The Contribution Agreements would be amended to reflect the new structure. The Joint Agreement and the Consortium Performance Agreements would no longer be used. Either the new organization or the new CGIAR governing body would enter into agreements with the lead enters for the CRPs.

Programmatic and Fiduciary Responsibilities

191. As the new entity would be an organ of the new structure, the lead centers would have direct access to the Fund. There would be no intermediary legal entity that would contract with the CGIAR Council to make funds available to the lead centers for CRPs. Either the new CGIAR entity, if it has legal capacity, or the new CGIAR Council would enter into the agreement for the CRP with the lead center and/or the Trustee would enter into a financial procedures agreement with the lead center and commit and transfer funds for the CRP with the approval of the CGIAR Council. See the discussion in Section VI below on the CRP process and fiduciary and programmatic responsibilities.
Schematic of OPTION FOUR

CGIAR COUNCIL

Trustee

ISPC

IEA

CENTERS

CENTERS COMMITTEE

CGIAR OFFICE

Funding Approvals

Decisions

Support

*This is a simplified schematic of system entities. It does not show the flow of resources.
VI. CRP process and fiduciary and programmatic responsibilities

Background

192. The current CRP process is based on and enshrined in the foundational documents for the CGIAR, notably the CGIAR Joint Declaration, the CGIAR Principles and the Constitution of the Consortium of International Agricultural Research Centers, as well as the CGIAR Fund Governance Framework and the Contribution Agreements. The CRP process is further reflected in the Joint Agreement and the Consortium Performance Agreements signed between the Fund Council and the Consortium pursuant to CGIAR foundational documents.

193. As summarized below and in Annex D, the above-referenced documents and agreements provide for a substantial role of the Consortium in (a) the design and approval process for CRPs and (b) overseeing the implementation of the CRPs, including having fiduciary and programmatic responsibility to the Fund Council for the use of Window 1 and Window 2 funding from the CGIAR Fund for CRPs.

CRP design and approval

194. The Joint Declaration states that the Consortium Board will “oversee and coordinate the design by the Centers of the [CRPs]...for approval by the Fund Council” and the Fund Council will “be responsible for approving program content of [CRPs] based on Consortium proposals” and “provide funding to the Consortium based on Consortium [CRP] proposals....” The CGIAR Principles state that the Consortium will “[s]ubmit CRP proposals to the Fund Council for consideration and approval” and that the Fund Council will “[w]ith advice from the Independent Science and Partnership Council, consider and decide on funding CRP proposals submitted by the Consortium....” and “[i]n consultation with the Consortium, allocate funds from the CGIAR Fund to CRPs.” The Constitution provides that CRP proposals will be “reviewed by the Consortium Board and, if endorsed by the Board, shall be submitted by the Board together with proposals for the allocation of funds across the [CRPs] to the Fund Council for consideration for funding.”

CRP oversight

195. The Joint Declaration and the Constitution include provisions regarding the oversight responsibilities of the Consortium for the use of funding provided for CRPs. The Joint Declaration states that the Consortium, upon receipt of CGIAR Fund funds from the Trustee, “will have fiduciary responsibility (i.e., to monitor and confirm the intended use of funds) and programmatic responsibility (i.e., to ensure implementation by centers and partners and confirm their achievement of results) for those funds”. (Emphasis added.)

196. The Constitution also provides that the Consortium Board will “enter into performance agreements with the Fund Council for the implementation of approved [CRPs], and with the Lead Member Center or Lead Member Centers concerned for the execution of each [CRP]” and “oversee the monitoring of the performance of [CRPs] and take appropriate remedial actions with participants when necessary to ensure the use of funds intended purposes and the success of the CRPs” and that “financial and operational accountability for [CRPs] shall lie with the Consortium Board and shall be reflected in the performance agreements.”

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29 The Joint Declaration was the blueprint for the reform of the CGIAR. The principles in the Joint Declaration formed the basis for the subsequent legal documents that set out the CRP process and the responsibilities of the Fund Council, Fund Office, Trustee, Consortium and centers.
197. The CGIAR Principles also provide for there to be an umbrella agreement (the Joint Agreement) between the Fund Council and the Consortium regarding the receipt and use of CGIAR Fund funds for CRPs and for there to be separate agreements (Consortium Performance Agreements) between the Fund Council and the Consortium regarding the receipt and use of CGIAR Fund funds for each CRP. The CGIAR Principles also provide that the Consortium will enter into agreements with each lead center regarding the receipt and use of funds for each CRP.

198. Under the CGIAR Principles, the Consortium agrees to “[s]erve as a central point of fiduciary and operational responsibility for all funds that pass to either the Consortium or the centers from the CGIAR Fund, including (a) confirming that such funds were used for intended purposes; (b) implementing, monitoring, supervising, evaluating, and providing quality assurance for activities funded by such funds; and (c) being responsible for any misuse or misprocurement with respect to such funds.”

199. While the foundational documents and legal agreements for CGIAR refer to the Consortium as having **fiduciary responsibilities**, it is important to understand that the “ fiduciary” responsibilities of the Consortium are contractual in nature and are limited to the responsibilities set forth in the Joint Agreement and Consortium Performance Agreements and do not include any responsibilities that might be implied under general principles of law. This is made clear in the Consortium Performance Agreements which provide that the “Fund Council and the Consortium will be responsible only for performing their respective functions specifically set forth in the Joint Agreement and this CPA and will not be subject to any other duties or responsibilities, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law.”

200. Therefore, one must look to the functions of the Consortium in the Joint Agreement and the Consortium Performance Agreements to determine the fiduciary responsibilities and programmatic responsibilities of the Consortium to the Fund Council with respect to the CRPs under the current CGIAR structure.

**Current process**

201. Following CRP proposal approval by the Fund Council, the Fund Council and the Consortium enter into a Consortium Performance Agreement which indicates the total budget for the CRP and amount of Window 1 and Window 2 funds from the CGIAR Fund that may be transferred from the CGIAR Fund for the CRP.\(^{30}\) The Consortium then enters into a Program Implementation Agreement with the lead center for the CRP. The lead center in turn enters into sub agreements as required with each center and any other program participants participating in the CRP.

202. The Consortium monitors the implementation of the CRP and oversees the use of the Window 1 and Window 2 funds provided to the lead center in accordance with the terms of the Joint Agreement and Consortium Performance Agreement for that CRP between the Consortium and the Fund Council and the Program Implementation Agreement for that CRP between the Consortium and the lead center for the CRP.

203. The specific obligations of the Consortium with respect to its **fiduciary responsibilities** and **programmatic responsibilities** with respect to the implementation of the CRPs (irrespective of the

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\(^{30}\) The approved budget establishes a cap on the overall funding for the CRP, which cannot be amended without the approval of the Fund Council.
source of funding) and use of funds from Window 1 and Window 2 of the CGIAR Fund for the CRPs are enumerated in the Joint Agreement and the Consortium Performance Agreements. The Joint Agreement provides that:

a. The Consortium is responsible for (i) confirming that Window 1 and Window 2 funds are used for their intended purposes; (ii) monitoring, supervising, evaluating, and providing quality assurance and performance reporting for activities funded by Window 1 and Window 2 funds; (iii) providing Fund donors (through the Fund Council) with financial, progress, results and impact reporting for activities funded by Window 1 and Window 2 funds; and (iv) any misuse or misprocurement with respect to Window 1 and Window 2 funds, including the recovery of any such funds not used for their intended purposes.

b. The Consortium is to enter into a Program Implementation Agreement for the CRP with the lead center, consistent with the Contribution Agreements, the Governance Framework, the Joint Agreement, and the Consortium Performance Agreement for the CRP, and which provides that all relevant terms and obligations set forth in the Joint Agreement and Consortium Performance Agreement apply to the lead center and that the lead center do the same with respect to any program participant with which the lead center enters into agreements under the CRP.

c. The Consortium is to carry out its own, and require the centers to carry out their own, operations in accordance with sound administrative, technical, financial, economic, environmental and social standards and practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

d. The Consortium is to operate, and require each lead center to operate, CRPs in accordance with the Contribution Agreements, the Governance Framework, the Joint Agreement and any other Fund use agreements to which the Consortium is a party. The Consortium is to require each lead center to cause any other program participants, through appropriate sub-agreements, to operate in accordance with the relevant terms and obligations of the Joint Agreement, any other Fund use agreements to which the Consortium is a Party and the Program Implementation Agreement for the CRP between the Consortium and the lead center.

e. The Consortium is to report promptly to the Fund Council any occurrence of which the Consortium becomes aware whereby any Window 1 or Window 2 funds are used for purposes other than as provided in the Joint Agreement and any other applicable Fund use agreement to which the Consortium is a party.

f. The Consortium is to ensure that the centers and any partners use Window 1 and Window 2 funds with due regard to economy and efficiency and uphold the highest standards of integrity in the administration of such funds, including the prevention of fraud and corruption.

g. The Consortium is not, and is to cause the centers and partners to agree not, to use Window 1 and Window 2 funds for payments involving corrupt, fraudulent, collusive, obstructive or coercive practices.

h. The Consortium is to undertake, and cause the centers and partners to agree to undertake, all reasonable efforts, consistent with their governing arrangements and policies, to ensure that all Window 1 and Window 2 funds are used for their intended purposes and are not diverted to individuals or entities associated with terrorism, as identified in accordance with relevant UN Security Council resolutions.

i. The Consortium is to confirm, and cause the centers and partners to confirm, that each recipient does not believe that Window 1 and Window 2 funds would be diverted in support of drug trafficking.

j. The Consortium is to cause the centers and partners to agree to use their best efforts to ensure that funds from the CGIAR Fund are free from taxation under local law.

k. The Consortium, the centers and partners are to use Window 1 and Window 2 funds for costs that are “reasonable”, “allocable” and “allowable.”
1. The Consortium, the centers and partners are to maintain books, records and documents, and other evidence in accordance with their respective usual accounting procedures to sufficiently substantiate the use of Window 1 and Window 2 funds.

m. The Consortium is to cause the centers and any partners to agree to carry out all regulated research activities under high standards (set with reference to internationally accepted practices) and in accordance with applicable laws and regulations. The Consortium is to indemnify the Fund Council for any damages arising from such activities financed by Window 1 and Window 2 funds.

n. The Consortium is to cause the centers and any partners to agree not to discriminate against persons with disabilities in the implementation of activities financed by Window 1 and Window 2 funds, and to make every effort to respect the principles of the UN Convention on the Rights of Persons with disabilities in performing such activities.

o. The employment and supervision of consultants and the procurement of services and goods financed by Window 1 and Window 2 funds by centers and partners is to be carried out in accordance with CGIAR procurement guidelines.

p. The Consortium is to require that each lead center, and through such lead center, any program participants in the CRP, maintain books, records, documents and other evidence in accordance with their respective usual accounting procedures to substantiate sufficiently the use of each CRP (regardless of funding source).

q. The Consortium is to prepare consolidated, quarterly unaudited financial reports on each CRP (regardless of funding costs) and to provide annual, audited financial statements for the Consortium and each center.

r. The Consortium is to require each lead center and, through such lead center, any program participant in the CRP, to retain all records evidencing Window 1 and Window 2 expenditures for at least three years after the termination of the CRP and to permit representatives of the Fund Council to examine them and to provide such information concerning such records as the Fund Council may reasonably request.

s. The Consortium is to provide the Fund Council annual reports on each CRP describing the progress, outputs, outcomes and impacts or each CRP, including how such CRP is implementing the SRF. Such reports are to address the operational performance of the centers, significant action taken by the Consortium with regard to centers’ operations, Consortium-level risk analysis and mitigation steps to avoid such risks.

t. Within six months of CRP completion, the Consortium is to provide the Fund Council a final report on the CRP.

u. The Consortium is to establish a monitoring system that provides a reliable, harmonized system to monitor the CRPs and the centers and is to monitor the performance of the centers, including with respect to each CRP, and any partners with respect to each CRP.

v. The Consortium is to collect from the relevant center or partner any Window 1 or Window 2 funds that the Fund Council has determined, in consultation with the Consortium, have been used by such center or partner in a manner inconsistent with the provisions of the Contribution Agreements, the Joint Agreement or a governing Fund use agreement to which the Consortium is a party.

204. The Consortium Performance Agreements provide that the Consortium is to require the lead center, and through the lead center, any other centers and partners participating in the CRP, to use the Window 1 and Window 2 funds provided under the CPA only for the purposes described in the CRP proposal and that the use of such funds will be governed by the terms and conditions of the Joint Agreement.

205. While the Joint Agreement contains an exhaustive list of the specific obligations of the Consortium with respect to its fiduciary responsibilities and programmatic responsibilities to the Fund Council for CRPs, those responsibilities can be summarized as having an obligation to the Fund Council to provide adequate oversight of CRP activities to determine if Window 1 and Window 2 funds are being
used for their intended purposes, that the CRP activities are being implemented in accordance with the CRP proposal approved by the Fund Council, and that the lead center for the CRP is complying with its obligations under the Program Implementation Agreement for the CRP between the Consortium and the lead center.

CRP oversight under the different options

206. The options presented in this paper present three alternatives for CRP oversight:

a. Current process where the Consortium continues to have oversight of CRP implementation and retains fiduciary responsibility and programmatic responsibility (Option 1).

b. The CGIAR two-pillar structure is retained but the Fund Office assumes fiduciary and programmatic oversight (Option 2).

c. The CGIAR structure is changed from the current two-tier governance and organizational structure to one where there is one organizational structure where the single administrative/management office assumes fiduciary and programmatic oversight. (Options 3 and 4)

207. Five elements of CRP oversight need to be considered with respect to Options 2, 3 and 4:

a. What oversight functions need to be performed?

b. Against what standards are the oversight functions to be performed (i.e., what are the applicable financial standards and operational policies and procedures against which lead center performance is to be assessed)?

c. Which entity is to carry out the oversight functions?

d. Who is accountable to the Fund Council and Fund contributors for the use of the Window 1 and Window 2 funds provided to the lead centers for CRP and for the implementation of the CRP activities?

e. What is the responsibility of the entity providing the oversight functions to the Fund Council and Fund contributors for the performance of the oversight functions?

208. An additional element which needs to be considered with respect to Options 2, 3 and 4 is what capacity and resources will be required to permit the entity that is responsible for oversight to perform those functions adequately.

209. As discussed below, the oversight functions to be performed, the standards against which they are to be performed, and the accountability to the Fund Council and Fund contributors for the use of Window 1 and Window 2 funds would be the same under all three of Options 2, 3 and 4. The only difference would be between Option 2, on the one hand, and Options 3 and 4, on the other, with respect to the entity that is to carry out the oversight functions and the responsibility of that entity to the Fund Council and Fund contributors for the performance of those functions.

210. In Option 2, where the Fund Office assumes fiduciary and programmatic oversight, the two-pillar structure of Consortium Board/Consortium Office and Fund Council/Fund Office would continue to exist, but the oversight functions would move from the Consortium side to the Fund side. This option envisions that the Fund Office would perform the oversight functions now performed by the Consortium. In that case, a legal entity (currently, the World Bank), acting on behalf of the Fund Council, would enter into the
legal agreements with the lead centers for the CRPs. The Fund Office would need to have the capability to carry out the functions described below if the Fund Office is to provide the same level of oversight as that required of the Consortium under the current CGIAR structure.

211. In Options 3 and 4, the single administrative/management office would be responsible for CRP oversight and would need to have the capability to carry out the functions described below if that entity were to provide the same level of oversight as that required of the Consortium under the current CGIAR structure. The single administrative/management office could emerge either from the Fund Office, in which case it would continue to be an office within the World Bank (or be hosted by another international organization), or from the Consortium Office, in which case, it would continue to be part of the Consortium, with its legal personality. In either case, however, the current structure where the Fund Council has a contractual relationship with an intermediary (the Consortium) which contracts with the lead centers and oversees CRP implementation by the lead center would be replaced by a structure where a legal entity (currently, the World Bank) acting on behalf of the Fund Council (in Option 3) or the CGIAR or CGIAR Council (in Option 4), would enter into the CRP agreement with the lead center and the single administrative/management office would oversee the use of funds and implementation of the CRP by the lead center.

212. In Options 2, 3 and 4, if the Fund Office or the single administrative/management office were to provide the same level of oversight of the CRP activities as those required of the Consortium under the current CGIAR structure, the Fund Office or single office would need to be able to carry out the following functions:

a. If deemed necessary by the Fund Council or CGIAR Council, conduct a financial management and risk assessment of the lead center’s planning, budgeting, internal control, funds flow, financial reporting and auditing arrangements to determine that they provide reasonable assurance that the Window 1 and Window 2 funds provided to the lead center for the CRP will be used for their intended purposes and that the lead center has the necessary organizational structure, operational controls and technical skills to carry out its responsibilities for the CRP, including overseeing the

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31 The Fund Council does not have legal personality or legal capacity to contract. Therefore, the World Bank, on behalf of the Fund Council, is the legal entity that has entered into the current Joint Agreement and Consortium Performance Agreements with the Consortium.

32 In Option 3, the Fund Council would continue to exist. As it would not have legal personality or legal capacity to contract, an entity that does have such capacity would need to enter into the CRP agreements with the lead centers. Under the current structure, the World Bank, acting on behalf of the Fund Council, is the legal entity that has entered into the contractual arrangements (with the Consortium) for the CRPs. Under Option 3, if the Consortium continues to exist and the single administrative/management office emerges from the Consortium, it is nevertheless envisioned that it would be the World Bank or another legal entity acting on behalf of the Fund Council and not the Consortium that would enter into the legal agreements for the CRPs with the lead center and that the single administrative/management office would be acting on behalf of the Fund Council and not the Consortium in performing the CRP oversight functions. In Option 4, either the single administrative/management office would be an organ of the CGIAR legal entity that would emerge from the Consortium’s status as an international organization or would be an office hosted by the World Bank (as in the case of the current Fund Office) or another international organization (see paragraphs 189 and 190). Under the first scenario, the CGIAR legal entity would have legal personality and legal capacity to contract and would enter into the CRP agreements with the lead centers. Under the second scenario, the CGIAR Council would not have legal personality or legal capacity to contract, and the World Bank or another legal entity acting on behalf of the CGIAR Council would need to enter into the CRP agreements with the lead center. Note that this structure would be different than the structure used in the CTF, GEF, GFASP and GPR where the World Bank acts as a “supervising entity” under agreements or understandings between the Bank and the partnership governing body and donors and, in turn, in the capacity of supervising entity, enters into agreements with the recipient of the funding and supervises the use of the funds by the recipient and the implementation by the recipient of the activities funded therewith.

33 For example, if there were to be a new entity that would be responsible for a CRP or if the Council were to adopt new financial management standards that would require assessment of the centers’ compliance with such standards.
use of funds and activities carried out therewith by the other centers and partners participating in the CRP.

b. Review any documents that the lead center is required to submit to the Fund Office or the single office concerning expenditures and procurement of goods and services funded by Window 1 and Window 2 funds to determine that such expenditures and procurement are done in accordance with any applicable expenditure and procurement policies34.

c. Provide ongoing monitoring of the lead center’s financial management arrangements to ascertain the continued capacity of the center to perform activities to track the use of funds to determine that they are being used for the purposes intended, record correctly all transactions and balances and prepare reliable financial statements.

d. Review the timely preparation, and the content and quality, of required financial reports and statements from the lead centers.

e. Review compliance by the lead centers with applicable policies and standards (e.g., those specified in the Common Operational Framework and reporting under the Intellectual Assets Policy).

f. Review required reports on the implementation of CRP activities to assess progress in carrying out the CRP and follow up with the lead center to discuss and identify actions to address any problems arising in the implementation of the activities or the achievement of the CRP’s objectives.

g. Monitor the lead center’s compliance with its obligations under the program implementation agreement for the CRP and recommend action to be taken with respect to any proposed material revisions in the CRP.

h. Recommend actions to be taken if the lead center is not in compliance with its obligations under the program implementation agreement for the CRP

i. Assess overall performance of the CRP to determine if the CRP implementation arrangements remain adequate.

213. The Fund Office or single office would prepare and submit to the Council, for its review and approval, (a) a consolidated annual report, (b) a consolidated monitoring report, (c) a consolidated financial report, and (d) a consolidated report on audits.

214. To carry out its functions, the Fund Office or single office would need to establish and manage a performance monitoring system, and would need to have the necessary resources and capacity to oversee the programming monitoring and financial reporting. This would include staff members who have the skills and experience to carry out the following functions.

215. For programmatic oversight of CRP implementation:

   a. engage with the Consortium office35, the centers and ISPC in the development of the portfolio of CRP proposals,

   b. maintain periodic contact with the CRP Directors, including calls or virtual meetings,

   c. participate in annual review meetings of CRPs and provide feedback on progress against milestones, as an input to the annual programmatic progress report on CRPs,

   d. review and analyze reports and monitor reporting requirements of CRPs,

   e. respond to specific requests of Council members and other contributors to the CGIAR Fund regarding CRP implementation,

   f. coordinate with other contributors co-funding the CRPs, and

34 The Fund Council or CGIAR Council would need to decide what policies and procedures would apply to the use of Window 1 and Window 2 funds by the lead centers and the monitoring by the Fund Office or the single office of the use of such funds and the implementation of CRP activities.

35 This would be relevant in Option 2.
g. commission periodic independent evaluations of the CRPs with the approval of the Council.

216. For financial oversight of Window 1 and Window 2 funds:

a. review annual financial reports of the CRPs to confirm that funds are being used for intended purposes,
b. review audits of the centers, and
c. inform the Council promptly of any misuse or misprocurement of CGIAR funds and propose steps for the recovery of any such funds not used for their intended purposes.

CRP oversight responsibilities

217. In considering the various options, the Fund Council should consider whether the extent of the current oversight responsibilities is necessary or whether a reduced level of oversight would be sufficient. In considering this issue, the Fund Council might wish to take the following factors into account, which distinguish CGIAR from the other global partnerships reviewed by the options team which provide funding to recipients through intermediaries which assume oversight responsibilities for the use of funds by the recipients:

a. The lead centers that would be accountable for the programmatic and financial performance of the CRPs would be one of the 15 independent, non-profit research centers currently in the CGIAR. Each of these centers operates under the authority of its own board and its own policies and procedures (including common policies adopted by the Consortium and included in the Common Operational Framework) and is responsible for human resource management, supervision of individual research projects and quality assurance. The CRP process was not intended to take over those responsibilities. The financial management standards of the centers have been determined to be acceptable both by the Consortium and by those donors who provide funding directly to the centers.\(^{36}\)
b. In contrast to the other global partnerships where there a large number of diverse recipients receiving funding for technical assistance activities and investment projects that require extensive oversight of procurement, disbursement and environmental and social safeguard matters, there are a small number of known institutions in the CGIAR carrying out research activities, thus perhaps reducing the need for the same degree of oversight as in the other global partnerships.
c. In contrast to the other global partnerships, for most CRPs the CGIAR Fund provides a minority of the funding for CRPs, with CGIAR donors and other donors providing funding directly to centers for CRPs and providing their own oversight of the use of those funds by the centers.
d. The lead centers themselves act as intermediaries with respect to the funding provided to other centers and partners for CRPs. Given the limited number of lead centers, that they themselves are intermediaries and that the lead centers have been assessed as capable of carrying out oversight functions for such funding both for funding provided by the CGIAR Fund and directly by bilateral donors, it may be that the degree of oversight needed by the CGIAR intermediary (Consortium, Fund Office or new single office) could be reduced.
e. The nature of the current intermediary for the CGIAR—the Consortium—is different from that of the other global programs. In other programs, the intermediaries are largely long-standing

\(^{36}\) If other partners were to assume the role of a lead center for a CRP, there would need to be a process to provide assurance that the partners meet required standards and have the capabilities required to assume accountability for the CRP.
multilateral organizations that have established capabilities to supervise the use of funds and the activities funded therewith, applying the same comprehensive policies and procedures used in supervising their own funds. In the case of many of the other programs, many of the contributors are members of the intermediary and thus able to exert influence over the conduct of the intermediary with respect to the program through their participation in the governance of the intermediary. In some of the other programs, the intermediaries provide their own funding as co-financing for the activity, thus creating an alignment of interest in supervising their own funds with supervision of the funding provided by the donors, while at the same time achieving efficiencies in supervision activities.

d. In contrast to the others, in the CGIAR the centers are the sole members of the intermediary, thereby exacerbating tension and conflicts between the duty of the intermediary to its members and to donors. The Consortium has no assets except for those provided by donors. Thus, if the Consortium were in breach of its obligations to the Fund Council, it would have no other assets to compensate donors for any of its liabilities to them.

218. Given the foregoing factors, the Fund Council might wish to consider if the oversight functions to be performed by the Fund Office or the new single office might be limited to reviewing the financial reports from the lead centers on the use of Window 1 and Window 2 funds and the progress reports on CRP implementation, along with any evaluation reports on the CRPs, without performing any more detailed supervision or oversight of the use of such funds and CRPs.

Accountability and direct access arrangements

219. Under Options 2, 3 and 4, the lead centers would have direct access to the CGIAR Fund. Under those options, the lead center would be directly accountable to the Fund Council or the CGIAR Council (depending on the option) for ensuring that the funds received are used for their intended purposes, that the activities are implemented in accordance with the CRP proposal approved by the Council and complying with its other obligations under the relevant legal agreements for the CRP.\(^{37}\)

220. The lead center would provide (a) an annual report on CRP activities and performance, including status of implementation, (b) an annual financial report on the use of CRP funds, (c) CRP monitoring reports, and (d) audit reports.

221. The Fund Council or CGIAR Council would be the main decision-making body for the system and would have ultimate responsibility for the financial oversight of the use of financing from Window 1 and Window 2 of the CGIAR Fund and the programmatic oversight of the implementation of the CRPs. It would exercise such oversight through review of

a. annual reports on *programming* – this would include annual monitoring reports and an annual report on CGIAR system (annual report should be a consolidated report on CRP activities, performance and lessons, including details on status of implementation, funding allocations, administrative costs and other pertinent information.),
b. annual *financial* reports - would include (i) an annual financial report from each lead center on the use of CRP funds, (ii) annual reports from system entities on the use of their funds, (iii) review of

\(^{37}\) Under Option 2, the Fund Office, acting on behalf of the Fund Council, would oversee the use of funds by the lead centers. Under Options 3 or 4, the administrative/management office would oversee the use of funds by the lead centers. In any case, the funding would be provided directly to the lead centers without there being a legal entity that would act as intermediary between the Fund Council and the lead centers.
consolidated report on internal audits (to be prepared by the Fund Office or new single office), and
(iv) reports from the Trustee on the status of the CGIAR Fund,
c. periodic independent evaluations of performance and financial accountability of the CRPs as well
   as periodic independent evaluations of the CGIAR system,
d. any external audits requested by the Council, and
e. deciding on actions to be taken if funds provided have not used in accordance with the agreements
   with the lead centers.

222. The Fund Office or the new single office would be responsible for providing such oversight
   functions as determined by the Fund Council or CGIAR Council. (See paragraphs 212 to 218 above).

223. The following legal arrangements could be put in place with the lead centers for direct access
   (without a fiduciary or programmatic intermediary). There are two possibilities to address this issue.
   These possibilities could be alternative approaches or both approaches could be followed.

224. Under the first approach, the Bank, acting as signatory on behalf of the Fund Council, or the new
   CGIAR legal entity (if established under Option 4) would enter into a legal agreement that would
   establish the lead center's responsibility for the proper use of the Window 1 and Window 2 funds. This
   could either be a separate agreement for each CRP or a framework agreement that would apply to all
   funding received by the lead center for all CRPs. A framework agreement could be a step forward in
   simplifying the system and reducing transaction costs.

