

Meeting Summary 7th System Management Board Meeting

Purpose:

Subsequent to the issue of the Chair's Summary dated 4 October 2017¹, this document presents the formal Meeting Summary of the 7th meeting of the System Management Board ("Board") held virtually on Wednesday 27 September 2017 at 16:00-19:00 Paris time.

By way of overview:

- **Decisions and Actions:** The Board took 2 decisions during its meeting and agreed six action points for follow-up, as set out in the text of the meeting summary.
- **Participants:** Annex 1 sets out a list of meeting participants.

This Meeting Summary was approved by the System Management Board by electronic decision, with effect from Monday 20 November 2017. (SMB/M7/EDP1).

Prepared by: System Management Office

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¹ At: https://www.cgiar.org/wp-content/uploads/2017/10/SMB7-09_ChairsSummary.pdf

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Agenda Item 1 – Opening

1. The Chair, Marco Ferroni, opened the meeting, and welcomed members, observers and guests to the first formal meeting of the System Management Board ('Board') under its revised configuration since 1 July 2017. A quorum was present.
2. The Chair tabled the Provisional Agenda and invited comments and additional matters for discussion. Engagement with the Crop Trust was added as 'other business'.
3. **Decision SMB/M7/DP1:** The Board adopted the Agenda (Document SMB7-01, Issued 20 September).
4. The Chair noted that declarations of interest had been sought on Agenda items in advance of the meeting. It was confirmed that the Board's standing register of interests declared is available via the Diligent Boards tool. As a matter of record, the following formal declaration was made regarding the Agenda:
 - a. Jimmy Smith, Voting Member: Declared that as the Director General of the Lead Center for the Livestock CRP, he would not contribute to discussions or participate in decision-making on Agenda Item 4 (relating to funding allocations for the resubmitted flagship programs).

Agenda Item 2 – Financing Modalities

5. The Chair invited inputs on meeting paper SMB7-02: Improving System Financing Modalities, which set out possible means to manage potential mid-program revisions to CRPs, and prospect of introducing flagship-level earmarking of CGIAR Trust Fund Window 2 ('W2') funding to respond to needs expressed by a small number of Funders. He noted the paper was coming to the Board with an elaboration of the key pros and cons based on early conversations at the System Council's 4th meeting in May 2017 on these and other potential financing modalities options.
6. In the discussions which followed, the following key points were raised:
 - a. Based on information that at least two major Funders had expressed the need for flagship-level earmarking of W2 funding to help them remain within CGIAR's pooled funding structure, language in the final System Council paper should more clearly focus on the strategic needs for such flexibility as expressed by those Funders;
 - b. To retain a focus on how the 'Portfolio' approved one year earlier is delivering against CGIAR's System Level Outcomes, 'Portfolio' reporting should continue to focus on the CGIAR research program ('CRP') and platform levels, noting that flagship reporting by specific CRPs is already being provided in response to Funder requests in some cases; and

- c. A cost-effective means of implementing flagship-level W2 funding would need to be implemented, to avoid unnecessary transaction and management costs.
7. Clarifications were provided on the reason for the request from the Funders concerned, notably that such a measure would permit those who wish to fund the shared science agenda to continue doing so, whilst also meeting Funder-specific internal policies and priorities. Efficiency considerations in terms of processing funding to different windows had also been raised by Funders, and it was commented that given the strategic preference to keep funding in W1-2 to the extent possible, simplifying W3 funding procedures would not necessarily be a preferred solution to that issue.
8. Noting the Funder imperatives expressed, the Board agreed that earmarking of W2 funding at the flagship-level should go forward to the System Council. The Board considered how best to mitigate potential downside risks, emphasizing the following points:
 - a. Transparent communications and better sharing of information among Funders and the System, to avoid an unintentionally unbalanced Portfolio in terms of funding. The benefits of improved intra-Council communications were echoed by one of the System Council Active Observers to the Board.
 - b. To the extent possible, multi-year pledges should be sought where W2 flagship earmarking was undertaken by those Funders who need this flexibility to remain in the CGIAR pooled funding mechanisms, to address the inherent risk of funding volumes markedly changing each year and thus undermining the System's capacity to steer the Portfolio towards its agreed 2022 research targets.
9. On managing potential mid-program revisions, such as changing, adding or dropping flagships to respond to innovations in science and respond to performance data, the Board agreed it is important to set criteria for within-cycle adjustments to enable CGIAR's research agenda to be responsive as required. It was noted that additional consideration needs to be given to the mechanics, such as consequences for funding allocations when changes occur. Board members were invited to provide additional thoughts on these considerations ahead of finalization of the System Council paper on 20 October 2017.

