

OUTLINE OF FINANCIAL FRAMEWORK AGREEMENT

The Financial Framework Agreement is a new agreement to be entered into between the System Organization and Centers to govern all future CGIAR research actions¹, including CRPs, platforms and special initiatives.²

The agreement would be composed of four parts: the first section would be the main body of the agreement and consist of general terms that would govern all CGIAR research actions; the second part would consist of the annexes which contain terms relevant to a Center, as appropriate, depending on whether the Center is serving as the Lead Center or a Collaborating Center; the Letters of Notification and Letters of Confirmation, which shall be sent out from the System Organization to the Recipient periodically form the third part. Each time the System Organization approves a new CGIAR research action, the System Organization would send out a Letter of Notification containing the approval of the CGIAR research action, an endorsement of the indicative funding for the CGIAR research action and any additional relevant program terms. Each time the System Organization approves allocation of funds for CGIAR research actions, it would send out a Letter of Commitment. Each Letter of Commitment would contain the latest program terms, including the approved annual allocation of funds for the CGIAR research action and additional relevant terms.

Following are the expected general terms of the agreement:

Indicative Funding

- Following System Council approval, the System Organization shall send a Letter of Notification of Approved CGIAR Research Action to the Centers participating in the CGIAR research action, whether as Lead Center or as Collaborating Center, informing the Recipient of the approval of a CGIAR research action proposal, which shall be attached as a Schedule to such letter and the endorsement of the Indicative Funding amount. The Indicative Funding does not constitute an obligation, liability or commitment of the System Organization to make available any amount to the Recipient.

Annual Allocation

- Subject to funding availability and satisfactory performance of the CGIAR research action, the System Organization shall approve an Annual Allocation to fund the CGIAR research action. Annual Allocations shall be based on the Indicative Funding, taking under consideration the guidelines and criteria for prioritization. Following each approval of an Annual Allocation, the System

¹ The term CGIAR research actions as used in this document has the same meaning as CGIAR research programs in the Framework Document. Actions is used to try to move away from thinking of this document as only applicable to CRPPs.

² The Program Implementation Agreement format will no longer be used for future CGIAR research actions.

Organization shall issue a Letter of Commitment to the Recipient reflecting the approved Annual Allocation and including any additional Program Terms. Unless the Recipient notifies the System Organization of any disagreements with the Letter of Commitment within thirty calendar days of receipt, the Recipient shall be deemed to have accepted the terms of such letters.

Use of Funding

- The Funding transferred under this Agreement shall be used for purposes for which they have been provided.
- Recipient shall promptly inform the System Organization of any conditions that interfere or threaten to interfere with any CGIAR research action or with the Recipient's obligations under this Agreement.
- Any interest on the Funding shall be accounted for and used solely for the applicable CGIAR research action.
- Recipient shall be responsible for any loss of Funding held at the bank for whatever reason and shall replenish such lost Funding as soon as possible after the event.

Policies

- The Recipient shall comply with and carry out its obligations under this Agreement in accordance with all applicable CGIAR system-wide policies, procedures and guidelines. [In accordance with its governance procedures, the System Organization may amend, modify, delete or adopt such system-wide policies, procedures and guidelines and such amendments, modifications, deletions or additions shall apply to this Agreement as of the effective date of the amendment, modification, deletion or adoption.]

Program Oversight and Assurance

- Recipient to implement, monitor performance and be accountable for the CGIAR research action in accordance with its rules, regulations, governance procedures and applicable policies, procedures and guidelines, including system-wide policies, procedures and guidelines.
- Recipient agrees that the System Council shall oversee the implementation of CGIAR research actions based on annual system-level programmatic and financial reports and independent evaluations, and shall keep under review the overall performance of the CGIAR System and compliance with system-wide policies, procedures and guidelines.