225. In either case, the agreement would establish the lead center’s accountability to the Council and
   the CGIAR Fund contributors for funds received by the center from the CGIAR Fund. That agreement
   would include provisions regarding the use of the funds and the reporting obligations of the lead center
   and would include provisions for the lead center to return funds that have been misused. If the lead center
   defaulted on its obligations, a Council member, acting as the legal representative on behalf of the
   contributors, or the new organizational entity would be able to exercise legal recourse under the
   agreement with the lead center.

226. Under the second approach, the Trustee would enter into a financial procedures agreement with
   the lead center that would establish the lead center's responsibility for the proper use of Window 1 and
   Window 2 funds. The FPA would include the provisions regarding the use of funds and the reporting
   obligations of the lead center and would including provisions for the lead center to return funds that have
   been misused. Like FPAs for other financial intermediary funds, the FPA would include provisions that
   would allow the Trustee to stop further commitments and transfers if the lead center did not comply with
   its obligations under the FPA. The Trustee would not, however, be the party that would exercise legal
   remedies if the lead center did not comply. Some FPAs have included provisions to the effect that the
   contributors or their governing body, as third party beneficiaries, would have the right to seek legal
   enforcement of the entity's obligations under the FPA to establish a clear right of the contributors to seek
   enforcement of the entity's obligations under the FPA.

227. Under all of Options 2, 3 and 4, the lead centers would be directly accountable to the Fund
   Council or the CGIAR Council and to Fund contributors for the proper use of the Window 1 and Window
   2 funds received by them under the CRP agreements. Those agreements would require the lead centers to
   reimburse the CGIAR Fund for any funds that have not been used for the agreed purposes and to comply
   with their other obligations included in the agreements. The agreements would provide for legal recourse
   against the lead centers if they defaulted in their obligations under the agreements.

**Oversight entity’s responsibility**
228. Under all of Options 2, 3 and 4, it will be necessary to consider the extent of the Fund Office’s (under Option 2) or the new single office’s (under Options 3 and 4) responsibility/liability to the Fund Council or CGIAR Council and Fund contributors for the performance of its oversight functions. This issue is relevant only if the oversight functions are performed by the Fund Office or by the new single office that is housed in the World Bank or another international organization.

229. Under Option 4, if “the CGIAR” is established as an international organization (see para. 189), the single office would be part of the CGIAR and the staff of the single office would be employees of CGIAR. While such staff would be accountable to the CGIAR Council for the proper performance of their duties as staff members, the single office would not have any separate responsibility/liability to the CGIAR Council or Fund contributors for the performance of the oversight functions. The CGIAR itself, however, could have liability to the Fund contributors if the staff performing the oversight functions themselves were responsible for the misuse of funds or were negligent in performing the oversight functions and thereby contributed to the misuse of funds by the centers.

230. Under Option 3, the single office might emerge either from the Fund Office and be housed in the World Bank or another international organization or from the Consortium Office, in which case it would continue to be part of the Consortium legal entity (see paras. 166 and 167). If the single office is housed in the World Bank or another international organization, the responsibility/liability to the Fund Council discussed below would be relevant. If the single office is located in the Consortium, but is governed by the Fund Council, the issue of the responsibility/liability of the Consortium to the Fund Council and Fund contributors for the performance of the oversight functions by the single office would need to be clarified. While employed by the Consortium, the staff performing the oversight functions would be acting on behalf of the Fund Council and not the Consortium. Therefore, it would not be appropriate for the Consortium to be responsible/liable to the Fund Council or Fund contributors for the actions of the staff of the single office with respect to their performance of the oversight functions. On the other hand, such staff would not necessarily have any contractual relationship with the Fund Council or Fund contributors, and therefore would not be directly accountable to them if such staff misused funds or were negligent in performing the oversight functions and thereby contributes to the misuse of funds by the centers. In such case, the Fund Council’s recourse would be to request the Consortium to take action against such staff including through recourse to legal action where warranted.

231. If the oversight functions are provided by the Fund Office (Option 2) or by a new single office housed in the World Bank or another international organization (Options 3 or 4), the Fund Office or new single office would not be providing a guarantee that the funds are being used by the lead centers for the intended purposes in accordance with the approvals provided by the Council and in compliance with the terms of the legal agreements for the CRP with the lead centers. Instead, the Fund Office or new single office would be responsible for providing adequate supervision to assess compliance by the lead centers with their obligations. If funds are misused by the lead centers despite such supervision provided by the Fund Office or the new single office, it would not have liability to the Fund Council or the contributors for such misuse. The Fund Office or new single office would only have liability if it failed to properly perform its supervision responsibilities and thereby contributed to the misuse of funds.

232. While the responsibility of the legal entity housing the Fund Office or new single entity might be referred to as “fiduciary” responsibilities, this terminology may be somewhat misleading. The responsibilities of the entity will likely be limited to those set out in the agreements to which the legal entity is a party whereby it undertakes to perform the oversight functions. If the office undertaking the oversight functions is located in the World Bank, it is likely that the agreement would provide that the Bank would be responsible only for performing those functions specifically set forth in the agreements and would not be subject to any other duties or responsibilities, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or
fiduciary law. Such provisions are standard in all agreements for which the Bank serves as trustee for a trust fund or as supervising entity under a trust fund. World Bank agreements have not normally contained provisions concerning the Bank’s liability for the performance of its obligations under such agreements. However, the Bank’s operational procedures for trust funds state that if Bank management determines that there has been a substantive departure from the purpose for which a trust fund has been established, and such departure falls within the exercise of the Bank’s responsibilities, the Bank reimburses the trust fund for the expenditure covered by such substantive departure. Those procedures also state if, despite the proper exercise of the Bank’s oversight responsibilities, a recipient of a trust fund for which the Bank is responsible for oversight, uses funds in a way that constitutes a substantive departure from the purposes for which the funds were provided, the Bank may take action to recover the relevant funds from the recipient and consult with the donors on the course of action to be taken and the responsibility for costs associated with such action.

233. One potential difficulty with the option where the Fund Office would provide the oversight functions concerns the status of the Fund Office. The Fund Office is housed in the World Bank and its staff are employees of the World Bank. The proposal that the Fund Office perform the oversight function may not be consistent with World Bank policies. The CGIAR Fund is a “financial intermediary fund” or FIF. As such, the Bank, as Trustee, assumes no responsibility for the oversight of funds once they are transferred from the Fund. In some FIFs, the Bank, in addition to being a trustee, also acts as an implementing or supervising entity for projects funded by the FIF. In such cases, however, the Bank does so when it is responsible for supervising the project in accordance with its own policies and procedures (including those pertaining to financial management, procurement, disbursement and environmental and social safeguards).

234. To date, the Bank has not agreed to perform the oversight functions envisioned under this option without applying its own policies and procedures.

235. It should be noted, however, that the Bank’s own contributions to the CGIAR Fund rely on Bank policies that do not require the Bank to apply its normal operational policies and procedures and that allow for a lower level of supervision than that applied by the Bank for trust funds executed by the Bank or for trust funds for which the Bank is a supervising entity. Although this lighter policy context informs the Bank’s contributions to the CGIAR Fund and enables such contributions to be provided without the application of other Bank policies and procedures, this policy context does not apply to the supervision by the Bank of funds provided by other contributions to the CGIAR Fund. Whether the Bank could provide the monitoring functions envisioned under Option 2 is not clear.

236. If the Bank were to agree for the Fund Office to provide the oversight functions for the use of funds by the lead centers, the extent of the Bank’s liability to the Fund Council and the contributors for the performance of those functions would need to be addressed. In the case of the other global programs reviewed by the options team, where the Bank acts as intermediary it agrees to perform those functions with the same degree of care as it uses for its own funds, and thus could be liable if it failed to do so. In the case of direct access for small grants under the GEF, however, the contributors agreed that the Bank would not have any liability to the donors. Although such grants were made in accordance with Bank policies, the grants were provided by the Bank, acting in its capacity as GEF Secretariat, rather than by the Bank acting as implementing entity for the GEF. In view of the GEF Secretariat’s functional independence from the Bank (as uniquely defined in the GEF establishing Instrument), it was determined that it would be inappropriate for the Bank itself to have liability to the GEF donors in respect of such grants.
VII. Other partners of the CGIAR System

Hosting of the Consortium Office

237. The Fund Council chose Montpellier as the host city for the new CGIAR Consortium in 2010. The city is well recognized as a major center for agricultural research for development, hosting CIRAD, the French Agricultural Research Center for International Development, and INRA, the French National Institute for Agricultural Research. The Consortium Office was temporarily located in the premises of Agropolis International beginning in March 2011, and then moved to a new office building that was constructed for the Consortium by the Conseil Regional du Languedoc-Roussillon. The cost of construction was approximately 2.6 million Euros, and the space is provided to the Consortium rent-free.

Multilateral organizations

238. As part of the reform, it was agreed that it would be important to have partner multilateral agencies with food security mandates as part of the renewed system to:
   a. provide an essential context for the CGIAR in the multilateral system,
   b. play a key role in policy advocacy in terms of positioning the CGIAR in the broader development context,
   c. facilitate and catalyze a stronger linkage and scaling up of CGIAR research with the delivery and extension systems at program levels, e.g., linking CGIAR work to the mainstream activities of UN agencies and multilateral development banks, information and knowledge exchange.

239. It was, therefore, agreed that FAO, IFAD and the World Bank would each be invited to participate as members in the Fund Council.

240. FAO contributes to the CGIAR by hosting the secretariats of IEA and ISPC at its headquarters in Rome, and it contributes financially to the ISPC ($1.35 million annually). In agreeing to locate these secretariats at FAO headquarters, which also hosts the GFAR Secretariat, it was noted that co-location and close cooperation of staff supporting foresight, evaluation and impact assessment should provide strategic benefits and increased programmatic effectiveness, as well as efficiency and cost savings. In the case of IEA, it was also considered beneficial that the secretariat should be located in a neutral location, avoiding the perception of lack of independence from any major donor to the CGIAR or the FC Office or the Consortium.

241. IFAD contributes funds to Window 3 of the CGIAR Fund as well as bilateral funds to the centers. The European Commission channels it’s funding for CGIAR through IFAD. As the partnership between IFAD and the EC has grown, the EC has chosen to devolve the management of these funds to IFAD.

242. The World Bank currently fulfills four distinct roles in the system:
   a. as a contributor to Window 1 of the Fund;
   b. as Chair of the Fund Council;
   c. as host of the Fund Office; and
   d. as Trustee for the CGIAR Fund.

World Bank as a contributor to the Fund

243. The World Bank has continuously supported the CGIAR for more than 40 years, and for approximately the past 25 years, the Bank has provide $50 million each year to the CGIAR. As noted at the Fund Council meeting in May 2014, as part of its current reform, the World Bank Group is
developing a new group-wide strategy focused on eradicating poverty, promoting shared prosperity and addressing climate change. The World Bank recognizes that without extensive investments in agricultural research, it would be very difficult to achieve its strategy. However, as part of its current reforms, it is examining the phase out of its grant financing to the CGIAR from its below-the-line budget funding. For the past year, the World Bank has been looking at ways that it can continue to be a major contributor to the CGIAR in a long-term, sustainable manner and can continue to play a leadership role in the system. The World Bank representatives are optimistic that a solution will be identified in the near future.

**World Bank Chair of the Fund Council**

244. The World Bank has indicated that it is open to considering different options for strengthening leadership in the system, including how best to appoint the Fund Council Chair. The World Bank has emphasized that form should follow function, and depending upon the overall governance structure that is selected, it recognizes that arrangements for providing continued leadership through the Chair of the governing council should be revisited.

245. An option presented in this paper is that the World Bank President may be invited to appoint a senior representative to Chair the Fund Council or the CGIAR Council who will be able to commit a significant amount of time to the position. Such a time commitment is a prerequisite for the leadership role that the person would be expected to play.

**Host of the Fund Office**

246. The World Bank hosts the CGIAR Fund Office and is fully reimbursed for all expenses of the office from the Fund. It is expected that this role will continue, pending a decision on any new option for governance and decision-making that may affect this role.

247. As evidenced by a large number of other global partnerships, the World Bank is experienced in hosting platforms for such partnerships but it also recognizes that the CGIAR partners may decide that it would be more effective to merge the administrative/management functions at a location other than World Bank headquarters.

**Trustee of the CGIAR Fund**

248. As can be seen from the review of the global partnerships in Section IV, the World Bank has emerged as the principal provider of financial intermediary trustee services to major global partnerships and emerging global challenges and emergencies. The experience and skills of the Bank in providing such services effectively and efficiently are reasons for the World Bank to continue to exercise this role under all of the proposed options. Furthermore, as described in Section VII, the Trustee has identified changes that could be made to improve the financial management of the CGIAR funds.

249. Furthermore, the World Bank has significant convening power that can be drawn upon and the experience, skills and reputation to be a key partner in mobilizing resources for the system.

**Role of multilateral organizations in the proposed options**

250. Under Options 1, 2 and 3, it is proposed that the size of the Fund Council be limited so as to promote more effective and efficient decision-making. In Option 4, it is proposed that a new CGIAR Council be established. In each of these options, it is suggested that multilateral organizations contributing resources to the Fund should have one seat on the board. The organizations would agree among themselves how to rotate their representation at the governing board meetings. In addition to the
one seat as a member and one alternate position, the third organization could attend the governing body meetings as an active observer.

251. In Options 3 and 4, which include one administrative/management office with a single director, it is proposed that the IEA and ISPC secretariats could usefully be housed at the same location as the central office. Consequently, FAO would no longer serve as the host of these two entities, unless the administrative/management office was to be also hosted by FAO. Co-locating the entities would facilitate good communication and regular interaction among the teams regarding planning, scheduling and problem solving. While it may be argued that having the two units in a neutral location is important to avoid any perception of undue influence by the administrative/management unit, this may be addressed by ensuring that the managers of these units have autonomy, a separate budget to carry out their work programs for which each manager is accountable, and reporting lines of authority for their substantive work program and performance to the governing body.

**Linking CGIAR work to the mainstream activities of UN agencies and multilateral development banks, information and knowledge exchange.**

252. If the CGIAR is to meet its objectives to reduce rural poverty, reduce food insecurity, improve human health and nutrition, and ensure more sustainable management of natural resources, it is critical that the results of their research efforts contribute to, are applied by, and are taken to scale by multilateral development organizations in their on-the-ground activities. While this goal appears to be shared by all the multilateral partners of the CGIAR, there is no evidence of a structured approach or incentives to make this happen but a number of interesting initiatives are emerging.

253. The World Bank is currently reviewing its action plan on food security and health. Within this plan, there will be a focus on research and its contribution to the World Bank’s goals. The Bank is also making a major push in strengthening its project requirements to require that proposals for agriculture investments include a review of relevant agriculture research to ensure that the best science is being utilized in the design of the investment.

254. Another innovative development is efforts to explore opportunities for countries, through their World Bank lending, to support the centers to undertake work of priority concern to the country. This could prove an additional source of funding for the system’s research efforts.

255. It is proposed that under any of the options, the office responsible for programming and monitoring should convene an annual meeting with multilateral development partners to explore CRP proposals and on-going work, emerging findings and knowledge, best practices for incorporating agricultural research into the on-the-ground activities of the development partners and opportunities to channel funds from country programs to the work of the centers when interests are aligned. In addition, regular consultations could usefully be held with the country teams working in the same countries as the CGIAR to seek opportunities for aligning programs and supporting synergies.

256. There is also a responsibility on the side of the implementing partners and contributors to promote the results of CGIAR research and the application of such research in development programs. In developing and approving the SRF and the CRPs, contributors should ensure that the research to be undertaken will respond to what is needed by the global community and will be delivered in such a way as to be easily taken up by that community. The SRF should provide strong signals as to the results that are needed, while recognizing that research requires patient investments with a 10 to 15 year timeframe before results are produced.
ISPC

257. Recommendation 9 in the MTR addresses the need to strengthen the capacity of the CGIAR to pursue research that is highly strategic, likely to yield significant impact, increases knowledge and maintains the quality of science conducted throughout the system. To achieve a more integrated approach to the continuum of activities that leads from strategy formation and priority setting to ongoing evaluation of results, the MTR recommended empowering the ISPC to play a stronger role in each aspect of this process. In empowering the ISPC to take on a larger role, the MTR identified a more specific role for the existing Independent Evaluation Arrangement (IEA) in evaluating governance and management.

258. The options team recognizes that the ISPC is convening a separate task force at the direction of the Fund Council to look more specifically at how ISPC might enhance its role and responsibilities within the system. The team, therefore, in deference to the work of the ISPC task force, has not delved deeply into how the ISPC can be strengthened, but recognizes that under any of the options an enhanced role for the ISPC would be essential to a strengthened CGIAR system. Feedback from partners and stakeholders on how to strengthen capacity in these areas has identified four areas where ISPC could usefully play a stronger or enhanced role: (a) priority setting; (b) contributing to the development of the SRF and CRPs; (c) undertaking foresight studies and impact assessment; and (d) assessing and reporting on research results and the quality of science, particularly in relation to IEA.

259. One of the challenges of the first cycle of CRP reviews and approvals was the incremental nature of the process itself. There was limited opportunity and no clear responsibility for looking across the portfolio as a whole and determining whether the programs were coherent in terms of strategy and were complementary rather than duplicative. This shortcoming was somewhat addressed by ISPC in its review of the extension proposals and has been a feature of the Consortium’s role. A new SRF and the second call for proposals should include an explicit role for ISPC in commenting on the coherence of the portfolio and the potential to achieve results. The credibility of the system will be greatly enhanced by an independent perspective on priority setting and the overall quality and effectiveness of the portfolio to deliver on the strategy, particularly with respect to those options outlined in the report in which the lead centers will have direct access to the CGIAR Fund.

IEA

260. The creation of an independent evaluation unit was an effort to bring internationally accepted evaluation practices to the CGIAR, both to improve the consistency and quality of evaluation within the system and to provide donors with a level of assurance about performance that would reduce the number of donor-commissioned evaluations and reviews. The Fund Council endorsed a CGIAR Evaluation Policy in 2012, which defined both policy and practice related to evaluation and the relative roles of ISPC and IEA. The Fund Council also approved an accelerated plan of work that would inform the second call for proposals. One CRP evaluation has been completed, four more are to be completed by April 2015, and another five will be completed in 2016 before the second call for proposals. Additionally, quality assurance assessments on CRP-commissioned evaluation will be completed for five CRPs that have not been active long enough to warrant a full evaluation.

261. While the reform created a new structure and subsequent decision-making would appear to support it, an almost four-year lag occurred between the last EPMR completed in 2009 and 2003 when IEA received its initial operational budget and commissioned the first evaluations. Consequently, donors continued to commission evaluations and reviews, principally of projects rather than programs, outside the current structure. IEA has worked to coordinate evaluation plans with important donors, including the EC and IFAD, to reduce costly and time consuming duplicative evaluations. Given the continuing flow of bilateral support to the CRPs and the centers, and attendant reporting requirements, donor confidence
in the quality of evaluations as well as ongoing coordination between the system’s evaluation arrangement and donors is critical.

262. As evaluations are completed, there needs to be a clear and timely path for the evaluations to be reviewed and recommendations endorsed for the full value of an independent evaluation to be realized. The effort to complete evaluations of the CRPs prior to the call for the second round of proposals has revealed a serious shortcoming and bottleneck in the finalization process that should be addressed. A CRP evaluation now follows multiple paths to finalization with lags between when CRP management/lead center, the Consortium and the Fund Council separately respond. More critically, the Fund Council relies on the Evaluation, Impact and Assessment Committee, a voluntarily constituted committee of donors that does not convene on a regular basis, to review and present the evaluations to the Fund Council. The Council to date has not allocated sufficient time in its agenda to review the evaluations and agree on appropriate action. While the evaluations are of value to all partners in the system for priority setting, learning and improvement, the Fund Council is the primary “customer” for the evaluations and should leverage full value from them.

263. The establishment of an independent evaluation unit and the systematic adoption of international evaluation practices have highlighted the degree to which program monitoring for the CRPs is underdeveloped. The articulation of clearer intermediate development outcomes for each CRP creates a framework for program monitoring and performance review, but the capacity within programs to undertake these tasks is still a work in progress. Each of the CRPs has or is developing an independent steering committee with a role in monitoring program strategy and performance, including recommending periodic reviews. Evaluations that can inform planning and priority setting, resource development and decisions about resource allocation at the system level rely in part on the quality of underlying efforts at the program level to monitor and measure performance. It is important to maintain clear responsibility for consistent annual reporting of programmatic results against projected outcomes, and synthesizing the results across the portfolio of the CRPs. This responsibility currently rests with the Consortium. But some options shift this programmatic oversight responsibility to the Fund Office or an administrative/management office.

Relationship between ISPC and IEA

264. The MTR called for greater rigor in assessing and reporting on the quality of research results across the system, and recommended that while the role that IEA is playing in reviewing the governance of CRPs is appropriate, the review of the quality of research should be under the oversight of the ISPC.

265. Given that the first evaluations commissioned by IEA are only now reaching completion and that the ISPC taskforce is at the beginning of its work, the options team has identified two alternatives to address the concerns embodied in the MTR: (a) to maintain the lead role of IEA for all evaluations, while calling for stronger links with the ISPC, or (b) to shift responsibility for the evaluation of research quality to the ISPC and to assign the function of organizing other independent evaluations called for by the Fund Council or the CGIAR Council to the office servicing those respective bodies. Each option presented in the report maintains the current separation of functions, with IEA and ISPC reporting either to the Fund Council or to the CGIAR Council. The options team in identifying two alternatives has included a discussion of the implications of maintaining the structure or shifting evaluation responsibilities to ISPC.

Pros and Cons of the two alternatives

266. As part of the reform, two separate, independent system-level entities were established: one to provide expert scientific advice to the CGIAR on science strategy and assurance that research aligned with the resulting SRF, and the other to evaluate performance linked to results, leading to learning and
improvements at the program and system levels.

267. At various points in the current evaluation process, IEA and ISPC interact formally and informally to assure that CRP evaluations draw on scientists with the appropriate knowledge and standing to undertake the evaluation and address quality of science issues. There are similar formal and informal opportunities for ISPC to review and comment on drafts, and receive and reflect on the final reports and recommendations. The value of these interactions could be strengthened through a more formal role that ensures that ISPC engages at such times as are necessary to allow it to help shape the substantive work of the team and contribute its views on scientific aspects of the evaluations. Once evaluations are completed, ISPC should play a substantive role in commenting on evaluations for the Fund Council and take responsibility for assuring that action plans arising from the recommendations are implemented.

268. While, the creation of IEA was intended to bring internationally accepted evaluation practices into the CGIAR, it was also intended to resolve a potential conflict if one entity were to assume responsibility for both advising on the direction, relevance and quality of science, and evaluating research performance. In shifting responsibility for evaluations of science quality to ISPC, it will be important to maintain the independence of the evaluation function. The team considers that potential conflict could be managed by ensuring that when evaluations are organized under the auspices of ISPC, the team carrying out the evaluation has the necessary independence from the ISPC secretariat to ensure that it is providing its full and impartial judgment. This is common practice in many international organizations and partnerships.

**EIAC under the two alternatives**

269. In the first of the two alternatives (IEA maintains a lead responsibility for evaluations) the function of providing secretariat support to EIAC could usefully reside with IEA (rather than the Fund Office) to make a stronger connection between the IEA and the Fund Council. In the second alternative, EIAC would continue to be supported by the administrative office of the Fund Council or the CGIAR Council.

270. With respect to the options for a revised governance structure, the EIAC could be a joint Fund Council/Consortium Board committee that would enable more effective and timely action on evaluations. In Options 1, 2 and 3, the annual joint meeting of the Fund Council and Consortium could contribute to a more unified and streamlined process for finalization of the CRP evaluations. In Option 4, EIAC would be a committee of the CGIAR Council. In all options, the ISPC should have a formal role in commenting on the evaluations for the benefit of the FC or the CGIAR Council.

**GCARD/GFAR**

271. The Global Conference on Agricultural Research for Development (GCARD) was envisioned as an alternative to the CGIAR’s former Annual General Meeting, a way to engage with a broader array of stakeholders and partners to identify priorities in agricultural research for development, and to help shape CGIAR strategies and consider their effectiveness. The CGIAR shift to a programmatic strategy for research was accompanied by a strategy to engage partners systematically and at a variety of levels in undertaking research and delivering results. GCARD is a key mechanism for convening partners at a high level, leveraging knowledge, particularly from among regional and national partners, and accessing stakeholder input in an organized fashion. Along with the Science Fora, convened by ISPC, GCARD brings CGIAR leaders and research into more systematic engagement with the expertise, perspectives and capacities of those “external” to the CGIAR.

272. GCARD is jointly planned by the Global Forum on Agricultural Research (GFAR) and the
273. Two global conferences have been held and a third is scheduled for 2016. The 2016 GCARD is the culmination of a number of smaller workshops and meetings, convened in partnership with CRP leaders and others, to contribute to the development of the new SRF. This pattern—smaller meetings, often using technology to bring participants together, which lead to a “milestone” meeting—is considered by GFAR and the Consortium to be a more productive strategy for achieving the goals of the conference.

274. The options team considers GCARD, or a meeting like it, to be an important input to the work of the CGIAR. The efforts to improve the conference through better preparation and planning, and to assure that it continues to convene participants who add value to the goals of the conference should be ongoing. The timing of GCARD should align closely with the timetable for the development of the SRF as well as any system-level evaluations. The options team has proposed a three year/six year/12 year cycle in which the CGIAR’s work could be aligned with a 12 year SRF, refreshed every three years; a six year CRP program with a three-year programmatic and budget update, and a three-year replenishment cycle for the Fund. GCARD’s original biennial cycle has already shifted to a more likely three-year cycle, which would be consistent with the proposed cycle of CRP proposal development and reviews of the SRF.

275. In considering various governance options, the options team has provided in all options for GFAR to have an active voice in the governance structure’s deliberations.

**Funders Forum**

276. The Funders Forum is convened every two years to bring together Fund contributors, bilateral donors and other invited stakeholders to exchange views about CGIAR’s mission, operations and achievements. The timing of the Funders Forum should align closely with the timetable for the development and approval of the SRF, system-level evaluations and the CRP portfolio. The options team has proposed a three year/six year/12 year cycle in which the CGIAR’s work could be aligned with a 12 year SRF, refreshed every three years; a six year CRP program with a three-year programmatic and budget update, and a three-year replenishment cycle for the Fund. The Funders Forum should also shift its cycle to every three years, and serve not only to bring all contributors together to exchange views about CGIAR’s mission, operations and achievements but also as a platform to provide predictable pledges of funds to support in the system in the forthcoming three year period of CRP research. The Funders Forum may usefully be convened back-to-back with GCARD to facilitate a sharing of a broad range of perspectives and knowledge generated by the centers and others in the community of agricultural research for development.

**Partnerships**

277. In reviewing the report of the Mid-Term Review panel, there was agreement in the Fund Council that the system required more engagement with advanced research organizations from both developed and developing countries as well as from the public and private sectors. It was also agreed that there is a need to develop better partnerships and capacity development with national agricultural systems and greater involvement with the private sector.