Agenda Item 3 – Considering resubmitted ICRISAT proposal

10. The Executive Director framed the discussion, noting that this agenda item was intended to focus on the question of inclusion of the 2018-2022 proposal for a CGIAR research program ('CRP') on Grain Legumes and Dryland Cereals Agri-food Systems ('GLDC') in the Portfolio based on scientific quality. Questions regarding potential funding for the 2018 year would form part of the 2018 allocation discussion under Agenda Item 4.

11. The Board's discussions were informed by the proposal as submitted by ICRISAT on 2 August 2017, two review sources: (i) an ISPC assessment dated 20 September 2017 with overall B+ rating; and (ii) inputs from a Funder-perspective review supported by the System Council's Strategic Impact, Monitoring and Evaluation Committee ('SIMEC') facilitated through the ISPC Secretariat; and ICRISAT's 25 September 2017 letter of response to the ISPC review, addressed the Board Chair. A summary presentation (meeting document SMB7-3B) provided the Board with a short synopsis of the various ratings, the overall budget request for the five-year proposal, and the key focus of the proposal.
12. When taken as a whole, the Board's key observations included:
 - a. Appreciation for the work undertaken by ICRISAT and its partners to move the new proposal forward with considerable improvements, resulting in a 'B+' ISPC review rating.
 - b. Recognition of the value of the proposal to address missing elements of the CGIAR research agenda out to 2022, and the desirability of taking informed action to facilitate the CRP producing timely outputs and outcomes.
 - c. The importance of demonstrating consistency in the Board's own decision making compared to the 2016 processes, including considering the proposal as a whole, but also the merits of individual flagship programs (noting the appreciation of Funders of the tough decisions taken in 2016 in this regard).
 - d. Acknowledgement of the differing ratings between the ISPC and the Funder-perspective review for Flagship 2, with a discussion following on the pros and cons of putting forward the proposal for inclusion in the 2017-2022 CGIAR Portfolio without that element, as further informed by the ICRISAT letter of 25 September 2017.
13. The ISPC Chair provided a clarification on the ratings given to individual flagships by the ISPC and Funder-perspective reviews, consistent with the 2016 process, to inform the discussion on consistency with previous decision-making.
14. On balance, the Board determined that the full proposal should be presented to the System Council for inclusion in CGIAR's research agenda, with discussions on how to best respond to the differing ratings addressed in the 2018 funding allocation discussions. A process of re-submitting one element (Flagship 2) a year later was not considered an appropriate means to respond to the varying review inputs.
15. **Decision SMB/M7/DP2:** The Board endorsed the GLDC proposal and agreed to recommend the proposal to the System Council for inclusion in the 2017-2022 CGIAR Portfolio for the period 2018-2022 on the basis that the CRP proposal meets the required technical standard of a CGIAR Research Program.

