

Meeting Summary
5th System Council Meeting,
9 and 10 November 2017

Purpose:

This document presents the Meeting Summary for the 5th meeting of the System Council held on 9 and 10 November 2017, as approved by the Council on a no objection basis with effect from 23 January 2018 (Decision Ref: SC/M5/EDP2).

Distribution notice: This document may be distributed without restriction.

Prepared by: CGIAR System Management Office

Introduction:

This document presents a summary of the 5th meeting of the System Council (“Council”) held on 9 and 10 November 2017 at CIAT Headquarters in Cali, Colombia.

By way of overview:

- **Agenda items.** The meeting considered the eleven (11) agenda items set out in the table of contents on the following page.
- **Decisions**** The Council took thirteen (13) decisions during its meeting, described in the text, and set forth in [Annex 1](#) as a compendium for ease of reference.
- **Participants.** [Annex 2](#) sets out a list of meeting participants.

***The Decision Points noted in the text were included in the SC5 Chair’s Summary, as issued on 13 November 2017, available here: https://www.cgiar.org/wp-content/uploads/2017/11/SC5-11_Chairs-Summary_13Nov2017.pdf*

Contents

Item 1: Opening Session	4
Item 2: Visioning for CGIAR	4
Item 3: Moving forward with drylands research.....	5
Item 4: Adopting a strategic business cycle approach.....	7
Item 5: CGIAR System-Level Results Reporting.....	9
Item 6: Agreeing a funding allocation strategy	11
Item 7: Taking forward concrete funding modality options from SC4	12
Item 8: Meeting the System’s need for advisory services	14
Item 9: 2018 Budgeting	14
Item 10: Agreeing a System-level risk management framework	17
Item 11 - Other Business	19

Annexes

Annex 1: Compendium of Decisions taken – 5 th System Council meeting	22
Annex 2: List of meeting participants	25

Item 1: Opening Session

1. The Council Chair, Juergen Voegele, opened the 5th meeting extending the Council's appreciation to the CIAT leadership and organization team for their efforts and hospitality in hosting the meeting. A quorum was present.
2. **Decision SC/M5/DP1**: The System Council **elected** Juan Lucas Restrepo Ibiza, representative of the Council's Latin America and Caribbean constituency, as the non-voting Co-Chair for the meeting pursuant to Article 5.2 of the CGIAR System Framework.
3. The Chair tabled the provisional Agenda and called for other business and observations, with the following noted:
 - a. A procedural query was raised regarding Agenda Item 8 (meeting the System's need for advisory services), with the Chair taking that question on notice and confirming it would be returned to during the meeting.
 - b. No additional items were raised for discussion in Agenda Item 11, Other Business beyond those indicated on the circulated agenda.
4. **Decision SC/M5/DP2**: The System Council **adopted** the Agenda, as issued on 18 October 2017 (Meeting document [SC5-01](#))
5. The following declaration was made regarding the agenda:
 - a. Nicole Birrell, Centers' Representative, and ex-officio non-voting member of the Council, declared her role as Chair of the CIMMYT Board of Trustees, and thus an interested stakeholder in regard to the funding allocation deliberations for 2018.

Item 2: Visioning for CGIAR

6. In framing the session, the Chair highlighted the benefits to the Council of opening each meeting by considering the role of CGIAR in the broader context and anticipating future needs.
7. A panel of System Council members and observers¹ was invited to share perspectives from their respective agencies, broader views of CGIAR's comparative advantage, and suggestions on how the System can remain a research frontrunner.
8. A variety of views were expressed, including of whether CGIAR should re-focus on 'core business', or remain diversified and responsive to emerging trends. A consensus existed on the importance of strategic focus in a resource-constrained environment.

¹ The panel was composed of Mellissa Wood (Australia), Tony Cavalieri (BMGF), Dandan Huang (East Asia and Pacific), Alan Tollervey (UK) and Maggie Gill (ISPC).