278. The MTR reported that since the reforms, the centers have made considerable progress in establishing and managing partnerships, with each other, with national agricultural research systems, with other public sector research institutions and with private sector counterparts. The report also noted that there is considerable room for expanding existing, and establishing new partnerships. The panel therefore
recommended that the Fund Council seek the assistance of contributors and key organizations engaged in research with a global reach to assist CGIAR in developing guidelines for identifying, establishing, managing and reviewing partnerships. It called for the guidelines to be clearly tailored to meet the strategic objectives and results delineated in the SRF. The ISPC has been requested to develop the guidelines.

279. In addition to the need to strengthen the efficiency and effectiveness of the current CGIAR system operations, the MTR panel report identified the additional potential leadership role of the CGIAR, in the near-term, to dramatically scale-up and accelerate agricultural research required to meet food security and nutrition needs in 2030. The panel pointed out that taking on such a leadership role would require not only a clear value proposition and prioritization in its ongoing and next round of CRPs but also the ability to identify critically needed blue-sky research and establish collaborative partnerships that facilitate the needed scale and speed to address growing global challenges.

280. Based on the response to the MTR panel recommendations, there seems to be a broad recognition of the need for new partnership models, taking advantage of the capabilities and strengths of a broader range of partners than is currently engaged with the CGIAR centers. Long-term mega programs designed to effectively address complex challenges like food security will, in any case, require greater engagement with non-traditional CGIAR partners, in particular the private sector. Private sector funding for research and development has increased dramatically in the last decade. About 21% of total investments in agricultural research is from the private sector. In 2010, global private sector investments and agricultural research and development was about $11 billion as compared to about $5.6 billion in 1994. Most private investment in agricultural research and development is for initiatives for which returns are calculable. The private sector has increased research funding for plant biology, plant breeding and the production of seed and planting materials, agrochemicals, food processing storage and transport, etc., all of which are also CGIAR research areas. Private sector agricultural research investment in developing countries is growing very rapidly, for example it has increased five-fold in India since the mid-1990s. Many of the CGIAR centers are already actively engaged with international, national, and local private sector partners. But if the CGIAR is to play a dynamic leadership role in scaling-up research programs in partnership with less traditional partners such as the food and beverage industry, it will be necessary to have a system-wide strategic approach to establish impact partnerships for discovery and delivery that optimize the capabilities of partners while achieving the objectives of partners. The current ad hoc approach will not suffice and consequently, regardless of the option taken for governance, it is considered necessary to establish a central capacity for strategy and engagement with potential non-traditional partners, with a particular focus on the private sector.

281. As part of the reform, ISPC was given a role to catalyze the partnering of CGIAR science with other international agricultural research institutions. More specifically, with respect to partnerships, the ISPC’s specific tasks include: (a) commissioning and overseeing evaluations of partnerships arrangements, (b) providing feedback and guidance to the Consortium on any areas of concern regarding the quality of proposed research and partnerships arrangements contained in submitted program proposals, and (c) complementing the GCARD process, in consultation and partnership with the Consortium and GFAR, by convening periodic high-level scientific dialogues on high priority issues that will, among other things, help to catalyze partnerships of the CGIAR with other global science communities. The Consortium Office and the Fund Office also contribute to the development of partnerships through their programming and funding activities, respectively. While these functions continue to be important to the system, taken together, they do not result in a central capacity for strategy and engagement with potential, non-traditional partners.

282. To ensure that there is a focus within the system on seeking to enhance engagement with a broad range of partners, the appropriate administrative/management office should assume a lead role in
proactively engaging with partners beyond the partnership engagement currently managed by ISPC. More specifically, it is proposed that staff within the administrative/management office be dedicated to promoting the partnership agenda of the system, with a focus on partnerships with academia, civil society and development organizations, as well as a focus on strengthening partnerships with the private sector. An initial responsibility of the office would be to develop, in consultation with all entities in the system, a partnership strategy aimed at actively promoting greater collaboration, co-learning, co-development and joint achievement of development outcomes as well as the guidelines for identifying, establishing, managing and reviewing partnerships as recommended by the MTR. In carrying out these tasks, the administrative/management office should actively engage with ISPC and other partners in the system so that the partnership activities across the system are coordinated and supportive of each other.

283. In Options 1 the Consortium Office would best assume this role. In Option 2, the role may best be placed with the Fund Office. In Options 3 and 4, the role would be assumed by the CGIAR office.
VIII. Cross-cutting issues that should be applied under all options

Funding and financial management issues

Resource mobilization

284. As noted in paragraph 35, the issue of funding through the CGIAR Fund presents a number of challenges which should be addressed by the contributors to the Fund if they are to meet commitments made at the time of the reform to join together in the CGIAR Fund, with the aim of harmonizing their contributions to agricultural research for development, improving the quantity and quality of funding available, and engendering greater financial stability. The CGIAR Fund was expected to harmonize and maximize funding for priority research areas, simplify structures, and reduce transaction costs. While the CGIAR Fund has succeeded in pooling significant resources for research priorities, without similar progress toward predictable multi-year funding, the full benefits of the CGIAR Fund may not be realized. It is proposed that an agreed, systematic resource mobilization process linked to the approval of a portfolio of CRPs be followed as one tool to facilitate more predictable funding for the system.

Challenges of funding CRPs

285. The CRPs, including their budgets, are drafted by the respective lead CGIAR center, with significant input from other centers and partners. CRP budgets are reviewed and cleared by the Consortium Board before the entire program is sent to the Fund Council for approval. The total budget of each CRP may be separated into three components: the Fund Council component, expected to be funded from Windows 1 and 2 of the Fund, and the bilateral component, funded from Window 3 and other bilateral funds, and possibly a third component, the “expanded budget component.”

286. At the time a CRP and its budget are approved, the CGIAR Fund does not have sufficient resources (either in cash or in commitments from donors to contribute to the CGIAR Fund) to allow the Trustee to commit resources for the full amount set forth in the Consortium Performance Agreement (CPA). Thus, at the time the CPA is signed, neither the Consortium nor the lead center is assured that there will be sufficient resources in the CGIAR Fund to finance the Window 1 and Window 2 allocations for the CRP over the life of the CRP. In effect, at the time of CRP approval, all the Fund Council is doing is approving the CRP budget as reasonable and agreeing to a cap for each CRP, noting that Window 1 and Window 2 funds will be approved annually based on annual financing plans for the CRP and on available funding in Window 1 and Window 2 of the CGIAR Fund at that time. The Fund Council approves the funding from Window 1 for the CRP annually based on the program budget for the following year and contingent on available funding. Window 2 funds are to be disbursed to centers as they become available.

287. Thus, the current arrangement does not provide any assurance to lead centers with respect to the actual funding they will receive for the CRP at the time the CRP is approved. The lead center can only rely on the annual funding amounts approved by the Fund Council, creating possible mismatches between funding requirements and funding availability thereby complicating financial planning and contracting by the centers for activities under the CRP.

288. The portfolio of CRPs clearly defines the research required to achieve tangible impacts on global development challenges and lays out the associated costs of the CRPs over the next three to five years. However, given the uncertainty around future levels of bilateral funding, the expected split in the proposed budgets between the CGIAR Fund component and the bilateral component beyond the first year of a CRP are only contractual caps, not to be exceeded without Fund Council approval. They are not funding commitments. Since lead centers for each CRP require predictable funding over the same period in order to set up contractual arrangements with the participating CGIAR centers and other non-CGIAR
partners, in the absence of robust funding projections, lead centers may be reluctant to enter into multi-year agreements with research providers due to the mismatch between short-term funding for long-term research.

289. The challenges resulting from unpredictable funding must be overcome if the CGIAR is to achieve its objectives. A number of worrying signs continue to exist, including:

a. The total expected inflow to the CGIAR Fund is usually not known with certainty until the last quarter of the year;
b. Few donors have agreed to sign multiyear contribution agreements/arrangements;
c. Timely disbursements to CRPs are constrained by liquidity issues;
d. The projected inflows for a funding cycle are based on informal communications with donors which cannot be guaranteed, yet the Fund Council approves a portfolio of CRPs which exceeds the projected funding supply—albeit in good faith that donors will make the necessary contributions in time to meet disbursements.
e. In place of a strategic allocation of funds by the Fund Council, there continues to be competition among the centers for funding for the centers and CRPs.

Resource mobilization approaches

290. All large multilateral funds must address the question of which resource mobilization mechanism meets their needs. For funds supported primarily through ODA grants, the fundraising process is handled in a range of ways. Most large multilateral funds begin in a somewhat ad hoc way with commitment of contributions from the initial donors, followed by outreach to additional donors. Over time, many move to a more regular and systematic process to replenish their resources, which could involve single- or multi-year commitments made at periodic “replenishment rounds”. Large multilateral funds also must tackle a key consideration of the funding approach—“burden-shared” (under which donor shares are roughly based on an independent measure such as share of world gross domestic product) vs. voluntary approaches (under which donor amounts are based on individual interest/capacity). There is no perfect or ‘best practice’ method. Each fund must choose for itself a method that suits its operations and the budgetary procedures of its particular donors. The following paragraphs present a brief summary of the history of the resource mobilization mechanisms of several large multilateral funds.

291. The Global Environment Facility: After a brief pilot period with a voluntary funding mechanism, the Global Environment Facility (the GEF) established a resource mobilization mechanism based on the replenishment mechanism of the International Development Agency (IDA). GEF’s donors were largely the same as IDA’s. They were thus familiar with the IDA process and believed it functioned effectively. GEF replenishment cycles span four-year periods, and include, like IDA, a burden-shared approach. The GEF is currently in its sixth pledging cycle.

292. The Global Fund to Fight AIDS, Tuberculosis and Malaria: In the case of the Global Fund, donors decided on an annual, ad hoc fundraising mechanism for its first few years. This made it difficult to plan a work program beyond one year since many Global Fund donors pledged only for a single year. To help provide assurance of sustainable and predictable funding beyond one year, the Global Fund eventually moved to a periodic multi-year pledging mechanism based on a number of other large multilateral funds. It began with a two-year funding cycle, but eventually moved to three-years. Contributions of the Global Fund are voluntary and not burden-shared.

293. The GAVI Alliance operated for ten years before moving to its first big pledge campaign in 2011. The change to a four-year donor commitment period was in response to developing countries’ preference to match the cycle of donor commitments more closely with those of their national plans. The current
funding cycle for the GAVI Alliance covers a four-year commitment cycle by donors. Like the Global Fund, the GAVI resource mobilization mechanism provides for voluntary contributions.

294. The Global Partnership for Education operated for many years without predictable long-term financing commitments from donors. Similar to the very early days of the CGIAR, the Global Partnership for Education (the GPE) had multiple multi-donor trust fund accounts with pledges from donors, some of which were single year, some multi-year. A decision was made in May 2011 by the then Board of Directors to launch a formal replenishment campaign to mobilize resources both for the Global Partnership for Education Fund and for basic education generally, for the period 2011 to 2014. The first pledging conference was held in November 2011. The GPE held their 2nd pledging conference in 2014 and received pledges of $2.1 billion.

295. It should be noted that, in all cases cited above, the adoption of a formal resource mobilization mechanism does not preclude the acceptance of contributions, voluntary or otherwise, outside of the funding cycle.

Benefits of a formal resource mobilization mechanism for the CGIAR Fund

296. Underpinning each of the resource mobilization mechanisms discussed above are two critical elements. These include (a) an outreach plan to engage contributors and other stakeholders, such as recipients, civil society, and international organizations and (b) logistical planning—typically handled by the secretariat of the fund (number and location of meetings, etc.). As a general rule, the outreach strategy includes consultations, both formal and informal, to ensure engagement at all levels and explore ideas on both programming and financial arrangements. Both elements are tailored to build global visibility and international and local support.

297. A collective mechanism to mobilize resources provides has several benefits. First, it can help to reinforce accountability and leads contributors to strategically prioritize resources. Second, it provides a forum for vital exchange on contributor expectations. And last, it enables governing bodies to better plan their financial commitments to recipients.

298. One of the key outcomes of a successful funding mechanism is a multi-year programming ‘envelope’ (the financing needs of a fund) backed by a realistic, and transparent resource envelope (the financial contributions from contributors). Other outcomes, no less important, are agreement on goals and expected achievements for the funding period and a common set of financial arrangements, such as coordinated contributor payment schedules and the use of promissory notes or letters of credit. Using these financial instruments allows a fund to make commitments to recipients upfront and in advance of cash receipt from donors. Further, these instruments have the added benefit of easing the pressure on contributors’ annual cash outlays because cash payment is spread across multiple years to align, for the most part, with disbursement needs.

CGIAR Fund—moving to an established resource mobilization mechanism

299. The ‘best fit’ mechanism for any fund is one that takes into account its unique characteristics. For

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38 The use of promissory notes and letters of credit, with corresponding multi-year encashment schedules, are typically used by funds which finance programs and projects that disburse over a multi-year period.

39 In the beginning of the GEF, donors agreed to accelerate their cash payments well in advance of expected disbursement needs of the recipients. This approach created a liquidity reserve that helped to remove the doubt, in those early days, of whether funds would be available to disburse when needed. This in turn helped to ensure an uninterrupted, but growing, work program.
the CGIAR Fund, this would mean a funding mechanism that is flexible and adaptable. These two traits are very important to the CGIAR Fund. It has growing demands, and it has a diverse set of contributors with distinct budgetary cycles and processes. This translates into a requirement for an appropriate mechanism—one that enables contributions to be received outside of a formal contribution announcement session.

300. With a formal resource mobilization mechanism, estimates of financial inflows for the CGIAR Fund would be more predictable. This improvement over the current annual process would enable the system and its partners to optimize financial planning and help ensure matching of the planned inflows (projected resource envelope) with the planned outflows (projected programming envelope). This in turn would create more confidence in the CGIAR reform and strengthen the buy-in from stakeholders, as well as support the long-term planning of CRPs and system costs.

301. However, it is important to point out that even with a formalized mechanism for resource mobilization, uncertainties in predicting donor financing will continue—on some level. Contributions across multiple years may not be paid in the year for which they were scheduled due to political or budgetary complications. Hence, an adequate rolling level of CGIAR Fund liquidity must be maintained to avoid disruption of research programs.

*Three-year cycles*

302. Agreement on a compelling SRF and a strong portfolio of CRPs is a prerequisite to mobilize significant contributions to the CGIAR fund. It is proposed that a cycle for programming and resource mobilization could be organized as follows, assuming: a 12 year cycle for the SRF, a 6 year cycle for the CRPs, with a midpoint review and revisions if required, a 3 year cycle of pledging of contributions, a three year cycle of foresight analysis and reviews by ISPC, a 6 year cycle of CRP evaluations by IEA, and a three year cycle for a partnership forum and knowledge exchange:

**Year 0-1 Development and approval of an SRF (for 12 years, years 2-13)**
This process to be informed by
(i) foresight proposals prepared by ISPC
(ii) knowledge exchange and broad-based consultations through a partnership forum

**Year 1-2**
Based on approved SRF, consultations among potential contributors on 3-year pledges to the CGIAR Fund, ending with **multiyear pledges to CGIAR Fund (for 3 years, years 3-5, first three years of CRPs)**

**Year 2 Development of a proposed portfolio of CRPs (for 6 years, years 3-8)**
This process to be informed by:
(i) priority setting by ISPC and
(ii) evaluation of CRPs by IEA

**Year 2(end) Approval of CRP portfolio with indicative funding for 6 year program, more detailed funding proposal for first 3 years**
Commitment of funds for first year of CRP activities

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40 Currently, projections of inflows from CGIAR Fund donors are based on information passed through unofficial statements made by Fund Donors to the Fund Office making it difficult to develop reliable projections.
Year 3-5  Funding commitments for annual CRP activities approved by the governing body in advance of the calendar year in which activities are to be carried out

Year 5  Review of progress achieved in SRF and CRPs, to be informed by appropriate reviews by ISPC and IEA, and knowledge exchange and broad-based consultations through a partnership forum

Updates proposed, as required, to CRPs and funding plan for second 3 year phase of CRPs

Multiyear pledges to CGIAR Fund ((for 3 years, years 6-8)

Year 6-8  Funding commitments for annual CRP activities approved by the governing body in advance of the calendar year in which activities are to be carried out

Year 6-7  Review of SRF and agreement on any mid-course corrections
This process to be informed by:
(i) priority setting by ISPC
(ii) evaluation of CRPs by IEA
(iii) knowledge exchange and broad-based consultations through a partnership forum

Year 7-8  Based on review of SRF and mid-course corrections, consultations among potential contributors on 3-year pledges to the CGIAR Fund, ending with Multiyear pledges to CGIAR Fund ((for 3 years, years 9-11 -first three years of CRPs)

Year 7-8  Development of a proposed portfolio of CRPs (for 6 years, years 9-13)

Year 8(end)  Approval of CRP portfolio with indicative funding for 6 year program, more detailed funding proposal for first 3 years

Commitment of funds for first year of CRP activities

Years 9-11  Funding commitments for annual CRP activities approved by the governing body in advance of the calendar year in which activities are to be carried out

Year 11  Review of progress achieved in SRF and CRPs, to be informed by appropriate reviews by ISPC and IEA, and knowledge exchange and broad-based consultations through a partnership forum

Updates proposed, as required, to CRPs and funding plan for second 3 year phase of CRP

Multiyear pledges to CGIAR Fund ((for 3 years, years 12-14)

Year 12-13  Development and approval of an SRF (for 12 years, years 14-25)
This process to be informed by
(i) foresight proposals prepared by ISPC
(ii) evaluations prepared by IEA
(iii) knowledge exchange and broad-based consultations through a partnership forum

Repeat process (See diagram on following page.)
Cycle for programming and resource mobilization

1st round CRP implementation

- Development of SRF
- Foresight proposals by ISPC
- Governing body meeting - SRF review
- Funders Forum - SRF approval

2nd round CRP implementation (1)

- Evaluation of CRPs by IEA
- Consultations with contributors on funding
- Governing body meeting
- Funders Forum - pledges
- Partnership Forum (GCARD)

3rd round CRP implementation (2)

- Foresight proposals by ISPC
- Review of CRP progress
- Consultations with contributors on funding
- Governing body meeting
- Governing body meeting - CRP review
- Governing body meeting
- Governing body meeting
- Governing body meeting
Financial flows through the CGIAR system

303. As noted in the previous section, predictability of funding flows is crucial to the long-term stability of the CGIAR. But the actual funding flows through the system and the arrangements to support these flows are no less critical. Under the current CGIAR framework, contributors to the CGIAR are strongly encouraged to channel their resources through the CGIAR Fund. However, of the approximately $1 billion annual flows through the CGIAR system, approximately $500 million flows directly from contributors to centers, creating approximately 16 channels to support financial flows in the CGIAR system.

304. While there may be legacy reasons to continue with these multiple channels, it is important to recognize that this multi-channel financial network is not optimized for efficiency, transparency and reporting of the flows, and more importantly, meeting the cash flow needs of the system as a whole. Processes and procedures, agreements, transactions and IT platforms that underpin this financial network are duplicated across the system, creating a complex and transaction heavy financial platform with little integration or opportunities to streamline. In particular, there is evidence that the business processes that underpin the arrangements established to support the financial flows in the CGIAR Fund trust fund create delays in both the inflows (e.g., contributions) and outflows (e.g., transfers to centers and other CGIAR Partners), and in the case of bilateral contributions to centers, possibly under-recovery of costs from contributors. The latter may contribute to liquidity issues for the CGIAR Fund as some centers may seek funds from Window 1 to make up for the shortfall.

305. What used to be called CGIAR core funding is now being channeled through the CRPs, and this has raised questions about sustaining the research infrastructures that the centers have built up over the years. Financing from Windows 1 and 2 of the Fund has come to be viewed as largely short-term and unpredictable, while bilateral funds are perceived as more long-term and reliable. Bilateral funds are now viewed as forming the foundation of research programs and Windows 1 and 2 funds as financing to support research which builds on this foundations. The timely disbursements of funds has also been hampered by the arrangements for fiduciary oversight. Putting in place three levels of contracts to provide for the fiduciary oversight of funding from Windows 1 and 2 has impeded the flow of funds down to the principal researchers managing each research activity, including the need for the lead centers to sign annual program agreements with each center participating in the CRP before it disburses the funds to the center.

306. The following functional inefficiencies could benefit from simplification of the underlying processes and procedures, with the understanding that any changes to existing legal documents would be subject to review and approval of all relevant entities, including contributors:

a. **Multiple funding channels:** Contributors continue to contribute approximately $500 million of total contributions bilaterally to the centers resulting in a fragmented framework from which to operate.

b. **Cumbersome processing of legal agreements/arrangements:** CGIAR Fund contribution agreements/arrangements between contributors and the Trustee (for Windows 1, 2, and 3) and related amendments require significant time to process.

c. **Transaction heavy cost recovery process:** Centers are expected to collect a fee from each bilateral grant agreement for transfer back to the CGIAR Fund (and collected by the Trustee). In addition, the Trustee must collect 2% of all contributions to Windows 2 and 3 of the CGIAR and transfer each payment to Window 1. All related transactions must have full audit trails and documentation to satisfy required controls for an external audit.

d. **Fragmented reporting:** Reporting on bilateral contributions that are made directly to the center is not synchronized with reporting on the CGIAR Fund.

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c. **Complex flow of funds:** The Trustee transfers CRP funds to the lead center, which in turn transfers funds to the other centers participating in the CRP. Transfers to centers from Window 3 require lengthy paper processing.

f. **Uneven cash flow:** While contributors to the CGIAR Fund are encouraged to maximize coordination and harmonization by commingling contributions in Window 1, they continue to contribute to Window 2, thereby creating from time to time cash flow shortfalls in Window 1. Designation of contributions to CRPs in Window 2 reduces the ability of the CGIAR system to support capital revitalization or other system costs outside of the CRPs. Not all bilateral contributions to the centers are assessed a cost recovery fee, which contributes to the cash flow shortages in Window 1.

307. The review of the CGIAR governance creates an opportunity to improve the financial management and associated business process activities with a focus on simplification and administrative efficiency. This includes providing contributors to the CGIAR Fund with straightforward and uncomplicated processes to notify, designate and pay contributions and simplified procedures to commit and transfer funds to the centers or other entities in the CGIAR partnership. In addition, there is an opportunity to provide contributors a centralized point of contact for support on their financial contributions to the system.
308. The following proposals would streamline the processes, procedures and financial flows and ease the transactions burden felt across the system. A better alignment between functions and the core competencies of the appropriate entities and further centralization and streamlining of financial flows would result in more efficient administration of these resources and better value-for-money.

*Proposal to streamline the funding channels, reporting, and cost recovery process:* **Donors who contribute annually $1 million or more bilaterally to centers (i.e., direct to centers) would make such contributions through Window 3 of the CGIAR Fund.**

309. Channeling the majority of bilateral contributions flow through Window 3 would lead to a more comprehensive and cohesive picture of the flows in the system. It would streamline the financial flows to the centers and centralize financial management of most of the funds available to the CGIAR system. It would also reduce the administrative burden on both contributors and centers. Reporting on financial contributions and tracking of these flows to the centers would also be centralized, for the most part, and the information would become more complete and transparent. In addition, the consolidation of the majority of bilateral funding through Window 3 would mean that the cost recovery from contributors across the board would be more assured. This would also ease the burden on the centers to collect, track and send the cost sharing percentage funds to the Trustee. This proposal would benefit from a deeper analysis and discussion with bilateral contributors. It is important to note that this proposal would not impact the reporting and fiduciary requirements of the center to individual bilateral contributors. This is the case already with contributions made to centers through Window 3.

310. Bilateral contributions less than $1 million could continue to flow directly from contributors to centers. Alternatively, solutions could be explored to channel these smaller bilateral contributions to an entity that is more accustomed to entering into contribution agreements for smaller amounts or with non-sovereign donors. This other entity would then transfer collected funds to Window 3.

*Proposals to simplify legal documents and funds flow and processes:*

(a) **Provide that contributions by donors are done through a notice of contribution rather than through a new or amended contribution agreement/arrangement**

311. Contributors can agree to a single framework agreement that would set out the standard provisions of all CGIAR Fund contributions. Commitment of contributions would entail the signing of a single notice, setting out the basics of the contributions, such as currency, amount, and designations to CRPs or centers. Payment dates can be agreed with the Trustee through a separate form if needed and would not require counter-signature. This process would apply to both initial and additional contributions. This simplified process builds on the practices of other funds managed by the World Bank and addresses some contributors concerns about the length of time it takes to conclude agreements to contribute funds to the CGIAR Fund. A move in this direction would be expected to reduce the amount of time it takes to draft each agreement/arrangement or subsequent amendment.

(b) **Draft a master legal agreement between Trustee and the centers and other entities receiving cash from the Trustee**

312. Following the practice of other funds managed by the Trustee, each entity receiving CGIAR funds from the Trustee would enter into a single agreement with the Trustee setting out the basic principles of how and when funds will be committed and transferred to the center, including Window 3 transfers. This document, called a Financial Procedures Agreement, would also lay out the requirements for reporting, audits and the return of funds to the CGIAR Fund. Entering into this single agreement reduces the need to sign new agreements or amend existing agreements with lead centers as new funds are
allocated by the Fund Council. It would also eliminate all the documentation required between the Trustee and the centers for each transfer from Window 3.

(c) amend processes for transferring funds to centers for CRPs

313. To address the lengthy and cumbersome process required to transfer CRP funds from Trustee to the lead center and then from the lead centers to other centers participating in a CRP, the Trustee would commit and transfer each center’s CRP allocation directly to participating centers. These transfers would be underpinned by a financial procedures agreement, mentioned in (b) above.

Proposal to address uneven cash flow

314. All contributions to the CGIAR Fund (Windows 1, 2 and 3) would be designated to CRPs or centers, up to a maximum percentage amount of the contribution. The portion of the contribution that is ‘undesignated’ would be used for any purpose approved by the Fund Council in accordance with policies and strategic objectives. Once CRPs are fully funded in accordance with the approved proposal, all remaining contributions would be designated directly to Window 1. Under this proposal, cost sharing percentage designations on Windows 2 and 3 contributions would cease, as system costs would be recovered from the undesignated contribution amounts.
By moving to a mandated amount that can be designated to CRPs and centers, Window 1 would be able to build up a liquidity reserve that could serve to reduce cash flow shortfalls, cover system costs, pay for capital revitalization needs of the centers, or to “top up funding” for higher performing CRPs. Operating costs of the system would continue to be paid from Window 1.

Behavioral issues/building a partnership culture

It is important to underline that not all reported weaknesses in the system should be considered as inherent to structural arrangements. Part of the challenges relates directly to individual and collective behaviors of partners and stakeholders, and as such, there is no structural response to them.

The CGIAR has some features that distinguish it from other global partnerships, including those described in Section IV. These differences need to be taken into account and respected in designing an effective and efficient governance structure.

The 15 centers are doing research for development. Other comparator partnerships are supporting actual development interventions, downstream from research. CGIAR-supported activities are further removed from the ultimate beneficiaries of their activities, and therefore require different metrics to assess their performance.

The 15 centers are independent legal entities with their own boards. They will continue to be responsible, among other things, for supervision of individual research projects, and quality assurance. The CRPs cannot be expected to take over these responsibilities.

The need to balance the interests and perspectives of the centers and the contributors requires a governance structure that promotes persuasion instead of regulation, convinces rather than requires others to follow, and uses shared benefits to attract partners as opposed to rules-based systems to be enforced.

A critical element to promoting trust and better communications is to establish more points of contact among the network partners and a culture of regular openness and sharing of information.

Issues of concern need to be brought into the open early so they can be addressed before they become insurmountable problems. Shared decision-making can contribute significantly to bridging differences among the partners in the system.