Agenda Item 4 – Funding Allocations

Part A - Funding Allocations strategy

16. The Executive Director introduced the objective of the draft funding allocations strategy proposed in meeting document SMB7-04A: An Allocation Strategy for the CGIAR System, recognizing the challenges encountered in the past in attempts to define and implement a clear approach to system-level funding allocations. He emphasized the intent is to move towards a 3 or 4-year funding allocations cycle as a core element of a holistic multi-year business-cycle planning approach. The Board was invited to provide reflections on the principles of the strategy presented, and the building blocks identified.
17. The following key points were raised:
 - a. The desirability of undertaking a well-planned polling of Funder-preferences, particularly as they relate to higher-level trade-offs that different allocation scenarios bring.
 - b. Taking a suggestion heard previously that the Portfolio was broad in its approach, it was highlighted that such a discussion would need to evolve in the medium- to longer-term to ensure that an understanding of likely impacts of decisions can be fully explored and discussed.
 - c. It was proposed to share the thinking to date with the System Council's Strategic Impact, Monitoring and Evaluation Committee ('SIMEC'), to seek their views and give Funders confidence to move forwards over the coming years with adopting a business-cycle planning and multi-year allocations approach.

Part B - 2018 Funding Allocations for the CGIAR Portfolio

18. Step 1 – Considering eligibility for W1/2 funding on technical merit: To inform the broader conversation on how to shape the required 2018 Financing Plan for the CGIAR Portfolio ('2018 FinPlan'), the Board sought to complete the picture of all Portfolio elements that should be considered as eligible for W1-2 funding in the coming year. The Board considered: (i) ISPC's assessment of the 5 flagships approved as part of the 2017-2022 Portfolio, but not approved by the System Council for W1&2 funding in 2017, (ii) funder-initiated review scores for most of those flagships; and (iii) one-page responses to the ISPC comments that were received from most of the CRPs.
19. The Chair invited the ISPC Chair to share reflections on the assessment work carried out on the resubmitted flagships. The ISPC Chair noted that the focus of their review had been relative to allocation of W1-2 funding based on the key criterion heard from Funders, namely design of research in relation to delivery of international public goods. From the perspective of one of the System Council's Active Observers to the Board, having the ISPC's independent review was a key information point, although

not intended to be a deciding factor on whether something is tabled before the System Council.

20. Guided by the principle of a consistent approach being applied to that adopted in 2016, the Board agreed to endorse the 5 revised flagships to the System Council as being science-worthy, considering the ISPC and funder assessments, and thus recommended as 'eligible' for W1/2 funding in 2018.
21. Step 2 – reflecting on scientific review as on key input to inform recommended indicative 2018 allocations: It was agreed that an overall prevailing 'moderate' rating considering all review sources should reduce the W1/2 funding allocation (as had been the case for the 12 affected flagships in 2016). Where the only source of review information was that a flagship was 'weak', the starting proposition was that it should not be presented for W1/2 support in 2018.
22. Taking the outputs of discussions on scientific review of the new GLDC proposal and the 5 flagships, the Board discussed the range of options presented for possible further exploration to prepare the 2018 FinPlan, as also informed by an internal working document SMB7-4C, Funding Allocations for 2018. The Board's guidance was sought on which options in that presentation (to close a potential funding gap in 2018) merited further exploration and inclusion. The following reflections and conclusions were noted:
 - a. On System entity costs, it was suggested that these may require further review and precision, noting that some appeared to be unchanged from prior years, and perhaps for the System Management Office in terms of resource mobilization and other key Center-facing activities, these might be under-estimated, giving rise to a risk of underfunding areas considered as essential from the Centers' perspective.
 - b. In response to a question on the amount of Cost Sharing Percentage ('CSP') that is anticipated to be collected, it was advised that current uncertainty over contributions from a major Funder meant that caution was being applied in these estimates until more is known.
 - c. There was agreement to again draw on the CGIAR System Balancing Fund in 2018 for US\$ 7 million, however it was stressed that this should be the last year that this measure is undertaken and that strategies to replenish the Balancing Fund need to be in place.
 - d. The combined US\$2 million reduction applied to the 12 flagships in 2017² should be maintained in 2018.
 - e. The challenges involved in raising W3 or bilateral funding for management and support costs to fund the resubmitted GLDC proposal and the 5 resubmitted flagships. Accordingly, the Board agreed that these costs could be requested to be funded by the System Council from W1&2, and that a proposal should be