- To allow for effective oversight, the Recipient shall (i) maintain books, records, documents and other evidence in accordance with its respective usual accounting procedures, and any additional financial cross-cutting and system-wide policies, procedures and guidelines, to sufficiently substantiate, in a manner reasonably satisfactory to the System Council, financial data relating to the CGIAR research actions. Records must be maintained for at least [3] years after the termination of the CGIAR research actions; (ii) permit designated representatives of the System Organization to examine such records and provide to the System Organization all such information concerning such records as may be reasonably requested.
- Recipient agrees that the System Organization has the right to commission evaluations of Recipient in accordance with the system-wide evaluation policy, including evaluations of CGIAR research actions and periodic external governance and management reviews of the Centers. If the costs of such evaluations have not been approved as part of the CGIAR research actions, the System Organization shall pay the fees and expenses relating to such evaluations. For the purposes of this section, the System Organization shall also inform the Recipient of such obligations in a timely manner.
- In the event the System Organization wishes to commission an audit or investigation on a system-wide risk, the System Organization may conduct an audit and/or investigation at any time of Recipient or a CGIAR research action by its own authorized representatives or agents to investigate the use of Funding, to verify financial management systems of the Recipient and to ensure compliance with system-wide policies, procedures and guidelines.
- If there is any material misuse of Funding identified through such audit or investigation, the System Organization reserves the right to be reimbursed by the Recipient for up to 100% of the reasonable costs incurred in the investigation by the System Organization to be determined on a case-by-case basis depending on the facts and circumstances relating to such misuse.

Continuing Representations and Undertakings

The agreement shall include customary continuing representations and undertakings, such as, capacity to enter into agreement; activities and research are conducted under sound standards, no illegal activity, etc.

Prohibited Use of Funding

The agreement shall include prohibited use of funding, such as, funding shall not be used for illegal purposes.

Termination / Suspension

- If the either party determines that the other party is not complying with any material terms or conditions of this Agreement or that any material activities implementing the CGIAR research action(s) is not progressing efficiently or effectively, or that such activities are failing to reach planned indicators or results in a manner that merits corrective action, either party may notify the other of its view with recommendations for improvement with regard to the CGIAR research actions or with a request that corrective measures are designed to address shortcomings.
- In the case of the System Organization making such request, if the Recipient does not address any such material shortcomings to the satisfaction of the System Organization, the System Organization shall have the right to suspend or terminate this Agreement and to discontinue making further disbursements.
- In the case of the Recipient making such request, if the System Organization does not address any such material shortcomings to the satisfaction of the Recipient, the Recipient has the right to suspend performance under this agreement.
- The Parties may suspend or terminate this Agreement by mutual agreement.
- If a Recipient has any excess Funding that has not been used by the Recipient upon Termination of this Agreement, the Recipient shall return such Funding to the CGIAR Trust Fund unless agreed otherwise with the System Organization.

Refunds

- If the System Organization determines, following consultation with the Recipient, that the Funding has been used in a manner inconsistent with the provisions of this Agreement, the Recipient shall, upon notice by the System Organization promptly return such Funding to the CGIAR Trust Fund.

No Liability

- None of the Funders, the System Council, the Trustee, the System Organization or the System Office shall be responsible for the activities of any person or third party engaged by the Recipient with use of the Funding or as a result of this Agreement or any sub-agreement; nor will the Funders, the System Council, the Trustee, the System Organization or the System Office be liable for any costs incurred by Recipient in terminating the engagement of any such person.

Insurance

- Whenever relevant and possible, the Recipient shall carry reasonable liability insurance in connection with the activities of the CGIAR research action in light of the insurance available, and the activities being undertaken by Recipient.

Indemnity

- The Recipient shall defend and indemnify the CGIAR System Organization and its present and former officers, directors, employees and agents, and hold it and them harmless from and against any losses, costs, claims, expenses, liabilities, demands, damages and fees incurred by it and them (including reasonable fees of counsel) arising from any claim, action or dispute brought in connection with the CGIAR research action(s) or Funding providing under this agreement except to the extent that such damages are the result of the actions of the System Organization.

Annexes

Annex 1: Definitions

Annex 2a: Provisions applicable to Center when acting as Collaborating Center

- Additional provisions to include the following: responsibilities of collaborating Center in implementing the CGIAR research action, programmatic and financial reporting responsibilities, financial accountability and oversight, development of risk management strategies and practices, provide relevant internal and external audit reports, address recommendations from evaluations and audits.

Annex 2b: Provisions applicable to Center when acting as Lead Center

- Additional provisions to include the following: responsibilities of Lead Center in management and implementation of the CGIAR research action, programmatic and financial reporting responsibilities, financial accountability and oversight.

Annex 3: Form of Letter of Notification of CGIAR Research Action Approval

Annex 4: Form of Letter of Commitment