In governing the system, the governing bodies and management offices should strive to ensure that:

a. the system is outward looking in its organizational goals—recognizing that the CGIAR is operating in a complex and changing international environment,

b. there is a strong emphasis on sharing of information and knowledge,

c. there is space and incentives for innovation and risk taking,

d. system entities have skills and resources for facilitation and communication,

e. administrative and operational procedures are transparent, efficient and flexible to respond to changing circumstances, and

f. sufficient resources are available.
IX. Transition to a revised governance structure

324. A number of comments received on drafts to this paper raised concerns about the change process in transitioning to the option, and particularly to Option 4 with a single governance board and administrative/management office. Concerns included potential disruptions to ongoing work, the time it might take to make the transition, and the risk that the next round of CRPs might be delayed. It is the view of the team that the finalization of the SRF, initial guidelines and the call for proposals for the next round of CRPs, and plans for strengthening ISPC can all be achieved in parallel with the transition planning process and that any new structure and processes should be able to be in place in time for the CRP approval process.

325. Under any of the proposed options, steps will need to be taken to put in placed revised structures and procedures. It is expected that the transition will be progressively more far reaching, take a longer time, and be more costly moving from Option 1 to Option 4. Nevertheless, a similar process could be followed for each option, and this is described below.

326. It appears reasonable that any changes in the structure of the governance bodies of the system (the Fund Council, the Consortium Board, and/or the CGIAR Council) could be completed before the next round of CRPs are approved (second half of 2016) so that the revised governance structure would be in place in time to make final decisions on the selection of the next round of CRPs. Changes to the mobilization of resources could also be implemented in time to provide funding for the next round of research. Changes to staffing may be more complex, with little to no change in Option 1, some changes in Option 2, and potentially major changes in Options 3 and 4. Nevertheless, it appears reasonable, given that many staff with the required skills are already employed in the system, to expect that many of the changes could be completed by mid-2016 and the remaining changes completed by the end of 2016.

327. The description of each option includes a section on steps that would be required for the legal implementation of the option. These steps could be concluded by mid-2016, providing all parties concerned do not impose unreasonable delays in reviewing and approving revised legal texts.

328. Transitional arrangements, including explicit change management planning and execution, will need to be elaborated once a final decision is made on a revised structure and processes. The Fund Council will need to make a number of subsequent decisions, depending on which option is selected.

329. Examples of the key tasks of the Fund Council include:

a. approval of a change management plan, including key decisions and steps to be implemented;
b. oversight of the process to amend the legal documents underpinning the system as noted in each option and address any responsibilities and liabilities that may arise from the existing agreements;\(^\text{41}\)
c. if Option 3 or 4 were selected:
   i. agreement on the location of the administrative/management office An early decision on the location of the office will facilitate implementation of a new staff plan;
   ii. agreement on the administrative office organizational structure and staffing;
d. if Option 2, 3 or 4 were selected, development and approval of fiduciary standards and assessment guidelines for CGIAR funded operations;
e. selection of members to serve on the Fund Council and appointment of Chair;
f. approval and implementation of a resource mobilization strategy.

\(^{41}\) It is suggested that any required changes to the contribution agreements be delegated to the Trustee and the donors.
330. The work that will need to be undertaken could be carried out by the staff of the Consortium Office, the Fund Office and the Trustee, or alternatively, by a small transition team that would be established to lead the process and collaborate as needed with staff in the Consortium Office, the Fund Office, Trustee and the centers. In either case, a single focal point should be identified to lead the work, including consultation and engagement with stakeholders on the various elements of the change process, and to be responsible for ensuring that a change management plan is put in place, implemented and monitored regularly, and that tasks are carried out in a timely manner and with the highest quality. Several of the tasks could be outsourced but the focal point should have ready access to individuals with the adequate expertise to prepare the change management plan and the materials for the Fund Council or the Consortium Board.

331. The key tasks of the transition team will be to (a) prepare a change management plan to implement the selected option for approval by the Fund Council, (b) organize and support Fund Council or Consortium Board discussions, as appropriate under the selected option, and facilitate communications between meetings and (c) prepare for approval by the Fund Council any new management, operational and financial policies that may be required to streamline operations, decision-making criteria and related guidelines for approval.

332. To ensure that the change can be completed during 2016, the change management plan for the selected option should be prepared and approved by the Fund Council no later than July 31, 2015. In preparing the change management plan, the focal point should organize an early workshop with key stakeholders to help ensure that all aspects of the change are appropriately considered.
Annex A: Inventory of reference material

Key source material (a summary of these sources will be posted on the web at www.cgiar.org/cgiaroptions)

- Agreement Establishing Consortium.
- CGIAR Funding: Towards greater complementarity, efficiency, leverage and impact, by Tony Simons, think piece for ICRAF BOT 58th meeting (November 2013).
- CGIAR Governance Review: Phase 1, Consortium Office (18 February 2013).
- CGIAR Governance Review: Phase 2, PwC (September 2013).
- CGIAR Mid-Term Review Terms of Reference.
- CGIAR Research Programs Portfolio Report for 2013, prepared by CGIAR Consortium Office.
- “Food for all: International organizations and the transformation of agriculture”, draft of forthcoming publication by Uma Lele, Kendra White and Sambuddha Goswami.

Other key references used by the CGIAR Mid-Term Review Panel

- CGIAR Mid-Term Review Terms of Reference.
- Resource Management Review of Window 3 TOR.
- “Food for all: International organizations and the transformation of agriculture”, draft of forthcoming publication by Uma Lele, Kendra White and Sambuddha Goswami.
- CGIAR Governance Review Phase 1, Consortium (18 February 2013).
- CGIAR Governance Review Phase 2, PwC (September 2013).
- CGIAR Governance Review Phase 2 Survey Results.
- Consortium Response to Phase 2 Report.
- Fund Council Governance Committee Response to Phase 2 Report.
- CGIAR Funding Windows - Complementarity and Leverage for CGIAR, ICRAF and CRPs.
- CGIAR Delivery Review Draft TOR.
- CGIAR Grant and Donor Analysis 2014.
- CGIAR DG MTR Survey Results (March 2014).
- CRP Governance and Management Review (March 2014).
- Consortium response to CRP Governance and Management Review CGIAR.
- Strategy and Results Framework 2011.
- Strategy and Results Framework Update 2012.
- ISPC response to SRF Update and 2nd Call for CRP proposals.
- Wageningan Workshop Report – SRF Update and 2nd Call for CRP proposals (February 2014).
• Consortium Vision, Power Point (March 2014).
• Five IRRI Achievements.
• CGIAR Performance Measurement 2006.
• CGIAR Performance Measurement 2009.
• CGIAR Grant and Donor Analysis (March 2014).
Annex B: List of entities and representatives consulted by the options team

System partners

Acting Consortium Board Chair and other Consortium Board members
Center Board Chairs
Center Directors General
Consortium Office
FAO
Fund Council Governance Committee (FCGC)
Fund Office
Global Forum for Agriculture Research
Independent Evaluation Arrangement (IEA)
Independent Science and Partnership Council (ISPC)
IFAD
World Bank

Chairs of the Fund Council

Rachel Kyte, Chair of the Fund Council
Kathy Sierra, former Chair of CGIAR

Experts participating in “brainstorming” session

Uma Lele
Aboubakar Njoya
Modibo Traore
Greg Traxler
Joachim von Braun

Experts invited to comment on written drafts of the paper

Alice Albright
Jock Robert Anderson
Chris Gerrard
Ekkehard Kurschner
Uma Lele
Aboubakar Njoya
Markus Palenberg
Modibo Traore
Greg Traxler
Joachim von Braun
Howard Yana-Shapiro
Annex C: List of current Fund Council members

There are 26 member organizations/countries in addition to the Chair of the Fund Council (as of March 10, 2015).

Organization/Country

Australia
Bill & Melinda Gates Foundation
Canada
Central Asia and the Caucasus Association of Agricultural Research Institutions (CACAARI)
China
European Commission
Food and Agriculture Organization of the United Nations (FAO)
Fiji
France
Global Forum on Agricultural Research (GFAR)
India
International Development Research Centre (IDRC)
International Fund for Agricultural Development (IFAD)
Japan
Mexico
Netherlands
Nigeria
Norway
Russian Federation
South Africa
Sweden
Switzerland
Turkey
United Kingdom
United States - USAID
World Bank
Annex D: CGIAR agreement structure

1. The foundational documents for the CGIAR are the CGIAR Joint Declaration, the CGIAR Principles, the Agreement Establishing the Consortium of International Agricultural Research Centers as an International Organization and the Constitution of the Consortium of International Agricultural Research Centers, as well as the CGIAR Fund Governance Framework. The CGIAR agreements include (i) the Contribution Agreements signed between the Trustee and Fund Donors for contributions to the CGIAR Fund; (ii) the Joint Agreement between the Fund Council and the Consortium; (iii) the Consortium Performance Agreements between the Fund Council and the Consortium for individual CRPs; and (iv) the Program Implementation Agreement between the Consortium and the lead center(s) for individual CRPs..

CGIAR Joint Declaration

2. The CGIAR Joint Declaration was endorsed by the CGIAR funders and members in December 2009, was endorsed as the overarching framework for the CGIAR, intended to inform the restructuring of the CGIAR.

3. The Joint Declaration states that the “new CGIAR is a global research-for-development partnership consisting of a consortium of international agricultural and natural resources research centers and its funders working with partners to implement an agreed strategy and results framework consistent with this Joint Declaration.” It sets forth a common vision and strategic objectives for the new CGIAR. In the Joint Declaration, the funders and members resolve to:

   a. Harmonize their approach to funding and implementing international agricultural research through the CGIAR Fund and the Consortium;
   b. Manage for results in accordance with the agreed SRF and the mega programs [CRPs] that derive from the SRF;
   c. Ensure effective governance and efficient operations in the provision and use of resources; and
   d. Collaborate and partner with and among funders, implementers and users of SRF research, as well as other external partners supporting the SRF.

4. The Joint Declaration includes a set of core principles related to the above, including the following:

   a. “Funding and implementation of the SRF is (i) to the extent possible through the Fund and (ii) based on a common framework for processes, reporting, monitoring, evaluation and other operational aspects set by the Fund Council in agreement with the Consortium Board (the common operational framework)”;
   b. “The Consortium, Centers and Fund donors are mutually accountable for [CRP] outputs financed by the Fund”;
   c. “The monitoring system for research under the SRF is the overall responsibility of the Consortium Board…”
   d. “All CGIAR Funders, the Consortium and Centers strive toward common, streamlined arrangements and simplified, cost-effective operations without unnecessary complexity”;
   e. “Resources used for the CGIAR…are allocated, implemented and reported in a transparent manner”;
   f. “The Centers implement the SRF, while the Consortium Board oversees and coordinates SRF implementation”; and
   g. “The CGIAR is premised on a strong Consortium Board and a strong Fund Council as collaborative counterparts and complementary pillars through which other elements of the CGIAR, including the Centers, all other funders and other stakeholders, can support the principles and actions set out in this Joint Declaration.
5. Actions intended to promote and operationalize the principles are set out in an annex to the Joint Declaration. The annex assigns responsibility (i) to the Fund Council for approving the program content of CRPs based on Consortium proposals and providing funding to the Consortium based on those proposals and other requests for funding and (ii) to the Consortium Board for overseeing and coordinating the design by Centers of the SRF, overseeing and coordinating the design by Centers of CRPs for approval by the Fund Council, and ensuring collaboration among and compliance by Centers in implementing CRPs. The annex states that the Consortium, upon receipt of CGIAR Fund funds from the Trustee, “will have fiduciary responsibility (i.e., to monitor and confirm the intended use of funds) and programmatic responsibility (i.e., to ensure implementation by Centers and partners and confirm their achievement of results) for those funds”.

**CGIAR Principles**

6. The CGIAR Principles were adopted by the Fund Council and the Consortium in 2010. The CGIAR Principles were adopted as the overarching, guiding principles for the Fund Council and the Consortium in their joint efforts to implement the SRF in an efficient and effective manner.

7. In the CGIAR Principles, the Fund Council agrees to, among other things:
   a. Decide on funding CRP proposals submitted by the Consortium;
   b. Allocate funds to CRPs in consultation with the Consortium;
   c. Enter into agreements with the Consortium regarding the receipt and use of funds for each CRP, including the Joint Agreement and the Consortium Performance Agreements; and
   d. Agree on a Common Operational Framework with the Consortium, which will provide processes for reporting, monitoring, evaluating and operating CGIAR, as it relates to funding and implementing the SRF.

8. In the CGIAR Principles, the Consortium agrees to, among other things:
   a. Work with the centers and other doers to develop the SRF;
   b. Implement the SRF with the centers and other doers;
   c. Submit CRP proposals to the Fund Council for consideration and approval;
   d. “Serve as a central point of fiduciary and operational responsibility for all funds that pass to either the Consortium or the Centers from the CGIAR Fund, including (1) confirming that such funds were used for intended purposes; (2) implementing, monitoring, supervising, evaluating, and providing quality assurance for activities funded by such funds; and (4) being responsible for any misuse or misprocurement with respect to such funds”; and
   e. Enter into agreements with the Fund Council regarding the receipt and use of funds for each CRP, including the Program Agreement and a Consortium Performance Agreement, and enter into agreements with the lead center regarding the receipt and use of funds for each CRP, including the Program Implementation Agreement, and monitor and confirm that each lead center enters into a sub-agreement with each other participant in the CRP.

**Agreement Establishing the Consortium of International Agricultural Research Centers as an International Organization**

9. 
   a. Agreement creates the international organization, determines the legal status of the Consortium and the rights and obligations of the signatory states.
   b. Provides that Consortium is to operate in accordance with the Constitution annexed to the Agreement. Agreement does not impose any financial obligations on the Parties.
   c. Parties—France, Hungary, Denmark, Benin, Uruguay, Morocco, Senegal and Colombia
d. Amendments to the Agreement (excluding the Constitution) may be proposed by any Party. Amendments enter into force when approved by two-thirds of the Parties. Parties that have not approved amendments are not bound by them.

c. Agreement provides that amendments to the Constitution are to be made in accordance with Article 22 of the Constitution and notified to the Parties.

f. Any Party may withdraw from the Agreement on three months’ notice.

g. Consortium Board must consult with the Parties prior to any decision to dissolve the Consortium.

**Constitution of the Consortium of International Agricultural Research Centers**

10.

a. Primary governing document of the Consortium, sets forth the relationship between the Consortium and the member centers. The Constitution was approved by the Consortium Board and the centers in 2011.

b. The Constitution includes provisions regarding the purpose of the Consortium, its activities, structure and governance, membership of the Board of the Consortium, the powers and functions of the Board, the selection and responsibilities of the CEO, the responsibilities of Member centers, and the CRP process.

c. With regard to CRPs, the Constitution provides that:

i. The Consortium shall develop, in cooperation with the member centers, approve and manage performance of the CRPs and that Board shall take ultimate financial and operational accountability for funds received from the CGIAR Fund for the implementation of the SRF as specified in relevant agreements with the Trustee or Fund Council. The Constitution also provides that the Board shall, in consultation with the Fund Council and in conjunction with the establishment of common reporting standards, set common policies and standards for member center performance and efficiency and review the performance and efficiency of member centers in the delivery of CRPs funded through the CGIAR Fund.

ii. The Consortium Board is to enter into performance agreements with the Fund Council for the implementation of approved CRPs and with the lead center for the execution of each CRP and that the lead center is to enter into performance agreements with other centers and partners participating in the CRP.

iii. The Consortium Board is to oversee the monitoring of the performance of the CRPs and take remedial actions with participants when necessary to ensure the use of funds intended purposes and the success of the CPRs.

iv. The financial and operational accountability for CRPs lies with the Consortium Board and is to be reflected in the performance agreements.

d. Amendments to the Constitution may be proposed by any member of the Board or any Member center. Amendments require the approval of three-quarters of the members of the Board and three-quarters of the member centers. Board is to consult with Fund Council before proposed amendments are adopted.

e. If Board determines that purposes of Consortium have been achieved to satisfactory degree or that Consortium is no longer able to function effectively, Consortium may be dissolved by agreement of three-quarters of the members of the Board and three-quarters of the member centers. Board to consult Fund Council, member centers and States that are parties to the Agreement establishing the Consortium as an International Organization prior to any decision to dissolve the Consortium. Consortium to remain operative for such period as needed for the orderly cessation of its activities and the disposition of its property.

f. There is to be a review of value and sustainability of the Consortium ten years after its establishment. Consortium to be dissolved if three quarters of the member centers approve its
dissolution and a transition plan and the latter also has the approval of any other parties whose approval is needed for the transition plan to take effect.

g. Member center may withdraw from membership on six months’ notice.
h. Board may in certain circumstances withdraw membership of member center by three-quarter vote of the Board members if member center does not fulfill its responsibilities under the Constitution.

**CGIAR Fund Governance Framework**

11. 
   a. Establishes the basic parameters of the CGIAR Fund and operations and its organizational structure, including Fund Council membership and Fund Council, Fund Office and Trustee roles and responsibilities. The CGIAR Fund Governance Framework was adopted by the Fund Council in April 2011.
   b. It may be amended by unanimous decision of the Fund Council.

**Contribution Agreements**

12. 
   a. Agreements between IBRD and Fund Donors for the purpose of receiving and administering contributions from the Fund Donors for the multi-donor CGIAR Fund.
   b. Provides that contribution is to be administered by the Trustee in accordance with the terms and conditions specified in the Agreement as well as the Glossary, Governance Framework and CGIAR Principles, which are incorporated by reference into the Agreement.
   c. Agreement may be amended by agreement of the two parties, provided that (i) the annexes to the Agreement (Defined Terms, Trustee Provisions for the CGIAR Fund, and Form of W3 Transfer Agreement) may be amended only by agreement of the Trustee and a unanimous decision of the Fund Council and provided further that if any such amendment to the annexes imposes obligations on, or infringes on the rights of, the Consortium or the centers it shall not be effective as to them, and shall not override any provision of any agreement entered into by the Consortium and the Fund Council or the Trustee, if the Consortium Observer to the Fund Council objects to such amendment at or before the time it is considered by the Fund Council (following a two-week period for Consortium review). The Trustee is to provide all Fund Donors and the Consortium notice of any amendment to the annexes; (ii) the CGIAR Principles may only be amended through adoption by the Fund Council and the Consortium; (iii) the Governance Framework may be amended in accordance with its terms; and (iv) the Glossary, as part of the Common Operational Framework, may be amended by approval of the Fund Council and the Consortium in the manner that would normally apply to the Common Operational Framework. Any amendment to the CGIAR Principles, the Governance Framework or the Glossary is to be incorporated automatically into the Agreement without the need for further agreement between the Trustee and the Fund Donor.
   d. Any Fund Donor may on 180 days’ prior notice, withdraw its share of any balance in the Fund that has not been allocated by the Fund Council. Following the return of such funds, the Fund Donor is to be considered to have withdrawn from the CGIAR Fund.
   e. If the Trustee determines that circumstances have arisen that lead it to conclude it should no longer carry out its duties, the Trustee is to promptly notify the Fund Donors, the Fund Council, the Consortium and any other current recipients of funds and may suspend transfers from the CGIAR Fund upon notice to the same entities. Thereafter, the Trustee is to consult with the Fund Council and the Consortium to determine the subsequent measures to be taken with respect to the CGIAR Fund; provided that such measures are to be completed within 90 days thus enabling the Trustee’s termination at that time unless the Trustee agrees to an extension.
f. Trustee only responsible for performing those functions specifically set forth in the Contribution Agreements and any additional agreements operationalizing Trustee transfer of funds and is not subject to any other duties or responsibilities to the Fund Donors, the Consortium or any other CGIAR participant, including any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law.

g. The Contribution Agreements provide that the Trustee’s responsibilities arise with respect to the CGIAR Fund funds only during the time held by the Trustee and are limited to keeping track of Fund Donor indications of contributions to the CGIAR Fund, collecting, holding and managing contributions, financial risk management, implementation of foreign exchange transactions, investment management, recording notations for Fund Council approvals, tracking of commitments from signed agreements, making cash transfers, accounting, recordkeeping, reporting on financial status, and arranging the audit of the CGIAR Fund.

h. Subject to the availability of applicable funds held in the CGIAR Fund, the Trustee is to commit, transfer and use funds for any purpose and in the amount allocated by the Fund Council in accordance with the terms of the Contribution Agreement, including the Governance Framework.

i. Trustee is to invest the funds in the CGIAR Fund pending their transfer in accordance with the World Bank’s applicable policies and procedures for the investment of trust funds administered by the World Bank.

j. The Contribution Agreements contain an acknowledgement and agreement by the Fund Donors that the Trustee (as well as the Fund Office and any other part of the World Bank) has no responsibility for (i) confirming that funds from the CGIAR Fund were used for intended purposes; (ii) implementing, monitoring, supervising, evaluating or providing quality assurance for activities funded by the CGIAR Fund; (iii) providing Fund Donors with financial, progress, results or impact reporting for activities funded by the CGIAR Fund; or (iv) any misuse or misprocurement by any entity other than the World Bank with respect to funds from the CGIAR Fund. (The Joint Agreement between the Fund Council and the Consortium includes a similar acknowledgement and agreement by the Consortium.) The Fund Donors further acknowledge and agree that the Trustee is to transfer funds requested by the Consortium or other recipients for implementation of activities under the SRF on the basis of documents approved by the Fund Council and proper fund transfer requests, as specified in the relevant agreements, without requiring pre- or post-transfer review by the Trustee of any funding proposals submitted to the Fund Council or any activities implemented thereunder. The Contribution Agreements provide that the Trustee shall have no responsibility for reviewing the appropriateness of any decision by the Fund Council or fund transfer requests and shall be entitled to rely thereon.

Joint Agreement

13.

a. Agreement between the Fund Council, represented by IBRD, and the Consortium concerning the submission and approval of CPR proposals and the implementation and use of funds in the resulting CPRs, including the roles and responsibilities of the Consortium, Fund Council, Fund Office and Trustee. The Joint Agreement was signed on April 15, 2011.

b. The Agreement may be amended by agreement of the Consortium and the Fund Council.

c. If the Consortium, after consultation with the centers, determines that circumstances have arisen which lead it to conclude that it should no longer carry out its duties under the Agreement, the Consortium is to notify the Fund Council and the Trustee and consult the Fund Council on the subsequent measures to be taken with respect to the CGIAR Fund and the funding of ongoing CPRs as well as the centers’ operations.

d. If the Fund Council determines that circumstances have arisen which lead it to conclude that it should no longer participate in the Agreement, it is to notify the Consortium and the Trustee and consult with the Consortium on the subsequent measures to be taken with respect to the CGIAR
Fund, with such measures to be completed within 180 days, thus enabling the Fund Council’s termination at the end of that period unless the Fund Council otherwise agrees.

c. If the Trustee exercises its rights or suspension and/or termination under the Contribution Agreements, the Trustee is to consult with the Fund Council and the Consortium on the subsequent measures to be taken with respect to the CGIAR Fund (as provided in the Contribution Agreements) and the Consortium is to agree accordingly to suspend activities under or terminate the Agreement.

d. Provides that the Consortium is to have full fiduciary responsibility for the use of any Window 1 and 2 funds allocated to the Consortium by the Fund Council and transferred to the Consortium or a lead center to such purposes. The Consortium is responsible for (i) confirming that Window 1 and 2 Funds have been used to intended purposes; (ii) implementing, monitoring, supervising, evaluating, and providing quality assurance and performance reporting for activities funded by Windows 1 and 2; (iii) providing Fund Donors (through the Fund Council) with financial, progress, results and impact reporting for activities funded by Windows 1 and 2; and (iv) any misuse or misprocurement with respect to Windows 1 and 2, including the recovery of any funds not use for their intended purposes.

e. Provides that for each CRP, the Consortium is to enter into a Program Implementation Agreement (PIA) with the lead center, which is consistent with the Contribution Agreements, the Governance Framework, the Joint Agreement and the applicable Consortium Performance Agreement (CPA). In each PIA, the Consortium is to require that all relevant terms and obligations set forth in the Joint Agreement and the relevant CPA apply to the lead center and, as applicable, require the lead center to do the same with respect to any program participant with which the lead center enters into agreements under the CRP.

f. Provides that the Consortium is to operate, and to require each lead center to operate, CRPs in accordance with the Contribution Agreements, the Governance Framework, the Joint Agreement and any other applicable Fund use agreements to which the Consortium is a party. The Consortium is to require each lead center to cause any other program participants, through appropriate subagreements, to operate in accordance with the terms of the Joint Agreement, any other applicable Fund use agreements to which the Consortium is a party and the governing CPA.

g. Provides that the Consortium is to maintain, and require each lead center and, through such lead center, any program participants, to maintain books, records, documents and other evidence in accordance with their respective accounting procedures to sufficiently substantiate, in a manner reasonably satisfactory to the Fund Council, the use of system costs allocated to the Consortium and each CRP (regardless of funding source).

h. Provides that the Consortium is to monitor the performance of the centers, including with respect to each CRP, and any partners with respect to each CRP.

i. Provides that the Fund Donors may seek direct recourse against the Consortium for any breached obligations.

j. Provides that the Fund Council may instruct the Trustee to suspend disbursements if (i) the Consortium fails to perform its obligations under the Joint Agreement or any Fund use agreement to which it is a party; (ii) the Consortium or any center has or appears to have engaged in corrupt, fraudulent, collusive or coercive practices in connection with the use of funds from the CGIAR Fund or used such funds to finance a contract involving such practices, without timely and appropriate action on the part of the Consortium or center to address such practices when they occurred; (iii) a statement, representation or undertaking by the Consortium under the Joint Agreement or any Fund use agreement to which it is a party was incorrect in any material respect; or (iv) unforeseen or extraordinary circumstances arising or becoming known after the date of the Joint Agreement make it improbable that the Consortium and centers will implement the SRF or that the Consortium will perform its obligations under the under the Joint Agreement or any Fund use agreement to which it is a party.

m. Provides that for each approved CRP, the Consortium is responsible for:
i. reporting promptly to the Fund Council any occurrence of which the Consortium becomes aware whereby any Window 1 or Window 2 funds are used for purposes other than as provided in the CPA;

ii. ensuring that the centers and any Partners use Window 1 and Window 2 funds with due regard to economy and efficiency and uphold the highest standards of integrity in the administration of Window 1 and Window 2 funds, including the prevention of fraud and corruption;

iii. causing the centers to agree not to use Window 1 and Window 2 funds for payments for which corrupt, fraudulent, collusive, obstructive or coercive practices were engaged in by representatives of the centers or Partners; not to use such funds to finance terrorism or drug trafficking; and not to discriminate against persons with disabilities in the implementation of activities financed by Window 1 or Window 2 funds;

iv. ensuring that centers and any Partners procure services and goods with Window 1 and Window 2 funds in accordance with CGIAR guidelines;

v. causing the centers and any Partners to agree to carry out all regulated research activities under high standards and in accordance with applicable laws and regulations and the Consortium is responsible for indemnifying the Fund Council for any damages arising from such research activities financed by Window 1 and Window 2 funds;

vi. requiring each lead center and, through, such lead center, any program participants participating in the CRP to maintain books, records, documents and other evidence in accordance with their respective usual accounting procedures to substantiate, in a manner reasonably satisfactory to the Fund Council, the use of each CRP[sic];

vii. preparing and providing to the Fund Council consolidated, quarterly unaudited financial reports in form and substance reasonably satisfactory to the Fund Council for each CRP, annual financial statements for each center that have been audited by independent auditors in accordance with consistently applied international auditing or other auditing standards reasonably acceptable to the Fund Council, and a consolidated annual financial report for the Consortium and the centers;

viii. providing to the Fund Council annual reports of each CRP describing the progress, outputs, outcomes and impacts or each CRP, including how such CRP is implementing or has implemented the SRF;

ix. providing to the Fund Council a final report regarding each CRP, within six months of the completion of the CRP, addressing the outputs, outcomes and impact of such CRP;

x. monitoring the performance of the centers, including with respect to each CRP, and any Partners with respect to each CRP; and

xi. promptly collecting from a center or a Partner and refunding to the Trustee any Window 1 or Window 2 funds that the Fund Council determines, after consultation with the Consortium, to have been used in a manner inconsistent with the relevant agreement

**Consortium Performance Agreement**

14.

a. Agreement between the Fund Council, represented by IBRD, and the Consortium concerning the provision of funding for a CPR.

b. The Agreement may be amended by agreement of the Consortium and the Fund Council.

c. The Agreement may be terminated by either the Fund Council or the Consortium upon 180 days prior notice. Additionally, if the Trustee exercises its rights of suspension and/or termination under the Contribution Agreements, the Trustee is to consult with the Fund Council and the Consortium to determine the subsequent measures to be taken with respect to the CGIAR Fund (as provided in the Contribution Agreements) and the Consortium is to agree accordingly to suspend activities under or terminate the Agreement. In case of termination, unless the Fund
Council and the Consortium otherwise agree, such termination shall not affect agreements entered into by the Consortium prior to the termination.