² Refer Appendix 1 of the Funding Allocations Working Group recommendations to SC3 as adopted by the System Council: http://www.cgiar.org/wp-content/uploads/2016/11/SC3-2B_FundingAllocationsWorkingGroup_21Nov2016.pdf

- developed for final SMB approval on any amount that might be made available over and beyond this, which proposal would need to be consistently applied across all new elements being included in the 2018 funding request.
- f. The Board declined to grant specific exemptions to any necessary residual cut across CRPs and platforms, except for the Genebanks platform.
 - g. The previous decision on use of carry-over from the former 2011-2016 Portfolio to the new 2017-2022 Portfolio will be maintained.
23. **Action Point SMB/M7/AP5: By Thursday 12 October 2017:** The 2018 FinPlan will be drafted and shared for final inputs, considering the Board's guidance on resubmitted portfolio elements, on preferred options for closing a potential 2018 W1/2 funding gap between demand and projected available 2018 resources, and including the same approach to W1&2 linkages as in 2017.

Agenda Item 5 – CGIAR System-level Results Reporting

24. Referring to meeting document SMB7-05: CGIAR System-level Results Reporting: Progress and plans, an advance draft of a possible paper to the System Council, the Executive Director introduced a summary of the development of a proposed list of harmonized indicators, noting that work has accelerated in recent months in response to Funder feedback that an immediate need exists for (i) quantitative reporting indicators that can be aggregated at CRP level and across CRPs to provide credible accountability data; and (ii) for consideration on how this can inform future allocation decisions.
25. It was confirmed that the draft list of core common indicators presented had been developed in consultation with a range of stakeholders, including the Monitoring, Evaluation and Learning Community of Practice ('MELCoP').
26. **Action Point SMB/M7/AP2: By Monday 9 October 2017:** Board Members are invited to provide inputs on the proposed list of harmonized indicators to the System Management Office to inform finalization of the draft paper for submission to the System Council.

Agenda Item 6 – Risk Management Framework

27. Supported by a background briefing note (document SMB7-6A) and an early draft of a possible paper for the System Council (document SMB7-6B: Draft - Identifying CGIAR's top risks and the assurance framework around it) the Board received a brief overview of the work and consultation undertaken to date, overseen by the Board's Audit and Risk Committee ('ARC'). It was confirmed that substantial input had been received from a wide range of stakeholders to inform the draft materials presented to the Board, including CGIAR's Center Audit Committee Chairs, Corporate Service Executives, and Heads of Center/Regional Internal Audit teams. Additional consultations were also planned.

28. The Board noted appreciation for the identification of five clear top system risks that can also be used as a focus list on which to ‘map-up’ relevant Center-managed risks. It was also recognized that the principle of subsidiarity had informed the work, while seeking to ensure that System-wide opportunities and risks are seen and discussed by the relevant part(s) of the System. Positive feedback thus far was reported on the fact that the framework and arrangements have been proposed based on what exists and is working within the Centers, so that risk and assurance practices remain predominantly the responsibility of the Centers, recognizing the need for appropriate escalation and de-escalation processes based on timely and informed communications.
29. It was noted that the ARC was due to meet the following day on 28 September 2017 to review the draft and provide specialized input, and agreed that Board Members would be invited to provide more detailed inputs on the revised version.
30. **Action Point SMB/M7/AP4: By Thursday 12 October 2017:** Inputs are invited on the revised Risk Management Framework for the CGIAR System, and on the proposed System-wide Internal Audit Function arrangements, after the Board’s Audit and Risk Committee 28 September 2017 meeting.

Agenda Item 7 – Agricultural Research Summit and investors round table

31. Due to time constraints but recognizing the need for a full discussion given the importance of the topic, it was proposed to hold an informal Board call in the week of 2 October to more fully explore the draft concept note titled “CGIAR: Growing our Future - Sustainable Food Systems: An Agricultural Research Summit & Investors Roundtable”.
32. **Action Point SMB/M7/AP1: On Thursday 5 October 2017:** An informal call will be held for discussion on the draft concept note, ideally with at least one Funder joining to add additional perspectives.