9. While there is recognition for the important work of CGIAR, and its unique position as supplier of global public goods in plant breeding and the use of genetic resources, much of the commentary focused on the need to develop a better understanding of how a shared agricultural research agenda contributes to meeting the goals of those of CGIAR's Funders whose internal policies prioritize development objectives as the measure of successful engagement with the CGIAR System. It was agreed this requires a stronger evidence-base and a sound case developed for the role food system research can play in gender, nutrition, climate, and contributions to post-conflict recovery.
10. In addressing an ever-changing global context, the panel offered the following recommendations: (1) develop System capacity work with the private sector to align and scale research outputs; (2) build better pathways for innovations to develop ag-enterprises; (3) align research with the significant investments being made in development.
11. To conclude the session, the Chair welcomed the Chair of the System Management Board, Marco Ferroni, to his first System Council meeting, and invited him to share some reflections on the role of the Board in responding to the challenges discussed. Dr Ferroni noted that the Board would also ensure that their discussions over the coming year and beyond were framed at this strategic level. He also acknowledged the Board's key part to play in effective change management, particularly as it relates to the themes raised on branding of the System, partnerships and on focus and simplification. He noted that the outputs of the Board's discussions later this year and in early 2018 on these matters would feed into the Council's discussions at its 6th meeting on 16-17 May 2018 meeting.

Item 3: Moving forward with drylands research

12. The Co-Chair opened the session, recalling previous Council discussions on how grain legumes and drylands cereals research could best be incorporated into the 2017-2022 CGIAR Research Portfolio. He invited the Chair of the System Management Board to brief the Council on the development of work undertaken since the Council's 4th meeting.
13. The Chair of the System Management Board highlighted the following points as a summary of meeting document [SC5-03A](#):
 - a. The proposed program is an essential element of a holistic research portfolio striving to deliver on CGIAR's 2016-2030 Strategy and Results Framework, with the proposal responding to all three System Level Outcomes.
 - b. The proposal aims to increase the productivity, profitability and resilience in marketability of critical grain legumes and dryland cereals, in particular, pearl millet, finger millet and sorghum. The crops and countries were identified after a prioritization process in line with the recommendations of an early-2017 independent Expert Panel and previous ISPC reviews.

- c. Based on the ISPC and Funder-perspective reviews of this new proposal, the Board recommends the proposal to the System Council for inclusion in the 2017-2022 CGIAR Portfolio for the period 2018-2022 on the basis that the proposal meets the required technical standards of a CGIAR Research Program, recognizing that at this juncture of the meeting the conversation is on whether to bring the research questions into the portfolio, and not how funding may be allocated.
14. The ISPC Chair offered brief reflections based on the ISPC's 2017 review, characterizing the proposal as much improved since the previous submission in 2016, while recognizing that there remained further improvements to make regarding theory of change, partnerships, and the clarity of the impact pathway.
 15. The Co-Chair invited inputs from Council members, with the following points being put forward:

On the role and scope of the proposal

- a. Acknowledging that the goal of transforming an agrifood system in a 5-year time frame may not be realistic for any proposal, it was nevertheless agreed that diets in the targeted areas should be encouraged towards a grain legumes and dryland cereals focus.
- b. The broad scope of the CRP in terms of countries and crops was recognized, as compared to other CRPs that have a focus on fewer crops, bringing additional complexity to CRP delivery and management of research outputs.
- c. It was raised that the human dimension needs to be strengthened, to redress the balance in favor of household issues as well as on crop breeding.
- d. The weakness or absence of private sector investment in the areas targeted by the proposal was noted, highlighting the strong case for public sector involvement.
- e. The absence of common bean in the proposal was highlighted as a concern for the Portfolio overall, but noted that the Council will discuss the topic later in the agenda of this meeting.

On partnerships and sharing of experiences

- f. The inclusion of key portfolio elements, notably legumes, was welcomed, and a call was made to strengthen the flagship programs that focus on these, along with strengthening and greater investment in capacity building, partnerships with key regional hubs, and strong leadership of the relevant flagships.
- g. It was noted that in a constrained budget environment, it is natural that funds would be focused on the lead institutions rather than wide-ranging partnerships. However, to strengthen delivery, it was suggested that a broader framework on partner allocations should be considered.
- h. Noting appreciation for the work of the ISPC and Funder reviewers, the question was raised on how to approach a proposal with an overall moderate/positive review in the current climate of financial scarcity.
- i. The continued need for alignment with national priorities to leverage