Provides that the Consortium agrees, and shall require the lead center and, through the lead center, any other centers and partners participating in the CRP to agree, that the amount of Windows 1 and 2 funding provided for the CRP and any investment income earned thereon will be used only for the purposes provided in the CRP proposal and will be governed by the terms and conditions of the Joint Agreement and the CPA. The CPA provides that following disbursement by the Trustee, the Consortium shall have full fiduciary responsibility to the Fund Donors and the Fund Council for the use of the Windows 1 and 2 funds disbursed and the implementation of the CRP in accordance with the terms of the Contribution Agreements and the governing Fund use agreements to which the Consortium is a party, including the Joint Agreement and the CPA. The CPA also provides that the Consortium agrees to exercise its fiduciary duties over the Windows 1 and 2 funds. The CPA further provides that the Fund Council and the Consortium will be responsible only for performing their respective functions specifically set forth in the Joint Agreement and the CPA and will not be subject to any other duties or responsibilities, including those that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law.

**Program Implementation Agreement**

15.  
   a. Agreement between Consortium and member center that is the lead center for a CRP. The Agreement governs the funding and implementation of the CRP.  
   b. Provides that Consortium may suspend or terminate the Agreement and/or discontinue making payments under the CRP if the Fund Council terminates the governing CPA with the Consortium or the Fund Council or the Trustee suspends or terminates disbursements from the CGIAR Fund to the lead center as part of the CRP. Upon termination, lead center is to return any unspent or uncommitted funds held by it, proceed to terminate subagreements between the lead center and program participants and collect unspent or uncommitted funds held by them.  
   c. Parties may suspend or terminate the Agreement by mutual consent.  
   d. Either party may assign it rights or delegate its obligations under the Agreement only with the prior consent of the other party.  
   e. Agreement may be amended by agreement of the two parties.  
   f. Agreement incorporates by reference the Joint Agreement, the Consortium Performance Agreement for the CRP, the Common Operational Framework and policies adopted by the Consortium pursuant to the authority set forth in the Constitution, as amended from time to time, provided that any amendment to the Joint Agreement or the Consortium Performance Agreement that imposed obligations on, or infringes on the rights of, the lead center under the Agreement only effective if agreed to by the lead center.  
   g. The Agreement specifies the amount of funding to be provided to the lead center for the CRP and includes provisions regarding the investment and use of funds.
Annex E: Letter from the Interim Consortium Board Chair to the centers

Greetings from the Interim Consortium Board Chair

First of all, as interim Consortium Board Chair, I’d like to wish you and your Centers a very successful and happy 2015 on behalf of the CB.

We, the CB and CO, would like to embark on steps to improve our governance and relationships.

As you know, we find ourselves in a hiatus between various further studies arising from the MTR. An Options Group is working under the auspices of the Fund Council to define the advantages and disadvantages of options going forward with respect to structure, governance, and funding mechanisms of the CGIAR. Meanwhile, we have formed last year a joint working group with two representatives from the Centers ---Camilla Toulmin and Jimmy Smith, and two representatives from our Board ----Martin Kropff and Paul Zuckerman, who have been developing a scenario to improve the status quo irrespective or not if we go ahead with a new major reform.

We believe that this working group has identified a number of actions that we could take to improve the efficiency and relations between the CB/CO and our member Centers. These actions are set out below and we suggest we proceed immediately with these, as we do not believe that they will run counter to or preclude any broader system recommendations.

We therefore propose that in order to give the Centers more 'ownership' of the CB and CO we implement the following steps, preferably prior to our next CB meeting:

- The Centers nominate three additional persons to attend CB board meetings and deliberations, in addition to the one observer they presently nominate
- The CB undertakes to treat all four nominated individuals as though they were full board members
- We suggest that there should be a Center Chair and a CRP Director as two of the four members, and that the other two are Center DGs
- Centers nominate a third member of the CB Nominations Committee, so that there is equal representation on that important Committee which evaluates the board and CEO amongst other tasks
- Centers nominate a third member of the CB Governance Committee so that there is equal representation on that committee. (Please note the Governance Committee has now been merged with the Policy Committee)

Recognizing that the CB is still currently charged with an element of fiduciary responsibility for CRPs we undertake to:

- Act in such a way that reflects that a very significant allegiance is to our members to whom the CB owes 'a duty of care'. This means that we will make every effort to support the activities and plans of our member Centers.
- When acting to fulfill our fiduciary responsibilities to the FC, the CO will consult with all CB members and, if appropriate, the CB Governance subcommittee before broaching issues with the FC
- Work to define a funding mechanism that is as 'pre-defined' as possible, and not make funding decisions without more extensive consultations. That requires research outputs defined in relation to a specific window funding (and
not a theoretical ceiling funding for the total portfolio). Work together on an improved funding system with respect to timing of funding, using funds for carry over in next years and building up reserves so that CRPs can build on strong Centers

- Hold an Annual General Meeting (AGM) at which the annual budget of the CB and CO would be approved, and members of the CB and its Committees would be elected and re-elected on a sensible time line. In this meeting the priorities would be set for joint activities and services
- Provide as much support to Centers as possible in developing proposals for CRPs
- Provide a support and light touch coordinating role for resource mobilization by the individual centers and, when appropriate and agreed by the CB, undertake resource mobilization on behalf of the centers for W1-2.

However, in order to carry out our fiduciary responsibilities with respect to the performance of the CRP portfolio, the CO, under the guidance of the CB, will maintain oversight of the financial performance and risk management of individual centers, both directly and through the work of the IAU. Taking responsibility for fiduciary responsibility of W1 and W2 funding implies taking a strict 'duty of care' for the donor. In the present context it requires that the CB, acting through the CO, review all relevant parts of the CRP system which includes the functioning of shared services, audits, and the general well-being of Centers playing leading roles in a CRP.

It needs to be understood that, with respect to the Consortium, in order that the whole is greater than the sum of the parts, there may be instances where the interests of a single Center may not align with those of the broader group. Here we shall continue to play that Center-neutral role.

Please note that in the longer run it would be advisable to revise the Constitution to reflect these changes and clarify other grey areas of which we are all aware; and the CB proposes that the working group continues in existence in order to consult on required changes. However, some resolution of the current organizational issues and studies arising from the MTR is needed as a basis.

For clarity, it should be understood that for efficiency's sake the CO, under the guidance of the CB, will:

- Take responsibility for liaison with the ISPC and IEA on issues which involve several or all Centers (e.g. Gender) and the CRPs
- Represent members of the CGIAR system at events where a consolidated voice is required rather the views from multiple Centers
- Coordinate communities of interest and common media initiatives with all Centers as now
- Provide the drive and contribute to the intellectual framework for the move towards greater results based research
- Seek common ground between Centers on a number of issues, including reserve policy and reserve management
- Develop and maintain a risk matrix for the system as a whole
- Coordinate the development of a strong CRP portfolio.

We ask that you approach these actions with as much good faith as your working group undertook in their development; and that we all continue to have in mind the larger objective of what the CGIAR is trying to achieve. We look forward to the similar good faith of donors.

I look forward to working with you.

Kind regards,
Lynn Height
### Annex F. Summary tables describing global partnerships

<table>
<thead>
<tr>
<th>Partnership</th>
<th>Global Partnership for Education (GPE)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>The GPE is exclusively focused on supporting low-income countries to educate children from pre-primary through secondary school, providing financial and policy support to countries to develop and implement their own education sector plans.</td>
</tr>
<tr>
<td><strong>Established</strong></td>
<td>2002</td>
</tr>
<tr>
<td><strong>Decision-Making Body</strong></td>
<td>The GPE Board</td>
</tr>
<tr>
<td><strong>Member Count</strong></td>
<td>19</td>
</tr>
<tr>
<td><strong>Board Composition</strong></td>
<td></td>
</tr>
</tbody>
</table>

![Board Composition Diagram]

<table>
<thead>
<tr>
<th>Decision-Making</th>
<th>Simple majority (though must include at least one representative from the following constituencies: recipient country; donor country; multilateral organization; civil society organization)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair Selection</td>
<td>Open competitive process</td>
</tr>
<tr>
<td>Chair Term + Responsibilities</td>
<td>3 years (one-term extension possible) – The Board Chair convenes meetings of the Board and other GPE meetings, supports resource-mobilization efforts and represents the Partnership and the Board in political and public arenas.</td>
</tr>
<tr>
<td>Head of Secretariat</td>
<td>The GPE CEO does not have a place on the Board, but has an important role in resource mobilization, project selection and strategy, and manages the secretariat (~60 staff).</td>
</tr>
<tr>
<td>Multilateral Aid Review</td>
<td>GPE was reviewed in both the MAR and the AMA. It was among the second tier of organizations that, in 2011, the MAR assessed as being <strong>good</strong> value for money. Since then, the MAR has credited the GPE with making solid progress in many key areas, especially <strong>Financial Resources Management</strong>. Under the AMA, the organization was deemed either <strong>strong</strong> or <strong>very strong</strong> in all 7 of the components parts of the assessment.</td>
</tr>
</tbody>
</table>

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42 N.B. The sections titled “Multilateral Aid Review” include information from the UK Multilateral Aid Review, a systematic assessment of the performance of the multilateral organizations, and the Australian Multilateral Assessment.
Particular strengths were in **Cost and Value Consciousness** and **Contribution to Multilateral System**. Both reports praised the reforms GPE had already passed and registered encouragement for those to come. The MAR also noted the GPE’s **focus on poor countries**.

### Multiyear Fundraising?

| Yes, The GPE operated for many years without predictable long-term financing commitments from donors. A decision was made in May 2011 to launch a formal replenishment campaign to mobilize resources both for the GPE and for basic education generally, for the period 2011-2014. |

### Non-Public Fundraising

| To date, private funds have made up 1.5% of total pledges. The Children’s Investment Fund Foundation and Dubai Cares are GPE’s only two private donors. |

## GPE LEGAL ARRANGEMENTS

The Global Partnership for Education (GPE) was established in 2011, as the successor of the Education for All-Fast Track Initiative partnership program, which started in 2002. The GPE is governed by the Charter of the GPE and the GPE Fund Governance Document. They establish the structure of the GPE, which consists of the GPE Board of Directors, the GPE Secretariat, the Trustee and Supervising and Managing Entities. The GPE Board of Directors is responsible for GPE strategic direction and policy-making, oversight of GPE operations, monitoring implementation to ensure GPE delivers its strategic goals, and is a global champion for education in developing countries. The Board approves the allocation of GPE funding and approving the Supervising or Managing Entity for each proposal. The Board’s responsibilities in the GPE Fund Governance Document include directing the Trustee to withhold transfers of funding to a Supervising or Managing Entity or to require such entity to return funds to the Trustee if the entity has used funds in a manner inconsistent with the terms of the financial procedures agreement between the Trustee and the entity or the applicable decisions of the Board. The GPE Secretariat supports the work of the Board. It is housed at the World Bank and comprises a team of professional and administrative staff employed by the World Bank. The GPE Trust Fund is administered by the World Bank, as Trustee. The Trustee commits and transfers funds to the Supervising and Managing Entities in accordance with the approvals of funding by the GPE Board of Directors and the terms of the financial procedures agreements between the Trustee and those entities. The Trustee has no responsibility for the use of the funds transferred to the Supervising and Managing Entities or the activities carried out therewith. Supervising and Managing Entities include multilateral agencies (including the World Bank) and donor country partners approved by the GPE Board of Directors. Supervising Entities provide GPE funding to developing countries and other recipients and are responsible for supervising the use of the funds and the activities carried out therewith in accordance with their own policies and procedures and the applicable decisions of the GPE Board of Directors, including the purpose for which the funding was approved. Managing Entities carry out themselves the activities for which the funding was approved by the Board, in accordance with their own policies and procedures and the applicable Board decisions.

GPE contributors enter into contribution agreements with the Trustee.

GPE does not have legal personality or capacity to contract. It relies on the Supervising and Managing Entities for operational and fiduciary responsibilities and accountability and on the Trustee for financial trusteeship and administrative support. Following approval of funding by the GPE Board of Directors, the Trustee commits and transfers funding from the GPE Trust Fund to the relevant Supervising or Managing Entity pursuant to the Financial Procedures Agreement between the Trustee and the Supervising or Managing Entity. The Financial Procedures Agreement sets forth the terms and conditions for the commitment and transfer of funds by the Trustee to the entity and for the administration of the funds received by the entity, including provisions on the use of funds and maintenance of records and reporting.
The terms of the Financial Procedures Agreements are similar to those of the GEF FPAs described above. There is no other agreement or memoranda of understanding concerning the entity’s responsibilities to the GPE Board of Directors or contributors to the GPE Trust Fund.

<table>
<thead>
<tr>
<th>Partnership</th>
<th>The GAVI Alliance (GAVI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>GAVI is a global health partnership between private and public sector entities committed to saving children’s lives and protecting people’s health by increasing access to immunization in low income countries.</td>
</tr>
<tr>
<td>Established</td>
<td>2000</td>
</tr>
<tr>
<td>Decision-Making Body</td>
<td>The GAVI Alliance Board</td>
</tr>
<tr>
<td>Member Count</td>
<td>27 + 1 non-voting CEO</td>
</tr>
</tbody>
</table>

*The GAVI CEO is a non-voting member of the Board*

| Decision-Making | 2/3 majority of voting members |
| Chair Selection | The Chair and Vice-Chair are selected from among voting Board Members every two years. |
| Chair Term + Responsibilities | 2 years – The Chair presides at all meetings of the Board and the Executive Committee, and performs such other duties as may be assigned by the Board. |
| Head of Secretariat | GAVI’s CEO heads a secretariat of ~200 staff. The GAVI CEO has a permanent, non-voting seat on the Alliance’s Board. |
| Multilateral Aid Review | GAVI was reviewed in both the MAR and the AMA. Generally, it was seen as one of the elite performers when it came to getting value for aid money. Of the 43 organizations assessed under the MAR, GAVI was among the 9 multilateral organizations deemed to offer UK aid very good value for money. Results were similar in the AMA, where GAVI received a very strong rating in each of the seven component parts of assessment. Particular successes came in the Delivering Results, Transparency and Accountability, and Cost and Value Consciousness sections of the report. |
| Multiyear Fundraising? | Yes, GAVI switched to a 4-year donor commitment period in a response to developing countries’ preference to match the cycle of donor |
commitments more closely with those of their national donors

| Non-Public Fundraising | GAVI receives 17.3% of its donations from the non-public sector. Non-public funding is led by the Gates Foundation, whose direct contributions account for $2,673 million or 90.7% the fund’s overall private donations since its inception |

**GAVI LEGAL ARRANGEMENTS**

The GAVI Alliance (GAVI) is a global health partnership representing stakeholders in immunization from both private and public sectors: developing world and donor governments, private sector philanthropists such as the Bill & Melinda Gates Foundation, the financial community, developed and developing country vaccine manufacturers, research and technical institutes, civil society organizations and multilateral organizations including the World Health Organization (WHO), the United Nations Children's Fund (UNICEF) and the World Bank. GAVI’s mission is to save children’s lives and protect people’s health by increasing access to immunization in poor countries. GAVI pools donor resources to fund vaccine introduction programs, supports the development of new and underused vaccines, and improves vaccine delivery by strengthening health systems. In 2009, GAVI was established as a legal entity in Switzerland; a Swiss foundation which has received recognition as an international institution under the Swiss Host State Act. Based on this status, GAVI benefits from privileges and immunities in Switzerland similar to those accorded to the Global Fund and other international intergovernmental organizations.

Described as the “quintessential informal public-private partnership,” GAVI was designed as a casual alliance of partners with a shared mission and a small secretariat based at the United Nations Children’s Fund’s (UNICEF) office in Geneva. This public-private partnership is supposed to advance immunization access in poor countries by maximizing each partner’s strengths in vaccine research; vaccine procurement and delivery systems; health financing; and the vaccine market. The private sector’s expected contributions to GAVI include researching and developing vaccines that address the needs of developing countries, providing vaccine market knowledge, expanding the number of vaccine suppliers, and securing vaccine supplies.

GAVI started with a dual governance structure with GAVI on the programmatic side and the Vaccine Fund (later called the GAVI Fund) on the financial side. Over time, GAVI has become more formal with a more independent secretariat in response to the increased number of responsibilities, programs, and the large inflow of resources. A Governance and Reform Committee designed a change-management plan in 2008 that took effect in January 2009, which merged the old GAVI Board and the GAVI Fund Board into what is now called the GAVI Alliance Board in October 2008. The Board establishes GAVI’s policies, oversees the operations of GAVI and monitors program implementation. The Board brings together experts from both the public and private sectors. Representative Board members from multilateral development agencies, donors, developing country governments, civil society, the pharmaceutical industry, and research and technical health communities help to shape GAVIs strategic vision and policies. Independent Board members, including those with experience in the private sector, bring an innovative perspective to Board discussions and decisions, and assist the Board in fulfilling its role. The new governance structure is intended to reflect the strengths of public-private partnership by bringing together financial and programmatic decision-making, streamlining accountabilities, and providing operational efficiencies. Subsequently, the secretariat services were moved from UNICEF to a new GAVI corporate secretariat.

The GAVI Secretariat, with offices in Geneva and Washington, D.C., is led by the Chief Executive Officer (CEO) and is supported by six departments. The Secretariat is responsible for day-to-day operations, including mobilizing resources, coordinating program approvals and disbursements,
developing policy, implementing strategic initiatives, monitoring and evaluation, legal and financial management, and administration for the GAVI Alliance Board and Committees.

GAVI is funded by several mechanisms through direct contributions from donor governments, the Bill and Melinda Gates Foundation, and private donations, but also through three pilot, innovative financing mechanisms—International Finance Facility for Immunisation (IFFIm), the pilot Advanced Market Commitment (AMC) for pneumococcal vaccines and the GAVI Matching Fund. The World Bank has been highly engaged in the establishment and management of IFFIm and the AMC.

Launched in 2006, IFFIm is an innovative financing mechanism, which GAVI and the World Bank have pioneered. IFFIm is a supranational institution, established as a UK charity. It finances vaccine procurement and immunization campaigns for GAVI. IFFIm raises funds from the international capital markets by issuing bonds. IFFIm’s assets are long-term, legally binding grant agreements from sovereign donors. The financial strength of IFFIm to repay the bonds is based on legally binding donor payments over a period of up to 20 years.

A special legal entity registered in England and Wales as a company limited by guarantee, the GAVI Fund Affiliate (GFA) was established to accept funds from pledge agreements with sovereign donors and assigned these pledges to the IFFIm Company to be securitized. GFA was established to keep IFFIm independent from the donors and to safeguard GAVI’s tax-exempt status. In February 2013, GFA was removed from the IFFIm structure in order to reduce costs and streamline operations, and GFA activities have been transferred to IFFIm and GAVI.

The World Bank, as Treasury Manager, manages the proceeds from the issuance of IFFIm’s bonds as liquid investments until they are requested by GAVI. Funds flow from IFFIm to GAVI and are disbursed, as required for GAVI programs. IFFIm repays bondholders using funds provided by donors under the grant payment obligations.

IFFIm is overseen by its Board of Directors, whose members are competitively selected for their technical and financial competence. It has no employees. It has outsourced its principal activities to the World Bank, as its Treasury Manager, and to GAVI, which is responsible for the programs funded by IFFIm and provides administrative support to IFFIm’s Board.

The AMC was launched in June 2009 with a US$1.5 billion commitment from donors with the aim “to stimulate the development and manufacture of vaccines needed in low-income countries” by providing financial incentives to vaccine manufacturers. Under grant agreements with the World Bank, donors commit funds to the AMC to subsidize the purchase of pneumococcal vaccines at an affordable price for developing countries, thereby providing vaccine manufacturers with a long-term, guaranteed market price for the vaccines. Donor contributions are structured in two ways. Fixed-payment contributions are made annually in accordance with the predetermined payment schedules set out in the grant agreement. On-demand payments are made in response to requests from the World Bank, which are based on requests received from GAVI to meet specific funding requirements. The World Bank manages the AMC funds, GAVI funds the vaccine purchase, and UNICEF procures the vaccines from manufacturers.

The AMC is not a separate entity; it is a program established through contractual arrangements. Its structure involves the donors, the World Bank, GAVI, UNICEF, the AMC Independent Assessment Committee, GAVI-eligible countries and AMC Registered Manufacturers whose product has been at least accepted for prequalification review by WHO. The donors, GAVI and the World Bank are parties to the AMC Stakeholders Agreement and meet annually to review progress.
The World Bank helped design the AMC, provides financial management services to the program, and takes AMC donor credit risk on the World Bank’s balance sheet by committing to meet scheduled donor payments which are delayed or in default. Specifically, the World Bank records the AMC donor funds on its financial statements as designated assets, with a corresponding liability to pass through the payments to GAVI for the purchase of pneumococcal vaccines subject to the terms and conditions of the AMC. The World Bank’s balance sheet commitment is an undertaking to pay AMC funds to GAVI even if these funds have not actually been received as scheduled from donors.

GAVI provides funding directly to eligible countries in response to their applications for funding. For vaccines, funding is provided either directly to the country which uses it to procure vaccines or the vaccines are provided by GAVI itself, procured through UNICEF or the Pan-American Health Organization’s revolving fund.

<table>
<thead>
<tr>
<th>Partnership</th>
<th>The Clean Technology Fund (CTF)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>The Clean Technology Fund (CTF), one of two multi-donor Trust Funds within the Climate Investment Funds (CIFs), promotes scaled-up financing for demonstration, deployment and transfer of low-carbon technologies with significant potential for long-term greenhouse gas emissions savings.</td>
</tr>
<tr>
<td><strong>Established</strong></td>
<td>2008</td>
</tr>
<tr>
<td><strong>Decision-Making Body</strong></td>
<td>The CTF Trust Fund Committee</td>
</tr>
<tr>
<td><strong>Member Count</strong></td>
<td>16 + 2 non-voting (as well as a variety of observers)</td>
</tr>
<tr>
<td><strong>Board Composition</strong></td>
<td></td>
</tr>
</tbody>
</table>

*When the CTF Trust Fund Committee considers an investment plan, program or project for a country, a representative of that country sits on the Committee as a non-voting member. Also, the World Bank and the MDBs have a permanent non-voting seat on the Committee.

**Decision-Making**
- Consensus (any member may veto)

**Chair Selection**
- The Committee elects two Co-Chairs from among its Members to serve an 18-month term. One Co-Chair will be the representative of a recipient eligible country, and the other, a representative of a contributor country.

**Chair Term + Responsibilities**
- 18 months, The Co-Chairs shall preside at all meetings of the Trust Fund Committee.

**Head of Secretariat**
- A Program Manager heads the Administrative Unit of the CIFs. The
<table>
<thead>
<tr>
<th><strong>Administrative Unit</strong></th>
<th>supports the work of the CIF, the Trust Fund Committee and other committees. It currently has approximately 30 staff members.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Multilateral Aid Review</strong></td>
<td>The CTF was evaluated in both the MAR and the AMA as part of the CIFs. In the MAR, rated the CIFs in the 2nd tier of aid organizations when it came to offering value for money. The CIFs qualified for the top tier of the AMA’s similar metric. The AMA ranked the CIFs as strong or very strong in all 7 of the key component categories. They scored very highly in the Contribution to Multilateral Systems and Strategic Management and Performance sectors of the report. A particular strength highlighted in the MAR was that the CIFs met a critical gap in the global climate change architecture. A weakness was the lengthy process to design results framework.</td>
</tr>
<tr>
<td><strong>Multyear Fundraising?</strong></td>
<td>The CTF does not raise funds through a multiyear process.</td>
</tr>
<tr>
<td><strong>Non-Public Fundraising</strong></td>
<td>The CTF’s only contributors are sovereign nations.</td>
</tr>
</tbody>
</table>

**CTF LEGAL ARRANGEMENTS**

The Clean Technology Fund (CTF) was established in 2008 to provide scaled-up financing to contribute to demonstration, deployment and transfer of low-carbon technologies with a significant potential for long-term greenhouse gas emissions savings. The establishment of the CTF was proposed by the World Bank, in consultation with other multilateral development banks (the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development and the International Finance Corporation) (collectively with the World Bank, the MDBs), developed and developing countries and other development partners. Agreement on the design and establishment of the CTF was reached between the MDBs, developed and developing countries and other development partners in May 2008. Following that agreement, the establishment of the CTF was approved by the Executive Directors of the World Bank in July and the other MDBs subsequently approved their participation in the CTF.

The Governance Framework for the CTF was adopted in 2008 by the CTF Trust Fund Committee. The organizational structure for the CTF is set forth in the Governance Framework. The organizational structure consists of the CTF Trust Fund Committee, the MDB Committee, the Administrative Unit and the Trustee. The Governance Framework also provides for a Partnership Forum, a broad-based meeting of stakeholders in the CTF to provide a forum for dialogue on strategic directions, results and impacts of the CTF. The CTF Trust Fund Committee approves programming and pipeline priorities, operational criteria and financing modalities and the allocation of CTF resources. The MDB Committee facilitates collaboration, coordination and information exchange amount the MDBs. The Administrative Unit supports the CTF Trust Fund Committee. It is housed in the World Bank and consists of a relatively small number of professional and administrative staff employed by the World Bank. The CTF Trust Fund is administered by the World Bank, as Trustee. The Trustee commits and transfers funds to the MDBs in accordance with the approvals of the allocation of funds by the CTF Trust Fund Committee. The Trustee has no responsibility for the use of the funds transferred to the MDBs or the activities carried out therewith.

CTF financing for projects is provided through the MDBs. Countries wishing to access CTF financing prepare an investment plan for the use of CTF resources through a joint MDB program. The CTF Trust Fund Committee approves the allocation of CTF financing for the investment plan. Prior to appraisal of a proposed project under the investment plan, the relevant MDBs then submit the project to the CTF Trust Fund Committee for approval of the allocation of CTF financing for the project. The MDB then proceeds
with the further processing and approval of the project in accordance with the MDB’s policies and procedures. The MDB enters into a financing agreement for the project with the recipient and disburses the CTF funding to the recipient and supervises the project in accordance with the MDB’s policies and procedures. The MDBs report directly to the CTF Trust Fund Committee on operational matters and are accountable to the CTF Trust Fund Committee for the administration of the CTF funds they receive.