Agenda Item 8 – CGIAR Country Collaboration

33. The Chair of the Board’s ad hoc Working Group on CGIAR Country Collaboration summarized the Working Group’s recommendations and continuing work. He confirmed that the approach of the group had been to reinforce that the collaboration referred to was not only between CGIAR entities operating within countries, but also with the countries themselves, their NARS and other actors within the countries, focusing on a bottom-up approach.
34. It was noted that collation of data via a survey on activities and their intensity across countries in which CGIAR works was currently being finalized, which should better inform a proposed consultative mechanism among Centers, CRPs and countries. It was

also confirmed that discussions are on-going with Funders on initiatives where they might explore in country collaboration and CGIAR program impact measurement.

35. The Board provided some early reflections on the draft report, noting that it could be further strengthened by more detailed proposals on how resources could be more effectively shared at country level and enhancing engagement with in-country institutions to create impact
36. Board Members were invited to provide further feedback to finalize the draft recommendations and revise the Working Group's terms of reference to enable it to more fully address the feedback provided, particularly relating to shared CGIAR resources and engagement with partner organizations within target countries.
37. **Action Point SMB/M7/AP3: By Monday 9 October 2017:** Board Members are invited to provide inputs on the draft recommendations of the Working Group on CGIAR Country Collaboration, including on how the Terms of Reference for that group should evolve to ensure that linkages to other workstreams such as resource mobilization and results reporting can be best incorporated.

Agenda Item 9 – Any Other Business

Crop Trust matters

38. It was raised that it had been previously agreed that the Global Crop Diversity Trust would be invited to participate when required in relevant sessions of Board meetings to present a verbal report, and discuss their resource mobilization activities. The Board reflected on the optimum way to incorporate this into the Board's agenda for the remainder of the year.
39. **Action Point SMB/M7/AP6: In December 2017:** The Crop Trust will be invited to join a session of the System Management Board's 8th meeting on a virtual basis to present a verbal report on implementation of the Genebanks Platform and discuss the Crop Trust's resource mobilization activities.
40. The meeting was closed.

Annex 1: List of Meeting Participants

Members and Observers	
Name	Role
Marco Ferroni	Chair
Kanayo F. Nwanze	Voting Member
Ann Tutwiler	Voting Member
Barbara Wells	Voting Member
Geoff Hawtin	Voting Member
Gordon MacNeil	Voting Member
Jimmy Smith	Voting Member
Margret Thalwitz	Voting Member
Martin Kropff	Voting Member
Elwyn Grainger-Jones	Executive Director
Tony Cavaliere	Active Observer (System Council representative, BMGF)
Eric Witte	Active Observer (System Council representative, USA)
Maggie Gill	Active Observer (ISPC Chair)
Rachel Sauvinet-Bedouin	Active Observer (Head, IEA)
Victor Kommerell	Active Observer (CRP Leaders' representative)

Additional Invited Guests	
Name	Role
Matthew Morrell	Convener of the Center Directors General
<i>Nicole Birrell, Convener of the Center Board of Trustee Chairs was unable to attend</i>	
Leslie Lipper	ISPC Executive Secretary

Technical contributors and meeting support	
Name	Role
Karmen Bennett	Head, Board and Council Relations and Board Secretary (System Organization)
Albin Hubscher	Head, Financial and Program Performance (System Organization)
André Zandstra	Head, Funder and External Engagement (System Organization)
Elise Perset	Head, Legal and Office Services (System Organization)
Pierre Pradal	Senior Adviser, Risk, Assurance and Finance (System Organization)
Christine Larson-Luhila	Senior Adviser, Board and Council Relations (System Organization)
Peter Gardiner	Senior Manager, Program Performance (System Organization)
Philippe Ellul	Senior Officer, Program Performance (System Organization)
Julia Compton	Consultant, Program Performance
Olwen Cussen	Board and Council Relations Associate (System Organization)