- partnerships was also highlighted.
- j. Recognizing the strengths of CGIAR in breeding and crop improvements, but the challenges that can exist around delivery, the need for improved partnerships with organizations who specialize in that area was raised.
 - k. It was proposed that the experience of other programs in the region which have had success in integrating nutrition, smallholder farming and gender aspects should be considered in implementing the CRP.
 - l. A greater investment in leadership of the weaker flagship areas, particularly during the early years of the program, was strongly recommended to ensure its strengthening and improved links with the private sector and other non-CGIAR partners.
16. Summarizing, the Co-Chair recognized the consensus for the strategic need for the inclusion of the proposal, and noted the concerns raised on areas to further strengthen during implementation. The Chair of the System Management Board acknowledged the themes raised on delivery to market, capacity building and partnerships and the need to revisit the question of common beans in the Portfolio, and assured the Council that these would be taken forward by the Board.
17. **Decision SC/M5/DP3:** Pursuant to its functions as described in Article 6.1(q) of the CGIAR System Framework, the System Council:
1. **Approved**, on the recommendation of the System Management Board, the Grain Legumes and Dryland Cereals proposal submitted on 3 August 2017, to be a strategic element to include in the CGIAR Research Portfolio 2017-2022 with effect from 1 January 2018, taking note of the desirability of flagship 2 being further strengthened.
 2. **Noted** that indicative funding amounts to be provided from funds from the CGIAR Trust Fund for the approved proposal will be decided later in this meeting.

Item 4: Adopting a strategic business cycle approach

18. The Chair opened this session, advising Council members that their inputs were sought on early thinking on the framing of a possible strategic business cycle approach, with a view to bringing a more developed product to the Council in the latter part of 2018.
19. The Executive Director of the CGIAR System Organization introduced the draft paper, highlighting that the concept had developed from previous thinking on an allocation strategy, and had emerged as a potential way forward to improve processes across the System on performance management, budget management, and review and evaluation processes. He identified the lack of a clear, coordinated business cycle as a potential barrier to improvements and streamlining. He also identified the potential positive impact of a business cycle on funding, through improved value-for-money and better planning and foresight. In summarizing, he confirmed that the Council's inputs were sought on whether there was broad support for such an approach, and on possible periodicity, and whether key missing elements could be identified.

20. The following key reflections were provided in discussions that followed:
- a. It was noted and appreciated that the proposed cycle builds on 2016 decisions to strengthen the System;
 - b. It was raised that Funders who have multi-year commitments under the existing CRP cycle would wish to ensure that oversight and strategic guidance of these remains and that their commitments would not be adversely affected;
 - c. The Head of IEA indicated that the evaluation cycle proposed would be feasible and would benefit from more targeted programmatic evaluations with a reduced scope, and improved linkages to foresight and impact assessment; and
 - d. A number of inputs were made on possible periodicities, including the relative merits 4 years or 6 years, and also suggested that the periodicity proposed would need to be connected to a longer-term strategic planning horizon.
21. In response to questions raised during discussions:
- a. On how the cycle might incentivize funding, it was highlighted that the process of developing the business cycle would align with ongoing conversations on CGIAR's institutional priority-setting to ensure that the goals are clear, as well as demonstrating value for money through clearer links between performance management and programming and between funding and programming. The 4-year cycle proposed would ensure that the second iteration would align with the launch of the next research portfolio.
 - b. The differing life cycles of projects within CRPs was raised, and it was noted that a developed proposal would need to consider how to ensure the accomplishments of these was measured as part of the wider cycle of assessment.
 - c. On how the proposed approach could help with difficulties encountered around pre-financing, it was commented that moving beyond one-year processes that often occur at the end of the year and aligning around planning processes should help alleviate these, noting also that existing and future annual funding contributions would remain an important element to be managed.
 - d. Recognizing the potential risks involved in moving to a business cycle without funding confirmed upfront, this was acknowledged but it was commented that the exercise would bring benefits even if additional or multi-year funding did not immediately become available.
 - e. On the suggestion of a pilot at the CRP-level, it was noted that as the exercise would be system-wide, any CRP-level trial would not provide the feedback required.
 - f. Funders who have already made multi-year commitments were reassured that the proposed cycle would not adversely impact their investments but would strengthen the processes that underpin the research in which those investments have been made.
22. The Chair recognized the support expressed for the overall concept and confirmed that the Council would wish to contribute to the development and refinement of the concept at the Council's May 2018 meeting in advance of the presentation of the developed product later in the year.

23. **Decision SC/M5/DP4:** The System Council **endorsed** a business planning cycle concept for the CGIAR System, with a proposed multi-year business plan for the CGIAR System being brought for final approval to the System Council's November 2018 meeting (and launched from 1 January 2019), with an update on progress being provided to the System Council's May 2018 meeting.