CTF contributors enter into contribution agreements with the Trustee. Contributions may be provided in the form of grants, capital contributions or loans.

The CTF does not have legal personality or capacity to contract. Rather, it relies on the MDBs for operational and fiduciary responsibilities and accountability and on the Trustee for financial trusteeship and administrative support. Following approval of funding for a CTF project by the CTF Trust Fund Committee, the Trustee commits and transfers funding from the CTF Trust Fund to the relevant MDB, which is then accountable to the CTF Trust Fund Committee for the administration of the funds. While the Trustee receives certain financial reports from the MDBs, the Trustee has no role in supervising or monitoring the use of the CTF funds transferred to the MDB or project activities carried out therewith.

The Trustee has entered into a Financial Procedures Agreement (FPA) with each of the MDBs. The FPA sets forth the terms and conditions for the commitment and transfer of funds by the Trustee to the MDB and for the administration of the funds received by the MDB, including provisions on the use of funds and maintenance of records and reporting. The terms of the FPAs are similar to those of the GEF FPAs described below. There is no other agreement or memoranda of understanding concerning the MDBs responsibilities to the CTF Trust Fund Committee.

<table>
<thead>
<tr>
<th>Partnership</th>
<th>The Global Agriculture and Food Security Program (GAFSP)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>The Global Agriculture and Food Security Program (GAFSP) invests in agriculture to reduce poverty and improve food and nutrition security in low-income countries</td>
</tr>
<tr>
<td><strong>Established</strong></td>
<td>2010</td>
</tr>
<tr>
<td><strong>Decision-Making Body</strong></td>
<td>The GAFSP Steering Committee</td>
</tr>
<tr>
<td><strong>Member Count</strong></td>
<td>16</td>
</tr>
<tr>
<td><strong>Board Composition</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Decision-Making</strong></td>
<td>Consensus (any voting member may veto)</td>
</tr>
</tbody>
</table>
**Chair Selection**
The Chair is chosen from among existing Steering Committee members by majority vote.

**Chair Term + Responsibilities**
1 year – The Chair presides over deliberations of the Steering Committee and is assisted by a secretary appointed from the Coordination Unit.

**Head of Secretariat**
The Coordination Unit comprises a small team of about 10 staff. A Program Manager heads the Coordination Unit.

**Multilateral Aid Review**
GAFSP was evaluated in neither the MAR nor the AMA.

**Multiyear Fundraising?**
GAFSP does not use a multiyear funding process as of yet, but this issue is being discussed. At the last joint meeting between the Steering Committee and the Private Sector Window Committee, a vision paper, which is to make a case for multi-year fundraising goals, was commissioned.

**Non-Public Fundraising**
5.9% - GAFSP’s private funding to date has been exclusively from the Gates Foundation.

**GAFSP LEGAL ARRANGEMENTS**

The Global Agriculture and Food Security Program (GAFSP) was established in 2010 to scale-up support to help poor countries alleviate poverty, improve rural livelihoods and improve food security by raising agricultural productivity, linking farmers to markets, reducing risk and vulnerability and improving non-farm rural livelihoods. The Framework Document for GAFSP was approved by the Executive Directors of the World Bank in January 2010. The GAFSP Governance Document was then adopted by the Steering Committee in May 2010. The Framework Document and the Governance Document set out the governance framework for GAFSP, consisting of a Steering Committee, a Technical Advisory Committee, a Coordination Unit and a Trustee. The Steering Committee approves funding for proposals and selects the entity that is to be the supervising entity for the proposal. The Technical Advisory Committee provides screening of proposals as inputs for the Steering Committee decisions. The Coordination Unit is a small team within the World Bank that supports the Steering Committee and the Technical Advisory Committee and facilitates communication between the Steering Committee and other partners of the GAFSP. The GAFSP Trust Fund is administered by the World Bank, as Trustee. The Trustee commits and transfers funds to the supervising entities in accordance with the approvals of funding by the Steering Committee. The Trustee has no responsibility for the use of the funds transferred to the supervising entities or the activities carried out therewith. The Framework Document and the Governance Document provide that the supervising entities are to be accountable for the use of the funds transferred to them and that they are to be responsible for the use of such funds and the projects carried out with such funds in accordance with their own policies and procedures and the applicable decisions of the Steering Committee.

GAFSP funding is provided through the MDBs, IFAD, the World Food Programme (WFP) and FAO (collectively, the Supervising Entities). Following approval of funding by the Steering Committee, the Trustee transfers funds to the MDBs and IFAD to finance investments and to the MDBs, IFAD, WFP and FAO for technical assistance. The Supervising Entities are directly accountable to the Steering Committee for the proper handling of funds.

GAFSP funding is provided to countries or regional organizations with legal personality. In submitting proposals for funding, they may propose the Supervising Entity, but the selection is ultimately made by the Steering Committee. The selected Supervising Entity assists the country or regional organization to design programs and assists in their implementation, in accordance with their own policies and procedures. The Supervising Entity enters into a grant agreement with the recipient country or regional organization and submits annual implementation results reports to the Steering Committee through the
Coordination Unit.

GAFSP contributors enter into contribution agreements with the Trustee.

GAFSP does not have legal personality or capacity to contract. It relies on the Supervising Entities for operational and fiduciary responsibilities and accountability and on the Trustee for financial trusteeship and administrative support. Following approval of funding by the Steering Committee, the Trustee commits and transfers funding from the GAFSP Trust Fund to the relevant Supervising Entity pursuant to the Transfer Agreement between the Trustee and the Supervising Entity. The Transfer Agreement sets forth the terms and conditions for the commitment and transfer of funds by the Trustee to the Supervising Entity and for the administration of the funds received by the Supervising Entity, including provisions on the use of funds and maintenance of records and reporting. The terms of the Transfer Agreements are similar to those of the GEF FPAs described below. There is no other agreement or memoranda of understanding concerning the Supervising Entity’s responsibilities to the GAFSP Steering Committee. The Transfer Agreements, however, provide that each GAFSP contributor shall have the right, as a third party beneficiary, to seek recourse against the Supervising Entity for any breach of the Supervising Entity’s obligations under the Transfer Agreement.

<table>
<thead>
<tr>
<th>Partnership</th>
<th>Global Environment Facility</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>GEF works in partnership with a number of implementing agencies, providing new and additional grants and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits.</td>
</tr>
<tr>
<td><strong>Established</strong></td>
<td>1992</td>
</tr>
<tr>
<td><strong>Decision-Making Body</strong></td>
<td>The GEF Council</td>
</tr>
<tr>
<td><strong>Member Count</strong></td>
<td>32</td>
</tr>
<tr>
<td><strong>Board Composition</strong></td>
<td>![Diagram showing the composition of the Board with Constituencies of Developed Countries (14) and Constituencies of Transitional Economies (16)]</td>
</tr>
<tr>
<td><strong>Decision-Making</strong></td>
<td>Double-Weighted Majority – 60% majority of the total number of participants, and a 60% majority of the total contributions is required.</td>
</tr>
<tr>
<td><strong>Chair Selection</strong></td>
<td>The GEF CEO is Chair of the Council and is assisted by a Co-Chair who is elected by the Council, from among the Council. The role of Co-Chair alternates between donor and recipient countries at each meeting.</td>
</tr>
<tr>
<td>ChairTerm + Responsibilities</td>
<td>The GEF CEO chairs the Board deliberations regarding review and approval of the work program, resource mobilization and project selection. The Co-Chair presides over deliberations on the appointment of the CEO and approval of the administrative budget.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Head of Secretariat</td>
<td>The CEO presides over a large secretariat of ~100 staff. The GEF CEO chairs the Council.</td>
</tr>
<tr>
<td>Multilateral Aid Review</td>
<td>The GEF was evaluated in both the MAR and the AMA. In the MAR, the GEF qualified for the second tier of organizations in terms of value for money; it was deemed as offering <strong>good</strong> value for money, qualifying it for the 2nd tier of organizations in the report. Nonetheless, it was also assessed as <strong>fulfilling a critical niche</strong> in the global aid market. The AMA ranked the GEF as <strong>strong</strong> or <strong>very strong</strong> in all 7 of the key component categories, meaning it was part of the top tier of aid organizations in that report. It scored very highly in <strong>Transparency and Accountability</strong>, a sentiment echoed in the MAR. In the 2 years between the 2011 MAR and the 2013 progress report, the GEF improved its score due to improved <strong>Partnership Behavior</strong> with recipient countries.</td>
</tr>
<tr>
<td>Partnership</td>
<td>The GEF is funded by donor countries, which pledge money every four years through the GEF replenishment process, which was designed to allow for program flexibility, strategic planning, and periodic performance evaluations. The original GEF pilot program of $1 billion has been replenished five times with $2.01 billion in 1994, $2.67 billion in 1998, $2.93 billion in 2002, $3.13 billion in 2006, and $4.34 billion in 2010.</td>
</tr>
<tr>
<td>Non-Public Fundraising</td>
<td>The GEF’s only contributors are sovereign nations.</td>
</tr>
</tbody>
</table>

**GEF LEGAL ARRANGEMENTS**

The Global Environment Facility (GEF) was initially established in 1991 in the World Bank as a pilot program to assist in the protection of the global environment and thereby promote environmentally sound and sustainable economic development. The pilot program was established by resolution of the Executive Directors of the World Bank and interagency agreements between the World Bank, the United Nations Development Programme (UNDP) and the United Nations Environment Program (UNEP). In 1994, the GEF was restructured pursuant to the Instrument for the Establishment of the Restructured Global Environment Facility. The Instrument provides for the establishment of the governing body of the GEF (the GEF Council) and for the administrative office for the GEF (the GEF Secretariat) to be led by the GEF Chief Executive Officer (CEO). The GEF Secretariat is hosted and administratively supported by the World Bank, but operates in a functionally independent manner. The Instrument also provides that the World Bank, UNDP and UNEP are to be the three Implementing Agencies of the GEF and for the establishment of the GEF Trust Fund, to be administered by the World Bank as Trustee (the Trustee), pursuant to the terms of the Instrument. The Instrument came into force upon its adoption by the governing bodies of the World Bank, UNDP and UNEP, following acceptance of the terms of the Instrument by representatives of the States participating in the GEF. The Instrument provides that any State that is a member of the United Nations or any of its specialized agencies may become a participant in the GEF by depositing an instrument of participation. Currently, 183 counties are participants.

GEF contributors provide funding to the GEF through periodic replenishments by providing the Trustee instruments of commitments pursuant to replenishment resolutions reviewed by the contributors and adopted by the Executive Directors of the World Bank. The replenishment resolutions, together with the Instrument, authorize the Trustee to accept contributions in accordance with the terms of the resolutions.
and provide for the responsibilities of the Trustee with respect to the funds. Unlike other trust funds, given the provisions in the Instrument and replenishment resolutions, there are no other contribution agreements between contributors and the Trustee.

The GEF does not have legal personality or capacity to contract. Rather, it relies on implementing and executing agencies for operational and fiduciary responsibilities and accountability and on the Trustee for financial trusteeship and administrative support. Following approval of funding for a GEF project by the GEF Council or with delegated authority the CEO, the Trustee commits and transfers funding from the GEF Trust Fund to the implementing or executing agency, which is then accountable to the GEF Council for the administration of the funds. While the Trustee receives certain financial reports from the agency, the Trustee has no role in supervising or monitoring the use of the GEF funds transferred to the agency or project activities carried out therewith.

Access to GEF funding for project activities was initially limited to the three Implementing Agencies. Recognizing the proven track records, capacities and comparative advantages of certain other institutions, the GEF Council subsequently decided to expand access to GEF resources to the Asian Development Bank, the African Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the Food and Agriculture Organization of the United Nations, the International Fund for Agricultural Development, and the United Nations Industrial Development Organization. In 2010, the GEF Council decided to implement a pilot program to allow access to GEF resources to up to 10 other executing agencies that meet accreditation standards established by the GEF Council (including bringing added value to the GEF partnership in meeting its objectives and meeting all GEF fiduciary standards and environmental and social safeguard criteria). To date, four other agencies have become executing agencies under the pilot program. They are World Wildlife Foundation, Conservation International, and International Union for the Conservation of Nature and Development Bank of South Africa.

Each of the GEF executing agencies enters into a memorandum of understanding (MoU)\(^{43}\) with the GEF Secretariat and a financial procedures agreement (FPA) with the Trustee. These documents establish the responsibilities of the executing agencies. The MoUs set forth the general understandings concerning the executing agencies’ responsibilities in connection with the GEF resources allocated to them. Each MoU provides that the executing agency:

- Will be solely responsible for the administration of GEF funds made available to it and will carry out such administration in accordance with its regulations and rules, standard practices and procedures and with the same degree of care as it uses in the administration of its own funds;

- Will take all appropriate measures to ensure that each allocation of GEF funds is used for the purposes for which it is provided, as set out in the pertinent GEF project document, and will be accountable to the GEF Council for all activities funded by the allocation;

- Will be solely responsible for ensuring that the development, preparation, implementation, monitoring and evaluation of the activities financed by the allocation of GEF funding received by it are consistent with the GEF’s operational policies and procedures, supervising the activities performed under approved GEF project documents

\(^{43}\) They are MoUs because the GEF itself does not have legal personality or capacity to contract and thus cannot enter into legal binding agreements. There are no MoUs with the three Implementing Agencies as their responsibilities are set forth in the Instrument, which provides that they are accountable to the GEF Council for their GEF-financed activities.
and informing the GEF Secretariat of any condition it believes may interfere with the performance of its obligations under the MoU or the implementation of any activities to be performed under the GEF project document; and

• Will provide the GEF Secretariat such reports of the executing agency’s GEF projects as it may reasonably request.

The FPA requires the GEF implementing or executing agency to:

• Maintain separate records and ledger accounts in respect of funds received from the Trustee and disbursements thereof;

• Use the funds received from the Trustee for the purpose for which they were provided;

• Report funds received for which no further disbursement is due to be made by the agency and either return such funds to the Trustee or take them into account in amounts requested to be transferred subsequently;

• Disburse funds to recipients in accordance with the agency’s rules and policies and its applicable disbursement procedures;

• Exercise the same degree of care and diligence in the discharge of its functions under the FPA as it exercises with respect to the administration and management of its own affairs; and

• Take such actions as are necessary for the proper administration of the funds received from the Trustee and be accountable to the GEF Council for the agency’s GEF-financed activities.

The FPAs also require the agencies to provide periodic financial reports to the Trustee on the use of the funds received under the FPA, including audited annual financial statements. If the agency fails to comply with its reporting requirements under the FPA and such non-compliance continues for 30 days after notice from the Trustee, the Trustee may suspend any further commitments and/or transfers until such time as the non-compliance is resolved. If any financial report indicates that funds were not used for the purposes provided, the agency is to refund such resources to the Trustee unless the misuse was due to the actions of a third party and without the agency being grossly negligent in overseeing the use by the third party. In such case, the agency would be expected to follow its own rules and procedures and would be requested to use reasonable efforts to recover the funds from the third party, but would not be required to return any such misused funds which are not so recovered.

For each GEF-financed project for which it receives funding, the GEF implementing or executing agency conducts the necessary technical, environmental, social and financial due diligence in accordance with its own policies and procedures, both prior to the submission of the proposal to the GEF and after the funding has been approved. The agency enters into a financing agreement, usually a grant agreement, with the recipient of the funds. The financing agreement provides that the recipient will use the GEF resources and carry out the activities in accordance with the relevant GEF Council/CEO approval and endorsement. The GEF implementing or executing agency monitors and supervises the project activities funded by the GEF throughout the life of the GEF funding, in accordance with its policies and procedures and the terms of the financing agreement, and is accountable to the GEF Council for its activities funded by the GEF.
Although the GEF provides most of its funding through implementing and executing agencies, the GEF does provide limited funding directly to eligible national entities to produce documents for GEF national portfolio formulation exercises and to prepare report under various UN environmental conventions. Funding is provided under grant agreements signed the CEO, under delegated signing authority from the World Bank President. Such delegation is needed as, although the GEF Secretariat is functionally independent from the World Bank, the CEO is a staff member of the World Bank and the GEF does not have legal personality or the capacity to contract. All such grants are required to be made in accordance with applicable World Bank policies and procedures. The GEF Council has agreed that the World Bank will not have any liability to the GEF in respect of such grants and has further agreed to indemnify the World Bank out of the GEF Trust Fund for any liability to third parties and for costs and expenses related to any such liability or claims of liability.

<table>
<thead>
<tr>
<th>Partnership</th>
<th>The Global Fund to Fight AIDS, TB and Malaria (The Global Fund)</th>
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<tbody>
<tr>
<td><strong>Description</strong></td>
<td>GFATM is a global public/private partnership that raises and disburses funds to prevent and treat HIV/AIDS, tuberculosis and malaria. Since its creation in 2002, it has become the largest multilateral funder of health related MDGs.</td>
</tr>
<tr>
<td><strong>Established</strong></td>
<td>2002</td>
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<tr>
<td><strong>Decision-Making Body</strong></td>
<td>The Global Fund Board</td>
</tr>
<tr>
<td><strong>Member Count</strong></td>
<td>20 + 8 non-voting</td>
</tr>
<tr>
<td><strong>Board Composition</strong></td>
<td>![Diagram of board composition]</td>
</tr>
</tbody>
</table>

* The 8 non-voting members of the board consist of: the Board Chair; the Board Vice-Chair; representative from WHO; representative from UNAIDS; representative from the Partners constituency; a Swiss citizen to act legally on behalf of the Fund and the Executive Director of the Fund |

**Decision-Making** Double-Weighted Majority – 2/3 majority from both the Donors’ and the Implementers’ bloc |

**Chair Selection** The Chair and the Vice-Chair are elected through an open process, though positions must alternate every 2 years between donors’ and implementers’ blocs.
Chair Term + Responsibilities
2 years - The Board Chair and Vice-Chair are the principal spokespersons for the board and may take action on the Board’s behalf between meetings. In addition to chairing Board Meetings and convening the Coordinating Group, they have important advocacy and fundraising roles. Both must be prepared to commit up to 50% of their full working time to Board duties.

Head of Secretariat
The Global Fund Executive Director presides over a large secretariat of ~600 staff and has a permanent (non-voting) seat on the Fund’s Board.

Multilateral Aid Review
The Global Fund was evaluated in both the MAR and the AMA and the results were mixed. The MAR assessed the fund as being among the 9 multilateral organizations to offer UK aid very good value for money, (though it was on the lower end of this spectrum). Conversely, the AMA ranked the fund as strong or very strong in only 3 of the reports 7 component categories. It was given a weak rating in both the Cost and Value Consciousness and Strategic Management and Performance sections of the report. While the MAR named similar categories among its reform priorities for the fund, it also highlighted strengths including the fund’s strength in targeting high impact interventions and in transparency innovations. The MAR also commended the substantial and far-reaching reforms undergone by the fund in 18 months leading up to the report. This speed of the transformation was viewed as particularly impressive given the size of the organization.

Multイヤ Fundraising?
In The Global Fund’s early days, its annual, ad hoc fundraising mechanism made it difficult to plan a multiyear work program. The fund moved to a periodic multi-year pledging mechanism to provide sustainable and predictable funding beyond one year. It currently fundraises in 3-year cycles.

Non-Public Fundraising
Private donors make up 4.3% of the Global Fund’s overall pledges. The Gates Foundation is by far The Global Fund’s largest non-public donor.

GLOBAL FUND LEGAL ARRANGEMENTS

The Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) was established in 2002 with full legal personality as a mechanism to increase the resources available to fight these three diseases. The Global Fund is a foundation organized under the laws of Switzerland, by Deed of Incorporation and By-laws, with its principal offices in Geneva, Switzerland. A headquarters agreement was entered into between the Swiss government and the Global Fund to regulate their relationship. The agreement establishes the international juridical personality and legal capacity of the Global Fund in Switzerland. Switzerland also accords certain privileges and immunities to the Global Fund, members of its Board, and officials of the Global Fund.

The Global Fund is structured as a partnership between developed and developing countries, the private sector, civil society and affected communities. The Global Fund Board is responsible for providing guidance to the Secretariat for the policies governing the funding, disbursement and oversight of grant activities. It endorses policies and strategic decisions and approves grant funding decisions. The Global Fund Secretariat manages its day-to-day operations, including mobilizing resources, managing grants, providing legal and administrative support, and reporting information on the Global Fund’s activities to the Global Fund Board and the public. The Secretariat is currently administratively supported by the WHO, pursuant to an administrative services agreement between the WHO and the Global Fund.

In each country served by the Global Fund, a Country Coordinating Mechanism (CCM), a country-level
management board represented by public and private sectors, is responsible for submission of funding proposals. All grant proposals are reviewed by an independent group of experts appointed by the Global Fund Board (Technical Review Panel or TRP). The TRP rates proposals based on technical merits and consistency according to proven best practices, and makes recommendations to the Global Fund Board on whether or not they should be funded. The Global Fund Board periodically approves grants, according to the TRP’s recommendations, subject to availability of funds. The CCM oversees progress of approved grant activities during implementation.

Global Fund activities are managed by the Secretariat. The Global Fund disburses funds to Principal Recipients (PRs), designated in-country organizations (governments, private entities, NGOs, etc.) chosen by the CCM to receive funding allocations. The Global Fund enters directly into grant agreements with the PRs, under which PRs are responsible for project implementation. The grant agreement are negotiated by the Secretariat and signed by the Executive Director of the Secretariat of the Global Fund. At the request of the PRs, funds may also be disbursed to recipients other than the PRs.

The World Bank provides limited trustee functions to the Global Fund, administering and managing the Global Fund trust fund, and disbursing funds from the trust fund to PRs based on instructions received from the Global Fund Secretariat. As Trustee, the World Bank is not responsible for the use by any recipients of any funds disbursed from the trust fund.

The Global Fund’s oversight, monitoring and evaluation system is the responsibility of the Global Fund Board, with advice from an independent Technical Evaluation Reference Group. Global Fund staff oversee grants at the country level. Local Fund Agents (LFAs), usually private sector accounting firms hired by the Global Fund, provide financial oversight over the PRs. LFAs are responsible for the Global Fund’s fiduciary risk management at country level. They provide the Global Fund Secretariat with the information required to make grant management decisions. They regularly verify, assess and report on the program implementation by PRs and on program results.
Annex G: Table of how options address challenges of the CGIAR governance and decision-making

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Option 1 - Modifications of current system</th>
<th>Option 2 – strengthened Fund Office and more-centered focused Consortium</th>
<th>Option 3 – Fund Office, Consortium and one administrative/management office</th>
<th>Option 4 – One governing body and one administrative/management office</th>
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<tbody>
<tr>
<td>1. Complex and complicated system—need to simplify</td>
<td>Joint action in approving CRPs, budget proposals, monitoring and evaluation reports, reporting on financing and risks should reduce the chain of endorsements and approval and add to a shared understanding of the system</td>
<td>Having lead centers directly accountable for CRPs will simplify the system. Fund Office would have clearer responsibility for system oversight, including programmatic and financial oversight, and ensuring decisions of Fund Council are well implemented with clearer communications channels between Fund Office and the centers. Simplified financial management (proposed for all options) Efforts will need to be made to harmonize agreed reporting and evaluations, and to work with bilateral donors to fully promote opportunities for common reporting.</td>
<td>Same as in Options 1 and 2. In addition, one office, operating under one director, would lead to more effective communications, stronger collaboration, and efficient implementation of decision since one manager would be responsible for managing all management tasks. This should simplify the system. A complexity that would remain is having two governing bodies, but the director of the office would be well placed to ensure good communication and interaction between the two bodies. A joint meeting of the two bodies would also simplify the structure further.</td>
<td>This option is most likely to help streamline the system. Decision-making would be vested in one body, as would management oversight of the system. Leadership would be clear, and a chair with significant stature could raise the profile of the CGIAR internationally Simplified financial management (proposed for all options) Efforts will need to be made to harmonize agreed reporting and evaluations, and to work with bilateral donors to fully promote opportunities for common reporting.</td>
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<tr>
<td>2. Unclear balance of roles between the Consortium and Fund Council</td>
<td>Greater clarity on functions and decision-making role should clarify position of each pillar Joint meetings would serve to alleviate concerns about</td>
<td>FO to have greater program and financial oversight. Makes clear that ultimate responsibility for decision-making rests with FC.</td>
<td>Same benefits as in options 1 and 2. While the design should provide greater clarity on the responsibilities and expectations for each</td>
<td>This issue will be resolved through one governing body.</td>
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<td>3. Lack of clear strategic direction</td>
<td>Overall strategic direction</td>
<td>Overall strategic direction</td>
<td>A single governing body will be responsible for approving the strategic direction, policies and programs of the system. This should alleviate any</td>
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<tr>
<td>4. Duplication of functions between</td>
<td>Joint action in approving CRPs, budget proposals, monitoring and evaluation reports, reporting on financing and risks should reduce the chain of endorsements and approval and avoid mixed messages</td>
<td>Enhancing role of FO in programming and financial oversight should reduce mixed messages between Fund Office and Consortium Office. Clearer lines of accountability and oversight for funding and provision for enhanced measurement of results.</td>
<td>A single office would resolve this issue. Clearer lines of accountability and oversight for funding and provision for enhanced measurement of results.</td>
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<tr>
<td>Consortium Office and Fund Office</td>
<td>Stronger voice and better communication practices among all partners – avoid mixed messages</td>
<td>Better sequencing and communication of CB and FC decisions</td>
<td>A single office would resolve this issue.</td>
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<td>leading to mixed messages</td>
<td>Steps to address predictability of funding will alleviate much of the tensions as mixed messages are often about financial matters.</td>
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<td>Clearer lines of accountability and oversight for funding and provision for enhanced measurement of results.</td>
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| 3. Duplication of functions between Consortium Office and Fund Office leading to mixed messages | Joint meetings would serve to alleviate concerns about their relative stature in the governance system since they would have regular opportunity to reach common decisions. | governing body, the single director would be able to identify early any ambiguities or false expectations and seek to take corrective actions before they become a significant issue. | A single office would resolve this issue. Clearer lines of accountability and oversight for funding and provision for enhanced measurement of results. |