Item 5: CGIAR System-Level Results Reporting

24. The Co-Chair introduced the session, recalling that the Council has discussed the topic of aggregating system results on previous occasions, and that a number of its members have contributed during consultations between meeting sessions.
25. The Executive Director framed the material presented in two parts, speaking firstly to the proposed common results indicator set. He noted that the consultations held had been extremely informative, and had led to a number of discussions on what is feasible and cost-effective in terms of reporting, recognizing the challenges presented by time-lags, causality, and cost, in obtaining data on outcomes. He also acknowledged the need to frame the work in the context of the activities and outputs of the Standing Panel on Impact Assessment (SPIA) and evaluations, in a wider assessment of achievement towards the Sustainable Development Goals.
26. Secondly, the Executive Director observed that the measurement against common indicators forms only part of a picture on performance that also requires analysis of theories of change, achievements and challenges encountered. He proposed that an annual performance report be established, incorporating these elements, as well as financial analysis, gender and other key issues, including a dashboard which enables interrogation of results data to as granular a level as possible. It was proposed that work on this begin at the earliest opportunity to ensure that data can be collected as required from the beginning of 2018.
27. The Co-Chair sought views from the Council firstly on the proposed indicator set, with the following reflections provided:
- a. Some strengthening of the indicators presented should be considered, including:
 - i. The research outcome indicators could include annual update and realized outcomes, in addition to ex-ante assessments;
 - ii. The project uptake indicator should have a consistent and clearly spelled out methodology, and be paired with a method to measure actual uptake;
 - iii. Ensuring that measuring is taking place at the outcome level rather than counting outputs and that definitions provided align with these; and
 - iv. There is a need to also capture scaling, and the suggestion made that an indicator on the number of partnerships would be useful.
 - b. It was highlighted that Funders use the indicators as inputs into priority setting and funding decisions, thus the importance of retaining the ability to disaggregate by CRP.

- c. Updates should be on a regular basis and should define the timeframe covered by the indicators.
 - d. The proposed dashboard should provide a clear assessment of progress against achievement, for example using a traffic-light assessment, with narrative analysis if required.
 - e. The need exists for access to data on CRPs, progress against targets, experts and their availability, presence and activities at a national level, partnerships activities, as well as an inventory of existing technologies, improved varieties and rural advisory service providers, to facilitate interaction with international stakeholders and promote the work of CGIAR.
28. The Council was advised of a conclusion of the recently-completed evaluation of results-based management in CGIAR, namely that the functions of performance management take place at two levels: firstly, at system level to prioritize and take decisions on budget allocations, and secondly at CRP and Center level to enable effective management and consequent adjustment of programs. It was advised that although complementary and related, they are separate functions.
29. The Co-Chair noted the diverse inputs provided, and reflected on the importance of building a baseline on which the evaluation of the System's results can be tracked. Hearing the inputs on the desirability of an additional indicator on partnerships, he proposed that this set be taken forward with appropriate disaggregation.
30. Secondly, on the proposal that the System move to an Annual Performance Report in place of the currently separate Portfolio, Finance and other reporting elements, the following inputs were raised:
- a. It was noted that reporting on Intellectual Assets Management should also be included in a system-wide Annual Performance Report.
 - b. In response to a question on timing, it was confirmed that a template outline could be made available for the Council's May 2018 meeting, with a final report to follow once the data required was available and could be synthesized.
 - c. The Strategic Impact, Monitoring and Evaluation Committee (SIMEC) could be used as a working body to provide feedback, along with other Funders.
31. Reflecting on the complexity of the topic and its shared importance across many organizations, the Chair invited Council members to share examples of best practice which could be drawn on. Suggestions from the forestry community, FAO and EMBRAPA were raised as possible sources of inputs to developing the work.
32. **Decision SC/M5/DP5**: The System Council:
1. **Endorsed**, for the period 2017-2022, nine common results indicators comprising those set out in Table 1 of meeting document SC5-05 (titled CGIAR System-Level Results Reporting: Progress and Plans), and an additional indicator on partnerships (disaggregated between research and downstream delivery partnerships), to provide System-level aggregated reporting results.

2. **Endorsed** the concept of delivery of a CGIAR System Annual Performance Report to provide consolidated programmatic, financial and intellectual assets reporting for the 2017-2022 CGIAR Portfolio, requesting that the System Management Office develop a proposed template for this report for consideration at the Council's 6th meeting in May 2018.

Item 6: Agreeing a funding allocation strategy

33. The Chair opened the session noting that one of the most important questions before the Council remains how to ensure sound investment decisions and the best return from scarce resources. He noted that a decision was requested from the Council at this meeting in order to take forward work that has been underway for some time on a proposal to address this.
34. The Executive Director summarized the three steps proposed in the paper (meeting document [SC5-06](#)). First, to assess and reaffirm the approach to system-level funding and decision-making. He identified that the large number of projects in the CGIAR System represents an issue in terms of focus, transaction costs and reporting requirements, as well as the impact on the ratio of time spent on research versus seeking funding. The second step, to agree on the essential building blocks of a successful approach to allocation, includes a number which are underway and link to other matters discussed at this meeting including the business cycle and funding modalities, and the guidance of the Council were sought on these including the proposed criteria. The third step in the process following these activities would be implementation over the remainder of 2017 and 2018.
35. In the discussion that followed, several themes were raised, including:
 - a. The challenges presented in capturing diverse Funder preferences and strategic priorities;
 - b. At the same time, the need for caution and independent analysis when undertaking prioritization recognizing that Funders' own priorities are naturally informed by their own strategies and political realities;
 - c. The need to take into account dynamics of all sources of funding, and whether System-level funding (W1-2) should be 'leading' or 'following' when considering those dynamics;
 - d. That the mechanistic issues, including around linkage of Window 1 and 2 will become less important the more prioritized the Portfolio becomes;
 - e. The importance of performance metrics and independent review to inform budget decisions and allocation of resources, which would ensure that even if a decision did not match a particular Funder's preference, there would be understanding as to the rationale behind it; and
 - f. The need for a degree of flexibility, but limited to a manageable level to avoid distortion from an individual decision.

36. In summarizing, the Chair highlighted that moving forward with the allocation strategy approach would not preclude the Council from future in depth discussion about strategic priorities, but would provide underlying analytics to better inform those conversations.
37. **Decision SC/M5/DP6:** The System Council:
1. **Endorsed** the allocation strategy set out in meeting paper SC5-06 (titled ‘An allocation strategy for the CGIAR System’);
 2. **Approved** the allocation criteria domains and proposed information sources set out in Annex 1 to paper SC5-06; and
 3. **Affirmed** that System Council allocation levels to CRPs and Platforms will continue to be made at CRP and Platform level, irrespective of whether flagship-level earmarking for Window 2 funds is adopted by the System Council at a future time.

Item 7: Taking forward concrete funding modality options from SC4

Improving System Financing Modalities

38. The Executive Director introduced the two concepts that had been taken forward from discussions at the Council’s 4th meeting in Amsterdam to improve system financing modalities (meeting document ([SC5-07](#))). It was confirmed that the intention had been to reinforce that while long-run programming is desirable, it is also considered important to ensure that CRPs can be responsive to changing priorities, evolving issues or performance information. He advised that in advance of the meeting, feedback had been received that the full ISPC review process should be followed in the case of any adjustments to ensure consistency, and that if a flagship program was to be removed, the System Council should be involved in that decision.
39. Regarding the possible introduction of earmarking of W2 funds, it was highlighted that in the way that the paper presented this flexibility, additional processes at the Trustee level would not be required. Rather that a light, transparent accounting process would be put in place at the System Management Office to manage this. Finally, that considerations to manage potential downside risks of such earmarking had been considered as set out in the background document.
40. The Council explored the issues summarized, with the following comments raised:
- a. The view that the Council should remain the decision-maker on Portfolio adjustments was echoed;
 - b. Flagship earmarking enables some Funders to commit to a shared agenda in terms of the system and CRP management processes being followed regarding their funding rather than using Window 3;
 - c. Optimally, commitment to a shared agenda, as envisaged when establishing the system and its funding mechanism, should not be diminished when making adjustments;

- d. Increased dialogue between Funders and CRP leadership was welcomed as one means to address unintended consequences at CRP-level, together with consideration encouraged on how to share that interaction where Funders participate in a number of CRPs;
- e. It should be ensured that earmarking does not introduce disequilibrium regarding a flagship's links to other development outcomes and the entire impact pathway; and
- f. The possible negative connotations of W2 earmarking should be borne in mind and the question considered as one of calibration or 'right-sizing' of a group of projects that aims to improve flexibility to the benefit of both Funders and CRPs.