<p>| 4. Lack of clear strategic direction | Overall strategic direction would come from the joint meeting based on advice of the ISPC, through approval of science agenda, and resource allocation | Same benefits as in Options 1 and 2. Additionally, having the management functions performed from one office, | A single governing body will be responsible for approving the strategic direction, policies and programs of the system. This should alleviate any |</p>
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<th>5. Lack of a robust, scientifically based process for identifying</th>
<th>ISPC to be strengthened and given lead role in</th>
<th>ISPC to be strengthened and given lead role in</th>
<th>ISPC to be strengthened and given lead role in</th>
<th>ISPC to be strengthened and given lead role in</th>
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<tr>
<td>Since partners represented at that meeting, agreed strategic direction and intentions of decision-makers should be clear to partners.</td>
<td>Clear and timely process for SRF and CRP portfolio approval should strengthen strategic process</td>
<td>ISPC to be given lead role in identifying scientific priorities and in convening outside experts to expand the scope and quality of such advice. Will provide greater assurance for contributors regarding quality of science and return on investment.</td>
<td>under the supervisions of one director, would facilitate the identification of synergies in the day-to-day coordination of the system and the effective implementation of decisions of the governing bodies in a holistic way.</td>
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<tr>
<td>Clear and timely process for SRF and CRP portfolio approval should strengthen strategic process</td>
<td>ISPC to be given lead role in identifying scientific priorities and in convening outside experts to expand the scope and quality of such advice. Will provide greater assurance for contributors regarding quality of science and return on investment.</td>
<td>ISPC to be given lead role in identifying scientific priorities and in convening outside experts to expand the scope and quality of such advice. Will provide greater assurance for contributors regarding quality of science and return on investment.</td>
<td>ambiguities. If ambiguities arise in the implementation of the system activities, a single office would be well placed to alert the governing body to any concerns and to propose, in collaboration with the Centers Committee, measures to address the challenges.</td>
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<tr>
<td>ISPC to be given lead role in identifying scientific priorities and in convening outside experts to expand the scope and quality of such advice. Will provide greater assurance for contributors regarding quality of science and return on investment.</td>
<td>Direct link between Fund Council and centers and CRP Directors will reduce lack of information on strategic directions</td>
<td>Information from centers, CRPs, ISPC and IEA will help the Fund Council make clear decisions on strategic directions, based on evidence from on-the-ground activities</td>
<td>ISPC to be given lead role in identifying scientific priorities and in convening outside experts to expand the scope and quality of such advice. Will provide greater assurance for contributors regarding quality of science and return on investment.</td>
<td>Leadership would be clear, and a chair with significant stature could raise the profile of the CGIAR internationally</td>
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<tr>
<td>Priorities and insufficient independent scientific advice</td>
<td>Identifying scientific priorities and in convening outside experts to expand the scope and quality of such advice.</td>
<td>Identifying scientific priorities and in convening outside experts to expand the scope and quality of such advice.</td>
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### 6. Need for clarity on how funds are raised, who has responsibility for resource mobilization

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<tr>
<th></th>
<th>Makes clear that Fund Office has a lead in preparing resource mobilization strategy that should identify role of all partners in resource mobilization, as well as funding targets and timing of process.</th>
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<th>Resource mobilization strategy to be proposed by the single office and approved by the Fund Council. The strategy should identify role of all partners in resource mobilization, as well as funding targets and timing of process.</th>
<th>Resource mobilization strategy to be proposed by the single office and approved by the CGIAR Council. The strategy should identify role of all partners in resource mobilization, as well as funding targets and timing of process.</th>
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<tr>
<td>Resource mobilization strategy to be approved by FC, reinforcing responsibility of contributors to deliver predictable and sufficient funding.</td>
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<td>Resource mobilization strategy to be shared with funders forum, reinforcing responsibility of contributors to deliver predictable and sufficient funding.</td>
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### 7. Need for predictable funding and better management of funds

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<tr>
<td>8. Inefficient decision-making – lack of speedy decision-making</td>
<td>Confirming the lead role of the FC for resource mobilization and financial decisions should also reinforce responsibility for contributors to deliver predictable and sufficient funding.</td>
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<td>Confirming the lead role of the FC for resource mobilization and financial decisions should also reinforce responsibility for contributors to deliver predictable and sufficient funding.</td>
<td>Confirming the lead role of the CGIAR Council for resource mobilization and financial decisions should also reinforce responsibility for contributors to deliver predictable and sufficient funding.</td>
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<tr>
<td><strong>Important that resource mobilization strategy, the development of which is to be led by the Fund Office, recognizes and supports the role of the partners in the system to participate in resource mobilization.</strong></td>
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<tr>
<td><strong>Strong FC Chair together with streamlined FC, with voting aligned with contributions, should promote efficient decision-making</strong></td>
<td><strong>Strong FC Chair together with streamlined FC, with voting aligned with contributions, should promote efficient decision-making</strong></td>
<td><strong>Same benefits as in Option 1 and 2.</strong></td>
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<td><strong>A single body would reduce the current steps required for a decision.</strong></td>
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<td><strong>Strong CB Chair with newly composed CB should promote good decision-making</strong></td>
<td><strong>Strong CB Chair with newly composed CB should promote good decision-making</strong></td>
<td><strong>The single management office and director will have oversight of the flow of information and decision-making, the calendar of meetings, and rationalization of the approval process. The office/director could facilitate timely and coordinated approaches on decision-making.</strong></td>
<td><strong>The single management office and director will have oversight of the flow of information and decision-making, the calendar of meetings, and rationalization of the approval process. The office/director could facilitate timely and coordinated approaches on decision-making.</strong></td>
<td><strong>The administrative/management office would be expected to drive the agenda, in consultation with the Centers Committee, to ensure that proposed decisions are brought to the governing body in a timely manner.</strong></td>
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<tr>
<td><strong>Joint decision-making should be speedier and more effective than sequential endorsement and approval and would minimize the risk of important decisions remaining unresolved.</strong></td>
<td><strong>Joint decision-making should be speedier and more effective than sequential endorsement and approval and would minimize the risk of important decisions remaining unresolved.</strong></td>
<td><strong>A strong chair would be expected to lead the governing body’s decision-making.</strong></td>
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<td><strong>A strong chair would be expected to lead the governing body’s decision-making.</strong></td>
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<tr>
<td>9. Lack of transparency in decision-making processes</td>
<td>Joint meeting will increase transparency of decision-making regarding SRF, CRPs, budgets, monitoring and evaluations, financing, and risks. Joint meeting would enhance the legitimacy and transparency of decision-making. Increased opportunities for communication between contributors and representatives of the centers and CRPs Stronger voice and better communication among all partners – avoid mixed messages (best practices on communications between 2 pillars) System-wide communication and knowledge strategies to demonstrate transparency and results More effective decision-making by FC will raise trust of centers in decision-making process.</td>
<td>Clear recognition that Fund Council is responsible for strategic and financial decisions, together with Fund Office efforts to maintain transparency in meeting preparations and reporting, should enhance transparency in decision making. Joint meeting will increase transparency of decision-making regarding SRF, CRPs, budgets, monitoring and evaluations, financing, and risks. Joint meeting would enhance the legitimacy and transparency of decision-making. Increased opportunities for communication between contributors and representatives of the centers and CRPs Stronger voice and better communication among all partners – avoid mixed messages (best practices on communications between 2 pillars)</td>
<td>Same benefits as in Options 1 and 2. The management office would be responsible for ensuring transparency regarding the decisions of the two governing bodies, and as the same office will service both bodies, it will be well placed to ensure that one body is fully informed of the decision making processes of the other. This information should also be shared with other partners in the system that will increase transparency.</td>
<td>A single body – with representation from all partners during its meeting - should ensure that there is no longer a lack of transparency in decision making. Increased opportunities for communication between contributors and representatives of the centers and CRPs Administrative/management office would be responsible for ensuring that decisions are communicated and understood. The Centers Committee would provide a forum for clarifying decisions and implementation.</td>
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<td>10. High transactions costs</td>
<td>11. Lack of trust</td>
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<tr>
<td><strong>System-wide communication and knowledge strategies to demonstrate transparency and results</strong></td>
<td>Stronger efforts need to be made to harmonize agreed reporting and evaluations, and to work with bilateral donors to fully promote opportunities for common reporting.</td>
<td>Stronger efforts need to be made to harmonize agreed reporting and evaluations, and to work with bilateral donors to fully promote opportunities for common reporting.</td>
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<td>Simplified financial management proposed for all options should reduce transactions costs.</td>
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<td>Simplified financial management proposed for all options should reduce transactions costs.</td>
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<td>Having agreements and funding directly with the lead centers should have significant reduction in transactions costs.</td>
<td>Having agreements and funding directly with the lead centers should have significant reduction in transactions costs.</td>
<td>Having agreements and funding directly with the lead centers should have significant reduction in transactions costs.</td>
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<td><strong>Joint action on key strategic issues should lead to better understanding of concerns and needs of all partners, and align and unify decision-making.</strong></td>
<td>Joint meeting would contribute to articulation of shared objectives, alignment of goals, ability to understand and respond to changing circumstances.</td>
<td>Same benefits as in Options 1 and 2.</td>
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</tr>
<tr>
<td>Clearly designates Fund Office as responsible for system oversight and ensuring implementation of Fund Council decisions.</td>
<td>Avoiding mixed messages should contribute to clearer expectations and more trust.</td>
<td>In addition, a single management unit would be expected to efficiently exercise its responsibilities for program implementation, regulatory compliance, review and monitoring, learning and program assessment. A single director would be able to ensure that the</td>
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<tr>
<td>Focus of Consortium on facilitation and common services will create trust</td>
<td></td>
<td>A single governing body would be able to approve clear strategic messages, set expectations, and required harmonized procedures and processes.</td>
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<td>A single management unit would be expected to efficiently exercise its responsibilities for program implementation, regulatory compliance, review and monitoring, learning and</td>
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<tr>
<td>Joint meetings will increase ability for system-wide identification of risks and challenges at an early stage and a system-wide response to mitigate those risks</td>
<td>Joint meetings will increase ability for system-wide identification of risks and challenges at an early stage and a system-wide response to mitigate those risks</td>
<td></td>
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</tr>
<tr>
<td>Stronger voice and better communication among all partners – avoid mixed messages</td>
<td>All aspects of Option 1 will apply to this option as well</td>
<td></td>
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</tr>
<tr>
<td>System-wide communication and knowledge strategies to demonstrate transparency and results</td>
<td>Stronger ISPC role will raise trust in quality of science</td>
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</tr>
<tr>
<td>More effective decision-making by FC will raise trust of centers</td>
<td>Administrative/management office to have dedicated staff for private sector and non-governmental partners to better promote consistent outreach and communication</td>
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<tr>
<td>More predictable funding will raise trust throughout system</td>
<td>A process for regular mobilization of resources, based on strong programmatic proposals and evidence of results from earlier investments, should lead to more predictable investments and thereby reduce uncertainties in the system.</td>
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<tr>
<td>Regular risk monitoring will allow for more effective decision-making, early identification and resolution of emerging problems, adding to increased credibility of the system</td>
<td>Stronger ISPC role will raise trust in quality of science</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Stronger ISPC role will raise trust in quality of science</td>
<td>Administrative/management office to have dedicated staff for private sector and non-governmental partners to better promote consistent outreach and communication</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All aspects of Option 1 will apply to this option as well</td>
<td>A process for regular mobilization of resources, based on strong programmatic proposals and evidence of results from earlier investments, should lead to more predictable investments and thereby reduce uncertainties in the system.</td>
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</tbody>
</table>

**Stronger ISPC role will raise trust in quality of science**

Administrative/management office to have dedicated staff for private sector and non-governmental partners to better promote consistent outreach and communication.

A single director would be able to ensure that the appropriate staff is charged with fulfilling the required tasks in an effective and timely manner. The flow of information among the partners would be improved through the single office and the Centers Committee. All these should improve understanding and trust.

Stronger ISPC role will raise trust in quality of science.

A process for regular mobilization of resources, based on strong programmatic proposals and evidence of results from earlier investments, should lead to more predictable investments and thereby reduce uncertainties in the system.

**Strengthened communication and trust**
<table>
<thead>
<tr>
<th>12. Inadequate participation and ownership of key stakeholders</th>
<th>Strengthened communication and trust within the system leads to greater confidence in the CGIAR as a whole.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adding center representation to CB and as observers to FC will give centers voice and increased opportunities for communication between contributors and representatives of the centers</td>
<td>Consortium Board would include significant representation of centers, thereby ensuring that centers are well represented in oversight of Consortium</td>
</tr>
<tr>
<td>Joint action in approving CRPs, budget proposals, monitoring and evaluation reports, reporting on financing and risks should reduce the chain of endorsements and approval and add to a shared understanding of the system</td>
<td>Annual information provided by the centers to the Fund Council focused on research programs would increase the connections and promote dialogue on governance decisions. Decisions can be made taking into account information from the centers.</td>
</tr>
<tr>
<td>Improved practices to make decision-making more transparent will enhance ownership</td>
<td>GCARD to be used as an opportunity for sharing knowledge and results on the work of the centers and other stakeholders</td>
</tr>
<tr>
<td>Better communications between two pillars and within each pillar through improved practices</td>
<td>Dedicated staff in FO for private sector and non-governmental partners for better promote consistent outreach and communication.</td>
</tr>
<tr>
<td>Shift partnership role from ISPC to CO and FO and have dedicated staff for private sector and non-</td>
<td>Increased opportunities for communication between</td>
</tr>
<tr>
<td></td>
<td>The proposed two governing bodies would be restructured as proposed in Options 1 and 2, so the improvements in those options would apply.</td>
</tr>
<tr>
<td></td>
<td>Annual information provided by the centers to the Fund Council focused on research programs would increase the connections and promote dialogue on governance decisions. Decisions can be made taking into account information from the centers.</td>
</tr>
<tr>
<td></td>
<td>GCARD to be used as an opportunity for sharing knowledge and results on the work of the centers and other stakeholders</td>
</tr>
<tr>
<td></td>
<td>Dedicated staff in admin/management office for private sector and non-governmental partners to better promote consistent outreach and communication.</td>
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<td></td>
<td>Increased opportunities for</td>
</tr>
<tr>
<td></td>
<td>The single governing body would have good representation of diverse stakeholders.</td>
</tr>
<tr>
<td></td>
<td>The administrative/management unit, working through the Centers Committee, would be responsible for ensuring a collaborative process for developing proposals for review and approval.</td>
</tr>
<tr>
<td></td>
<td>Annual information provided by the centers to the Fund Council focused on research programs would increase the connections and promote dialogue on governance decisions. Decisions can be made taking into account information from the centers.</td>
</tr>
<tr>
<td></td>
<td>GCARD to be used as an opportunity for sharing knowledge and results on the work of the centers and other stakeholders</td>
</tr>
<tr>
<td></td>
<td>Dedicated staff for private</td>
</tr>
<tr>
<td>13. Weak leadership in promoting partnership culture</td>
<td>Strong chairs of FC and CB, with sufficient time to dedicate to position, and good collaboration between the two will promote partnership culture</td>
</tr>
<tr>
<td>14. Lack of incentives for partnership behavior</td>
<td>Predictable funding will serve as an incentive to engage in the CRPs</td>
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<tr>
<td>-----------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>Predictable funding will serve as an incentive to engage in the CRPs</td>
<td>Ensuring that all entities perceive that they have a voice and part in decision-making will encourage trust and ownership in the partnership</td>
</tr>
<tr>
<td>Predictable funding will serve as an incentive to engage in the CRPs</td>
<td>Clear decisions and good communication of those decisions will strengthen the system</td>
</tr>
<tr>
<td>Clear decisions and good communication of those decisions will strengthen the system</td>
<td>A risk management framework which is regularly monitored together with channels for raising issues will allow for those issues to be addressed early</td>
</tr>
<tr>
<td>Predictable funding will serve as an incentive to engage in the CRPs</td>
<td>Strong knowledge management will allow all partners to appreciate the results that are being achieved – with recognition</td>
</tr>
<tr>
<td>Strong knowledge management will allow all partners to appreciate the results that are being achieved – with recognition</td>
<td>Strong knowledge management will allow all partners to appreciate the results that are being achieved – with recognition</td>
</tr>
<tr>
<td>15. Need for improved communication throughout the system</td>
<td>for the contributions being made</td>
</tr>
<tr>
<td>------------------------------------------------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td><strong>Leadership to promote partnership behavior.</strong></td>
<td><strong>Leadership to promote partnership behavior.</strong></td>
</tr>
<tr>
<td>Strengthened communication and trust within the system will lead to greater confidence and better collaboration</td>
<td>Strengthened communication and trust within the system will lead to greater confidence and better collaboration</td>
</tr>
<tr>
<td>Addressed by system-wide communication strategy with identified roles and responsibilities for all system partners and better communications practices</td>
<td>Addressed by system-wide communication strategy with identified roles and responsibilities for all system partners and better communications practices</td>
</tr>
<tr>
<td>Joint meeting will be another tool to enhance communications.</td>
<td>Joint meeting will be another tool to enhance communications.</td>
</tr>
<tr>
<td>GCARD, aligned with development and approval of SRF and CRPs, will enhance communication of knowledge, results and perspectives of diverse stakeholders to the decision-making process on the strategy and programs.</td>
<td>GCARD, aligned with development and approval of SRF and CRPs, will enhance communication of knowledge, results and perspectives of diverse stakeholders to the decision-making process on the strategy and programs.</td>
</tr>
<tr>
<td>GCARD, aligned with development and approval of SRF and CRPs, will enhance communication of knowledge, results and perspectives of diverse stakeholders to the decision-making process on the strategy and programs.</td>
<td>GCARD, aligned with development and approval of SRF and CRPs, will enhance communication of knowledge, results and perspectives of diverse stakeholders to the decision-making process on the strategy and programs.</td>
</tr>
<tr>
<td>16.</td>
<td>Consortium has insufficient accountability to centers</td>
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</tr>
<tr>
<td><strong>17.</strong> Tension between dual roles of Consortium – adversarial relation with centers</td>
<td>Adding center representation to CB Board and to joint meeting will enhance center ownership</td>
</tr>
<tr>
<td>communication and trust will lead to greater confidence in the system as a whole</td>
<td>will lead to greater confidence in the system as a whole</td>
</tr>
</tbody>
</table>
### Annex H: Summary tables of functions and responsibilities under the options

- Text in **black** indicates no change in function from the current system’s governance documents.
- Text in **red** indicates functions that are not mandated in the current system’s governance documents.
- Text in **green** indicates functions that have been adjusted in some manner from those mandated in the current system.
- Text in **purple** indicates functions that fall under new governing bodies.

#### Option 1: Modifications of the existing system structure and decision-making processes and accountabilities

<table>
<thead>
<tr>
<th>Consortium Board</th>
<th>Consortium Office</th>
<th>Fund Council</th>
<th>Fund Office</th>
<th>Joint Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. strengthening centers’ partnership and facilitate collaboration and alignment of activities</td>
<td>a. servicing the Consortium Board and organize its meetings</td>
<td>a. approving system’s strategy and priorities and taking strategic decisions to guide their implementation</td>
<td>a. servicing the Fund Council and organizing its meetings</td>
<td>a. approving the SRF</td>
</tr>
<tr>
<td>b. approving Consortium inputs into SRF</td>
<td>b. overseeing implementation of Consortium Board decisions</td>
<td>b. approving portfolio of CRP proposals, and endorsing anticipated funding requirement</td>
<td>b. developing a strategy for resource mobilization (laying out clear roles and responsibilities of partners in the CGIAR system for mobilizing funds) and managing its implementation</td>
<td>b. approving the portfolio of CRPs proposals (prepared and submitted by the centers and the Consortium Office) and endorse anticipated funding requirements</td>
</tr>
<tr>
<td>c. endorsing coherent portfolio of CRP proposals</td>
<td>c. establishing strong communications channels with, and collaboration with, the centers to, among other things, align values and incentives, build trust and facilitate coordination and partnership</td>
<td>c. approving resource mobilization strategy to facilitate robust and predictable funding</td>
<td>c. overseeing implementation of Fund Council decisions and maintaining an archive of all Council decisions</td>
<td>c. reviewing and recommending CRP annual budget proposals</td>
</tr>
<tr>
<td>d. approving common policies of the Consortium</td>
<td>d. servicing the centers to enable them to execute their roles and responsibilities</td>
<td>d. informing Funders Forum on the status of the Fund, approved CRPs and facilitating pledges to ensure sufficient funding</td>
<td>d. managing relations with Fund contributors</td>
<td>d. reviewing monitoring reports and recommending appropriate action</td>
</tr>
<tr>
<td>e. taking ultimate financial and operational accountability for funds received from the CGIAR Fund</td>
<td>e. coordinating activities among centers and center inputs into CGIAR processes such as SRF and links with other entities in the system</td>
<td>e. keeping financial status of the CGIAR Fund under review</td>
<td>e. working with the Trustee to monitor funding status of the CGIAR Fund and compiling and preparing a report on the funding status of the Fund for review by the Fund Council at each of its regular meetings</td>
<td>e. reviewing annual report on risks</td>
</tr>
<tr>
<td>f. reviewing implementation of common policies</td>
<td>f. coordinating development of coherent portfolio of CRP proposals, budgets and performance agreements</td>
<td>f. approving annual funding for CRPs</td>
<td>f. analyzing the Consortium’s compliance with performance agreements, based on information submitted by the Consortium, and providing a report to the Fund Council</td>
<td>f. reviewing financial reporting</td>
</tr>
<tr>
<td>g. reviewing alignment of center activities with SRF</td>
<td>g. coordinating activities to monitor performance of CRPs and other activities implementing the SRF and implementation of the CRPs by the lead</td>
<td>g. approving administrative budgets for Fund Office, Trustee, Consortium Board, Consortium Office, ISPC and IEA</td>
<td>g. working jointly with the Consortium Office, developing and contributing to the implementation of a CGIAR communications</td>
<td>g. commissioning, reviewing and taking appropriate decisions on periodic independent evaluations.</td>
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<tr>
<td>No.</td>
<td>Task Description</td>
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<tr>
<td>h.</td>
<td>approving risk framework for the Consortium and monitor Consortium risks</td>
<td></td>
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</tr>
<tr>
<td>i.</td>
<td>keeping under review the performance and structure of the centers and CRPs and decide on appropriate action</td>
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<tr>
<td>j.</td>
<td>seeking to resolve conflicts among the centers</td>
<td></td>
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<tr>
<td>k.</td>
<td>ensuring that the CGIAR evolves into a performance based system</td>
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<tr>
<td>l.</td>
<td>endorsing annual work plans and budget of the Consortium Office and Consortium Board for approval by the Fund Council</td>
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<tr>
<td>m.</td>
<td>approving proposals for shared services and reviewing their performance</td>
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<tr>
<td>n.</td>
<td>approving standards for membership</td>
<td></td>
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<tr>
<td>o.</td>
<td>recommending annual budget proposals for CRPs for submission to the Fund Council for approval</td>
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<tr>
<td>p.</td>
<td>reviewing and approving CRP annual financial reports</td>
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<tr>
<td>q.</td>
<td>reviewing and accepting audit reports</td>
<td></td>
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<tr>
<td>r.</td>
<td>initiating periodic</td>
<td></td>
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<tr>
<td>external reviews of Consortium’s functioning and performance</td>
<td>work plan for approval by Consortium Board</td>
<td></td>
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<tr>
<td>s. reporting to Fund Council on its activities</td>
<td>s. reporting to the Consortium Board on its activities at least twice a year</td>
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<tr>
<td>t. proposing amendments to the Consortium Constitution, in consultation with Fund Council</td>
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<tr>
<td>u. appointing the Director of Consortium Office</td>
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<tr>
<td>v. reviewing the performance of the Director of Consortium Office</td>
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</tbody>
</table>
**Option 2: Change in the nature of the Consortium to focus on its role as a cooperative of the centers for coordination and shared services and oversight role to be placed in a strengthened Fund Office**

<table>
<thead>
<tr>
<th>Consortium Board</th>
<th>Consortium Office</th>
<th>Fund Council</th>
<th>Fund Office</th>
<th>Joint Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. strengthening centers’ partnership and facilitating collaboration and alignment of activities</td>
<td>a. servicing the Consortium Board and organizing its meetings</td>
<td>a. approving system’s strategy and priorities and taking strategic decisions to guide their implementation</td>
<td>a. servicing the Fund Council and organizing its meetings</td>
<td>a. approving the SRF</td>
</tr>
<tr>
<td>b. ensuring a consultative process to coordinate Consortium inputs into SRF</td>
<td>b. overseeing implementation of Consortium Board decisions</td>
<td>b. approving portfolio of CRP proposals, and endorsing anticipated funding requirements</td>
<td>b. developing a strategy for resource mobilization (laying out clear roles and responsibilities of the partners in the CGIAR system for mobilizing funds) and managing its implementation</td>
<td>b. approving the portfolio of CRPs proposals (prepared and submitted by the centers and the Consortium Office) and endorse anticipated funding requirements</td>
</tr>
<tr>
<td>c. ensuring a consultative process to develop a coherent portfolio of CRP proposals</td>
<td>c. establishing strong communications channel with, and collaboration with, the centers to, among other things, align values and incentives, build trust and facilitate coordination and partnership</td>
<td>c. approving a resource mobilization strategy to facilitate robust and predictable funding and oversee its implementation</td>
<td>c. overseeing implementation of Fund Council decisions and maintaining an archive of all Council decisions</td>
<td>c. reviewing and recommending CRP annual budget proposals</td>
</tr>
<tr>
<td>d. approving common policies of the Consortium and keep their implementation under review</td>
<td>d. servicing the centers to enable them to execute their roles and responsibilities</td>
<td>d. keeping financial status of the CGIAR Fund under review</td>
<td>d. providing programmatic and financial oversight of the CRPs on behalf of the Fund Council</td>
<td>d. reviewing monitoring and evaluations reports and recommending appropriate action</td>
</tr>
<tr>
<td>e. approving a risk framework for the Consortium and monitor Consortium risks</td>
<td>e. coordinating activities among centers and center inputs into CGIAR processes such as SRF and links with other entities in the system</td>
<td>e. approving annual funding for CRPs</td>
<td>e. managing relations with Fund contributors</td>
<td>e. reviewing annual report on risks</td>
</tr>
<tr>
<td>f. seeking to resolve conflicts among the centers</td>
<td>f. coordinating development of coherent portfolio of CRP proposals</td>
<td>f. approving administrative budgets for Fund Office, Consortium Board, the Consortium Office, Trustee, ISPC and IEA</td>
<td>f. working with the Trustee to monitor funding status of the CGIAR Fund and compiling and preparing a report on the funding status of the Fund for review by the Fund Council at each of its regular meetings</td>
<td>f. reviewing financial reporting</td>
</tr>
<tr>
<td>g. ensuring that the CGIAR evolves into a performance based system</td>
<td>g. coordinating activities to provide consistent and coherent information to the Fund Office on monitoring of the portfolio of CRPs and other activities implementing the SRF</td>
<td>g. recommending standards for lead centers and monitoring compliance of with requirements</td>
<td>g. working jointly with the Consortium Office, developing and contributing to the implementation of a CGIAR communications strategy, working closely with all partners in the system</td>
<td>g. commissioning, reviewing and taking appropriate decisions on periodic independent evaluations.</td>
</tr>
<tr>
<td>h. approving proposals for shared services and review their implementation</td>
<td>i. developing proposals for common policies and monitor their implementation</td>
<td>h. approving risk framework and monitoring system risks</td>
<td>h. coordinating relations with Consortium, ISPC and IEA</td>
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<tr>
<td>i. approving standards for membership</td>
<td>i. facilitating a process to move towards a performance based system</td>
<td>i. approving communications strategy</td>
<td>i. developing and maintaining a risk matrix for the CGIAR and preparing annual risk reports for the Fund Council</td>
<td></td>
</tr>
<tr>
<td>j. reviewing internal audit reports</td>
<td>j. developing proposals for common services among the centers and monitoring the effective implementation of agreed services</td>
<td>j. approving annual report</td>
<td>j. collaborating with the Trustee to ensure that the Trustee receives all the information necessary to carry out its responsibilities</td>
<td></td>
</tr>
<tr>
<td>k. reporting to the Fund Council on its activities</td>
<td>k. working jointly with the Fund Office, developing and contributing to the implementation of a CGIAR communications strategy, working closely with all entities in the system</td>
<td>k. commissioning, reviewing and taking appropriate decisions on periodic independent evaluations</td>
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<tr>
<td>l. appointing a manager of the Consortium Office and review his/her performance</td>
<td>l. developing and overseeing implementation of a robust knowledge strategy, including facilitating communities of practice</td>
<td>l. approving appointment of manager of Fund Office and reviewing manager’s performance</td>
<td></td>
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</tr>
<tr>
<td>m. maintaining partnerships with Fund Office, ISPC and IEA</td>
<td>m. appointing ISPC members and ISPC Chair and reviewing their performance</td>
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<tr>
<td>n. building strategic collaboration and relations with external partners</td>
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<tr>
<td>o. establishing and maintaining system-wide assets, including a comprehensive database of CGIAR activities, knowledge management system, monitoring results</td>
<td></td>
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<tr>
<td>p. serving as an advocate of the centers and represent CGIAR system at events where a consolidated voice on CRPs is needed</td>
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<tr>
<td>q. gathering and collating information from centers needed for Consortium Board and Fund Council</td>
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<tr>
<td>r.</td>
<td>developing an annual work plan and budget for approval by Fund Council</td>
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</tr>
<tr>
<td>s.</td>
<td>reporting to the Consortium Board on its activities at least twice a year.</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Consortium Board</td>
<td>Admin/Mgmt. Office</td>
<td>Fund Council</td>
<td>Joint Meeting</td>
<td></td>
</tr>
<tr>
<td>------------------------------------------------------</td>
<td>-----------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>a. strengthening centers’ partnership and facilitating collaboration and alignment of activities</td>
<td>a. servicing the Consortium Board and organizing its meetings</td>
<td>a. approving system’s strategy and priorities and taking strategic decisions to guide their implementation</td>
<td>a. approving the SRF</td>
<td></td>
</tr>
<tr>
<td>b. ensuring a consultative process to coordinate Consortium inputs into SRF</td>
<td>b. overseeing implementation of Consortium Board decisions</td>
<td>b. approving portfolio of CRP proposals, and endorsing anticipated funding requirements</td>
<td>b. approving the portfolio of CRPs proposals (prepared and submitted by the centers and the Consortium Office) and endorse anticipated funding requirements</td>
<td></td>
</tr>
<tr>
<td>c. ensuring a consultative process to develop a coherent portfolio of CRP proposals</td>
<td>c. establishing strong communications channel with, and collaboration with, the centers to, among other things, align values and incentives, build trust and facilitate coordination and partnership</td>
<td>c. approving a resource mobilization strategy to facilitate robust and predictable funding and oversee its implementation</td>
<td>c. reviewing and recommending CRP annual budget proposals</td>
<td></td>
</tr>
<tr>
<td>d. approving common policies of the Consortium and keep their implementation under review</td>
<td>d. servicing the centers to enable them to execute their roles and responsibilities</td>
<td>d. keeping financial status of the CGIAR Fund under review</td>
<td>d. reviewing monitoring and evaluations reports and recommending appropriate action</td>
<td></td>
</tr>
<tr>
<td>e. approving a risk framework for the Consortium and monitor Consortium risks</td>
<td>e. coordinating activities among centers and center inputs into CGIAR processes such as SRF and links with other entities in the system</td>
<td>e. approving annual funding for CRPs</td>
<td>e. reviewing annual report on risks</td>
<td></td>
</tr>
<tr>
<td>f. seeking to resolve conflicts among the centers</td>
<td>f. coordinating development of coherent portfolio of CRP proposals</td>
<td>f. approving administrative budgets for the Consortium Board, the Admin/Mgmt. Office, Trustee, ISPC and IEA</td>
<td>f. reviewing financial reporting</td>
<td></td>
</tr>
<tr>
<td>g. ensuring that the CGIAR evolves into a performance based system</td>
<td>g. coordinating activities to provide consistent and coherent information to the Fund Office on monitoring of the portfolio of CRPs and other activities implementing the SRF</td>
<td>g. recommending standards for lead centers and monitoring compliance of with requirements</td>
<td>g. commissioning, reviewing and taking appropriate decisions on periodic independent evaluations</td>
<td></td>
</tr>
<tr>
<td>h. approving proposals for shared services and review their implementation</td>
<td>h. developing proposals for common policies and monitor their implementation</td>
<td>h. approving risk framework and monitoring system risks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. approving standards for membership</td>
<td>i. facilitating a process to move towards a performance based system</td>
<td>i. approving communications strategy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>j. reviewing internal audit reports</td>
<td>j. developing proposals for common services among the centers and monitoring the effective implementation of agreed services</td>
<td>j. approving annual report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>k. reporting to the Fund Council on its activities</td>
<td>k. developing and contributing to the implementation of a CGIAR communications strategy, working closely</td>
<td>k. commissioning, reviewing and taking appropriate decisions on periodic independent evaluations</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>l. appointing a manager of the Consortium Office and review his/her performance</td>
<td>l. developing and overseeing implementation of a robust knowledge strategy, including facilitating communities of practice</td>
<td>l. approving appointment of manager of Fund Office and reviewing manager’s performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>m. maintaining partnerships with Fund Office, ISPC and IEA</td>
<td>m. appointing ISPC members and ISPC Chair and reviewing their performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>n. building strategic collaboration and relations with external partners</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o. establishing and maintaining system-wide assets, including a comprehensive database of CGIAR activities, knowledge management system, monitoring results</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>p. serving as an advocate of the centers and represent CGIAR system at events where a consolidated voice on CRPs is needed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>q. gathering and collating information from centers needed for Consortium Board and Fund Council</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>r. developing an annual work plan and budget for approval by Fund Council</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>s. reporting to the Consortium Board on its activities at least twice a year.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>t. servicing the Fund Council and organizing its meetings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>u. developing a strategy for resource mobilization (laying out clear roles and responsibilities of the partners in the CGIAR system for mobilizing funds) and managing its implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>v. overseeing implementation of Fund Council decisions and maintaining an archive of all Council decisions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>w. providing programmatic and financial oversight of the CRPs on behalf of the Fund Council</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>x. managing relations with Fund contributors</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>y. working with the Trustee to monitor funding status of the CGIAR Fund and compiling and preparing a</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
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<tr>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>report on the funding status of the Fund for review by the Fund Council at each of its regular meetings</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>z. coordinating relations with ISPC and IEA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>aa. developing and maintaining a risk matrix for the CGIAR and preparing annual risk reports for the Fund Council</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>bb. collaborating with the Trustee to ensure that the Trustee receives all the information necessary to carry out its responsibilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Option 4: One governing body with one administrative/management office in one location

<table>
<thead>
<tr>
<th>CGIAR Council</th>
<th>CGIAR Admin./Mgmt. Office</th>
<th>Centers Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. approving strategy and priorities</td>
<td>a. servicing the Council and organizing its meetings</td>
<td>a. serve as a forum to ensure regular and effective operational coordination, exchange of information and experience among the centers;</td>
</tr>
<tr>
<td>b. ensuring that the CGIAR evolves into a performance based system</td>
<td>b. overseeing implementation of Council decisions</td>
<td>b. coordinate center input into CGIAR processes such as the SRF development, CRP development and approval, links with other entities in the system.</td>
</tr>
<tr>
<td>c. approving portfolio of CRP proposals</td>
<td>c. establishing strong communications channel with centers to, among other things, align values and incentives and build trust (establishment of a centers Committee that meets regularly)</td>
<td>c. develop and monitor a strong portfolio of CRPs</td>
</tr>
<tr>
<td>d. approving common policies and standards</td>
<td>d. coordinating activities among centers</td>
<td>d. agree on areas in which administrative/management office would develop common policies and review such policies as they are developed (^{44})</td>
</tr>
<tr>
<td>e. approving common services</td>
<td>e. establishing and maintaining system-wide assets, including a comprehensive database of CGIAR activities, knowledge management system, results measurements</td>
<td>e. agree on common services to be developed and review proposals to implement such services as they are developed</td>
</tr>
<tr>
<td>f. approving program criteria and financing modalities</td>
<td>f. facilitating shared services as agreed with centers Committee</td>
<td>f. prior to each meeting of the governing body, review a provisional agenda and documentation prepared by the administrative/management office and agree to a timetable for submission of information;</td>
</tr>
<tr>
<td>g. approving resource mobilization strategy</td>
<td>g. providing programmatic and financial oversight of the CRPs</td>
<td>g. review recommendations proposed by the administrative/management office</td>
</tr>
<tr>
<td>h. approving indicative allocation of funds to CRPs</td>
<td>h. managing a process to move towards a performance-based system</td>
<td>h. develop proposals on allocation of available resources</td>
</tr>
<tr>
<td>i. approving annual funding for CRPs</td>
<td>i. implementing, in collaboration with other entities in the system, the communication strategy and the knowledge management strategy, including the facilitation of communities of practice</td>
<td>i. monitor progress in implementing CRPs and reporting to the governing body on compliance with approved policies on the use of CGIAR resources;</td>
</tr>
<tr>
<td>j. approving a CGIAR Risk Framework</td>
<td>j. developing an annual work plan and administrative budget for the CGIAR system entities for approval by the CGIAR Council</td>
<td>j. review a draft annual consolidated report on the CGIAR’s activities, performance, and lessons, including details of the CGIAR CRPs, status of implementation, funding allocations for the previous period, funding projections, administrative costs incurred, and other pertinent information;</td>
</tr>
<tr>
<td>k. monitoring alignment of center activities with the Strategy and Results Framework</td>
<td>k. preparing an annual consolidate report on CGIAR’s activities, CRP performance, lessons learned, status of implementation, funding allocations for the previous period, funding projections, administrative costs and other pertinent information</td>
<td>k. collaborate with the administrative/management office on its work program, including the implementation of a comprehensive knowledge management and learning program, communications and results measurement system, taking into account opportunities for synergies with the activities of the centers;</td>
</tr>
</tbody>
</table>

\(^{44}\) These would include, inter alia, membership standards, common financial policies (financial guidelines, common investment policy, coordinate annual financial statement peer review), minimum HR standards and broad policies, research and research support (intellectual assets, open access) [from centers proposal]
| l. | monitoring risks and authorizing corrective action | l. | managing relations with Fund contributors | l. | performing any other functions agreed among the centers or assigned to it by the governing body. |
| m. | monitoring/reviewing financial accountability of centers | m. | coordinating relations with other entities in the system |
| n. | reviewing reports from the Trustee on the financial status of the CGIAR Fund | n. | managing partnerships and external relations |
| o. | approving work plans and administrative budgets for system entities (Administrative Office, ISPC, Trustee, IEA) | o. | developing a strategy for resource mobilization and manage its implementation |
| p. | approving communications strategy | p. | developing and maintaining a risk matrix for the CGIAR and preparing annual risk reports for the Fund Council |
| q. | approving knowledge management strategy | q. | collaborating with the Trustee to ensure that the Trustee receives all the information necessary to carry out its responsibilities. |
| r. | approving annual report | |
| s. | commissioning, reviewing and taking appropriate decisions on audits and periodic independent evaluations and review such audits and evaluations | |
| t. | approving appointment of the Director of Administrative/Management Office and reviewing performance | |
| u. | appointing ISPC members and ISPC Chair and reviewing performance | |
Annex I: Cost Analysis of Options

This cost analysis provides a macro assessment of the budget impact of each of the governance options. Accordingly, the amounts are indicated in high level ranges to provide an order of magnitude. In-depth functional reviews and detailed analyses would be required to quantify more specific resource requirements. Two views are provided:

a. **Budget Savings** resulting from a comparison of current system costs versus budget costs assuming the recommended actions of each option have been implemented; and

b. **One-time transition costs** to implement each option.

With each view, savings and transition costs are provided in three ranges: Low - Under $1 million, Medium - $1-3 million; and High $3 million and up. The two variables that most significantly affect cost include the staffing complement and the location of the administrative office.

Current Budget

The 2015 approved budget for each system entity serves as the baseline for comparison. View the system budget from various cuts (entity, category, and function) provides context for the assessment. As shown below, system costs have consistently averaged 2% of total fund expenditures.

CGIAR System costs as a Percentage of Total Expenditures

<table>
<thead>
<tr>
<th></th>
<th>2013 Actual</th>
<th>2014 Budget</th>
<th>2015 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Costs - CGIAR Fund</td>
<td>17</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>984</td>
<td>1,077</td>
<td>1,034</td>
</tr>
<tr>
<td>System Costs as a % of Total</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

The budget allocations by entity have remained fairly consistent across the system with IEA receiving the most significant increase during the period from 2013-2015, due to the volume of evaluations in that period.

CGIAR System costs by System Entity

<table>
<thead>
<tr>
<th>By Entity</th>
<th>2013 Actual</th>
<th>2014 Budget</th>
<th>2015 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consortium</td>
<td>7.9</td>
<td>7.0</td>
<td>6.6</td>
</tr>
<tr>
<td>Fund Office</td>
<td>3.8</td>
<td>3.9</td>
<td>3.5</td>
</tr>
<tr>
<td>ISPC</td>
<td>3.8</td>
<td>3.7</td>
<td>3.6</td>
</tr>
<tr>
<td>IEA</td>
<td>1.3</td>
<td>2.8</td>
<td>3.9</td>
</tr>
<tr>
<td>Trustee</td>
<td>.4</td>
<td>.6</td>
<td>.6</td>
</tr>
<tr>
<td>Total</td>
<td>17.1</td>
<td>18.1</td>
<td>18.3</td>
</tr>
</tbody>
</table>
Personnel or staffing costs represent 57% of total system costs with the Consortium having the highest number of full time staff equivalents at 30 which includes professional, administrative, and seconded staff.

<table>
<thead>
<tr>
<th>Category</th>
<th>$m</th>
<th>% Total</th>
<th>Entity</th>
<th>No. of FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>10.533</td>
<td>57%</td>
<td>Consortium</td>
<td>30</td>
</tr>
<tr>
<td>Travel</td>
<td>1.285</td>
<td>7%</td>
<td>Fund Office</td>
<td>11</td>
</tr>
<tr>
<td>Operating</td>
<td>1.010</td>
<td>5%</td>
<td>ISPC</td>
<td>11</td>
</tr>
<tr>
<td>Meetings &amp; Fees</td>
<td>1.347</td>
<td>7%</td>
<td>IEA</td>
<td>6</td>
</tr>
<tr>
<td>Professional Svcs</td>
<td>.617</td>
<td>3%</td>
<td>Trustee</td>
<td></td>
</tr>
<tr>
<td>Technical Activities</td>
<td>3.84</td>
<td>21%</td>
<td>Total FTEs</td>
<td>58</td>
</tr>
</tbody>
</table>

The 2015 budgeted allocation by major function within the system entities highlights the concentration of resources. As shown below, the primary focus of the Fund Office is Donor Relations and Resource Mobilization with 30% of the budget.

### Fund Office

<table>
<thead>
<tr>
<th>Support to FC Meetings &amp; Committees</th>
<th>Manage Donor Relations &amp; Resource Mobilization</th>
<th>Financial Management</th>
<th>Facilitate Fund Council Decision Making</th>
<th>Communication</th>
<th>Adm Support/M&amp;E</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.82</td>
<td>1.07</td>
<td>.19</td>
<td>.83</td>
<td>.42</td>
<td>.17</td>
</tr>
</tbody>
</table>

Within the Consortium budget, the Financial and Corporate functions represent 41% of the total, demonstrating the significant efforts for collection and reporting of financial information and support for shared services.

### Consortium

<table>
<thead>
<tr>
<th>Board</th>
<th>CEO's Office</th>
<th>Corporate Services</th>
<th>Strategy</th>
<th>Science</th>
<th>Legal</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>.71</td>
<td>1.08</td>
<td>2.85</td>
<td>.80</td>
<td>1.13</td>
<td>.36</td>
<td>6.93</td>
</tr>
</tbody>
</table>

The majority of ISPC’s budget supports the Secretariat function that is located in Rome and receives an FAO contribution of $1.35m annually, together with in-kind office space. The technical activities involve reviews, assessments, strategy & trends, and mobilizing partnerships.

### ISPC

<table>
<thead>
<tr>
<th>Council</th>
<th>Technical</th>
<th>Secretariat/Office 1/</th>
<th>Other Operating</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>.71</td>
<td>.95</td>
<td>1.94</td>
<td>.05</td>
<td>3.65</td>
</tr>
</tbody>
</table>
Two thirds of IEA’s budget funds evaluations that are conducted by external parties with oversight by IEA personnel. The Secretariat is hosted by FAO with an in-kind contribution for office space.

<table>
<thead>
<tr>
<th>IEA</th>
<th>$million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluations</td>
<td></td>
</tr>
<tr>
<td>Strengthening Eval across CGIAR</td>
<td>2.66</td>
</tr>
<tr>
<td>Quality Assurance &amp; Other</td>
<td>.19</td>
</tr>
<tr>
<td>Personnel</td>
<td>.07</td>
</tr>
<tr>
<td>Travel</td>
<td>.93</td>
</tr>
<tr>
<td>Total</td>
<td>.10</td>
</tr>
<tr>
<td>Total</td>
<td>3.94</td>
</tr>
</tbody>
</table>

Roughly 75% of the Trustee budget funds financial and program management that includes all of the transactions associated with receipt of donor funds and disbursement to centers.

<table>
<thead>
<tr>
<th>The Trustee</th>
<th>$million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial &amp; Program Mgt</td>
<td></td>
</tr>
<tr>
<td>Investment Management</td>
<td>.46</td>
</tr>
<tr>
<td>Actg., Reporting &amp; Auditing</td>
<td>.04</td>
</tr>
<tr>
<td>Legal Services</td>
<td>.06</td>
</tr>
<tr>
<td>External Audit</td>
<td>.02</td>
</tr>
<tr>
<td>Total</td>
<td>.05</td>
</tr>
<tr>
<td>Total</td>
<td>.62</td>
</tr>
</tbody>
</table>

**Estimated Budget Savings Following Implementation**

In each of the following assessments, the proposed actions are weighed in terms of budget impact following implementation. It should be noted that more effective decision-making and effective management, particularly funds management, may accrue without a corresponding reduction in costs. More specifically, streamlined reporting and funds flow reduces transaction costs but may not necessarily affect staff costs. (Refer to Section VII on Financial Management)

**Option 1  Modifications of the existing system structure & decision-making processes & accountabilities plus joint meeting of Fund Council and Consortium Board**

**Low Savings**

Impact on existing costs would be in the low range since the proposed actions mainly focus on strengthening current processes and streamlining functions. The adoption of a resource mobilization strategy may require additional staff costs depending on the scale of the effort. For this assessment, it is assumed that the risk management framework would be accommodated in the existing budget allocations.

The cost of an annual joint meeting would be minimal as it is envisioned that the annual meeting between the Fund Council and the Consortium Board would be held jointly with the second respective meeting in each calendar year of the Fund Council and Consortium Board.

**Option 2  Change in the nature of the Consortium to focus on its role as a cooperative of the centers for coordination and shared services and oversight role to be placed in a strengthened Fund**

**Low to Medium Savings**

In this option the Fund Office assumes the programmatic and oversight role of the CRPs on behalf of the donors, resulting in staffing implications due to a shift in responsibilities. Additional staff would be required in the Fund Office to serve as program officers for the function, estimated at 2-3 to oversee 15 CRPs, the current complement. The Fund Office would also contract directly
with the CRP lead centers. Since the Consortium will no longer have the programmatic and oversight responsibility, it is assumed that there will be some staff savings at the Consortium, coupled with savings from the elimination of the Consortium Performance Agreement between the Fund Council and Consortium.

In this option, financial management would be simplified as the lead center for the CRP would directly request funds from the Trustee (Direct Access, as described in Section VII Financial Management). Although no significant cost savings may accrue, the increased process efficiencies and streamlining of funds flow would be evident in the Consortium and the centers.

**Option 3  Consortium Board and Fund Council with one administrative unit**

**Medium/High Savings**
This option proposes a single administrative/management office that combines the Consortium and Fund Offices in one location while retaining two governing bodies. By combining administrative functions, staffing costs would be reduced due to elimination of a manager and possibly others. Overlapping functions between the Consortium Office and Fund Office would be streamlined, complexity reduced and communications greatly enhanced resulting in significant efficiencies that would be evident across the system. However, location of the office would affect costs. The Consortium is currently incurring only building management and utilities costs with no rental costs for its building. These costs amount to $90,714 or an average of $3,025 per staff. The Fund Office comparable costs are $270,000 or an average of $24,525 per staff. The administrative unit would need to organize and coordinate two governing bodies.

**Option 4  Single CGIAR Council with one administrative/management office in one location**

**High Savings**
This option proposes one governance body, the CGIAR Council, supported by one administrative/management office. The option has the most potential to significantly reduce system costs. Having one governance body would reduce meetings and their associated costs, decrease communication and possibly travel costs, limit performance agreements, monitoring compliance, and overall reporting. A single administrative office would streamline operations with savings in staffing, communications, and travel. Savings would also accrue from the elimination of a Director salary. However, as noted under Option 3, the location of the administrative office could affect costs given the variance in current building management costs between the Fund Office and the Consortium Office. Savings would be maximized if the One Corporate System that provides an enterprise systems platform were fully implemented across the centers, allowing for efficient financial management reporting. This option establishes a Centers Committee to foster collaboration across the centers. Since it is envisioned to be conducted virtually, no incremental cost is projected.

Streamlining the funds flow from the Trustee directly to the centers would further enhance efficiencies by eliminating an intermediary step in the process. (Refer to Section VII on Financial Management).

**Estimated One Time Transition Costs**
This section provides a broad assessment of the one-time transition costs associated with each option based upon the proposed actions. It is assumed that a change management plan would be required to guide the implementation for each option. However, the scope of the plan, the costs and the duration
increase progressively from Option 1 to Option 4 due to the changes in legal documents, staffing, structures and responsibilities.

**Option 1  Modifications of the existing system structure & decision-making processes & accountabilities plus joint meeting of Fund Council and Consortium Board**

*Low One Time Costs*
The main cost in this option is the modification of legal agreements. Two agreements would need to be amended: The Consortium Constitution to change the composition of the Consortium Board to include a greater number of active observers; and the Governance Framework regarding changes in the composition of the Fund Council and the use of voting for decision-making, if adopted. An amendment to the Consortium Board requires the approval of three-quarters of the members of the Consortium Board and three-quarters of the centers. The Governance Framework may be amended by consensus of the Fund Council. Procedural enhancements to improve communications and coordination should have minimal costs.

**Option 2  Modifications of the existing system structures and decision-making processes and accountabilities with strengthened Fund Office and a Consortium of the centers**

*Medium One Time Costs*
This option requires the amendments to the legal documents noted in Option 1 and changes to the CGIAR Principles and the Contribution Agreements. A new legal agreement would also be needed to reflect the agreement between the Fund Council or Fund Office and the lead CRP center as well as financial procedures agreements between the Trustee and the lead CRP center. While difficult to quantify, it is assumed that approval of legal changes would be made in a timely and efficient manner.

The transfer of responsibilities from the Consortium to the Fund Office would require assistance for staff transfer or hiring, coordination planning and implementation oversight. Clear definition of the division of responsibilities between the Fund Office and the Consortium would be needed. Timing would be critical to ensure minimal disruption to current operations.

**Option 3  Consortium Board and Fund Council with one administrative unit**

*High One Time Costs*
This option would require a more detailed change management plan carried out by either staff of the Consortium and Fund Office or a small transition team lead by an experienced change manager. Major cost variables include: office space/location, staffing considerations, and transition implementation. The decision of how the Fund Office and the Consortium would be combined would significantly affect cost. The Consortium, with a staffing compliment of 30, is currently housed in a building that has been provided in-kind by the French government with only operating expenses incurred. The Fund Office, with 11 staff, is housed in commercial office space with market rate monthly costs. The location of the administrative office will also affect the staffing plan and the timing for implementation. As noted in Options 1 and 2, legal agreements (the Constitution, The Governance Framework and Contribution Agreements) would require modifications. Documentation of policy and procedural changes would also be required to align with the revised configuration.

**Option 4  Single CGIAR Council with one administrative/management office in one location**

*High One Time Costs*
This option would require the transition costs as outlined in Option 3 plus the costs associated with the changes in legal documents and associated policies, procedures and guidance. The change management plan would be more complicated due to the changes occurring to both the governance and the administrative units simultaneously. Oversight and coordination of activities would be critical as well as timely decision-making to ensure minimal disruption to ongoing operations.

**Special Initiatives**

Several initiatives that may affect costs are under consideration or in progress.

**Implementation of a Resource Mobilization Strategy** - the original 2015 budget proposal requested $1.6m for implementation that was deferred and $.150m was approved to explore alternate options. The proposed resource mobilization process would involve some meeting costs for consultations among contributors, but the meetings should be prepared and staffed by the Fund Office or the administrative/management office and should therefore not be high.

**Implementation of a Risk Management Framework** - depending on scope, this effort may have system-wide impacts

**One Corporate System** - this initiative establishes a single systems platform across the CGIAR, centers and system to enable information sharing, timely report generation, and simplification of processing. It affords the most significant potential for increasing efficiencies as discussed below.

**Cross-cutting Issues**

From an efficiency perspective, together with related cost savings, there are areas that have a system-wide impact across all entities. Transaction or process costs, and reporting are major cost drivers. Since these costs permeate the system they are not easily quantified yet they are widely recognized to add time consuming processes and complexities across the entities, particularly the Consortium.

**Transaction Costs**

Several reviews (MTR, PW, IEA Review, etc.) have alluded to the perception of high transaction costs due to complexity, high transaction volumes, duplication and overlapping of responsibilities, and the lack of system-wide shared systems. To illustrate, the MTR noted that under the current architecture, the implementation of the CRP has imposed high transaction costs in both financial and senior scientist time. Each CRP has a program management committee with an average size of roughly 10 members resulting in the engaging of 150 people (15 CRPs X 10) at the management level with statutory meeting roughly four times a year. Each CRP also has an advisory committee/panel/board of roughly 10 people each, engaging another 150 people at the advisory/governance level, meeting on average twice a year. 45

In regard to the CRPs, the Consortium currently monitors @ 2300 bilateral contracts with a view to reduce the number to 2100 by the end of 2015. If bilateral funding were to flow through the CGIAR fund, the efficiency impact would ripple through the system by providing a single source for monitoring and reporting. (See Section VII on Financial Management).

45 Mid-Term Review Panel of the CGIAR Reform, 2014, p. 46.
Financial Management Reporting
There is no system-wide automated financial system to generate timely management reports. The Consortium is tasked with manually preparing a report by culling information from the audited financial statements of the centers. A preliminary financial report is provided to the Fund Council at the April meeting with the final report issued in June (six months after the close of the calendar year). Moreover, as noted by the PWC Governance review, there is no reporting that combines the financial outcome of the CGIAR fund with the operational results. “Decision makers have no access to reports which combine system-wide financial and programmatic performance which does not allow them to ensure that the system is managed efficiently.” 46 The One Corporate System (OCS) initiative is intended to address this issue by establishing a common systems platform across the CGIAR. Currently nine centers have joined with three others scheduled to be live in June 2015. The Consortium Office estimates that this initiative together with ongoing efforts to standardize standards and services across the centers could potentially generate up to $3m in savings.47

Administrative Cost Recovery – Bilateral Funds
Currently on average only 32% of the bilateral funding (estimate $500m) outside the CGIAR fund is assessed at the appropriate level of cost recovery (2%) to fund system costs. At the center level, indirect administrative costs are not charged consistently to bilateral grants. As a result, unrestricted Window 1 and Window 2 funding is used to compensate for the shortfall. A disciplined approach to larger grants, preferably through the CGIAR Fund, with adequate funding provisions, would address the issue.

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46 PWC Governance Review Phase 2, page 5.