41. **Decision SC/M5/DP7**: The System Council:

1. **Endorsed** the introduction of the process of within-cycle adjustments to CGIAR Research Programs (CRPs) and Platforms as set out in meeting document SC5-07 ('Improving System Financing Modalities') to enable CGIAR's research agenda to respond when relevant to an evolving environment, noting that any independent scientific review would follow existing regular practice, and that the System Council would be the final decision-maker on any major reduction in scope/dropping a flagship.
2. **Decided** to introduce the possibility of flagship-level earmarking of Window 2 funding contributions, noting that the mechanism is intended to provide flexibility to respond to the needs of individual Funders who may not otherwise be able to contribute funding to CGIAR's shared agenda funding mechanism.

Multi-Funder Initiative to achieve SDG2

42. To share one possible opportunity to add value to existing Portfolio through a mid-program strategic adjustment, the System Council member for the USA summarized the background to the '*Multi-Funder initiative on Climate-, Pest-, and Disease-Resilient Nutritious Crops to End Hunger by 2030*' as outlined in meeting document [SC5-07A](#).
43. He noted that:
 - a. The initiative builds on discussions on the role of CGIAR in genetic resource conservation, noting the key international public goods opportunities associated with the system's capacity in holding genetic resources in trust.
 - b. Crop improvement work has historically been an area of strength for CGIAR, however presents challenges for investment due to long-term returns on investment.
 - c. Particularly relating to key crops for nutrition and ecological stability, breeding programs do not currently attract significant investment as part of the shared agenda.
 - d. CGIAR is uniquely placed to undertake these activities for key crops in response to climate threats such as heat or drought tolerance, or in response to pests or disease, however the resources to respond effectively are not readily available.
 - e. The Excellence in Breeding platform is a possible key organizing principle for the initiative outlined further in the background resource for the meeting.

44. The Chair invited reflections from Council members, with the following being offered:
- a. A focus of CGIAR breeding programs on smallholder farmer demand is an important aspect of modernizing breeding to ensure uptake and productivity gain and sustainability, including engagement with relevant partners for ‘last mile’ adoption;
 - b. The importance of attracting talent to CGIAR breeding programs;
 - c. The role CGIAR can play to move beyond crop improvement to development outcomes on inclusiveness, nutrition, adaptation and migration;
 - d. As with any aspect of prioritization, a focus on breeding necessitates a conversation on whether additional funding would be available; and
 - e. The question of what form of independent review might be required for new programmatic elements associated with the initiative, or whether it represents improvements within the existing CRP and Platform context.
45. Recognizing the degree of interest generated by the proposal, the Chair confirmed that ongoing inputs to further shape the proposed initiative were welcomed by those Funders discussing the initiative, with some work still to be done before the Council may be formally requested through the System Management Board to approve strategic adjustments to the relevant parts of the Portfolio.

Item 8: Meeting the System’s need for advisory services

46. The Chair recalled the procedural question raised at the meeting’s opening regarding this agenda item, and confirmed that following consultations, discussion on the item would not proceed during SC5. The opportunity for additional consultation on the key element was noted as being desirable, as well as for further reflection on how linkages to the broader development agencies in Rome, along with the African Development Bank and the World Bank could be enhanced.
47. The Chair thanked the Strategic Impact, Monitoring and Evaluation Committee for the high-quality work to date, reflecting that the working paper of SIMEC provided a strong basis to go forward. He confirmed that the item should come before the Council following those additional conversations.

Item 9: 2018 Budgeting

48. In framing the session, the Chair of the System Management Board advised that in approaching proposed 2018 budgeting, the Board had considered a number of possible scenarios accommodating known uncertainties and potential risks, and that these were presented to the Council along with a recommended option. The Executive Director summarized the elements of the budget materials package, as set out in meeting document [SC5-09A](#).

On 2018 System Entity Budgets

49. The budgets, proposed as ceiling amounts for the Council's approval, represent a 15% nominal year-on-year reduction. Following this meeting and the matters for Council decision that will impact on the 2018 workplan for the System Management Office, a detailed workplan will be prepared for discussion at the System Management Board's December 2017 meeting. Similarly, subject to ongoing discussions on the System's advisory services, the budgets presented for IEA and ISPC are estimated ceilings at this time, including two scenario options presented for the latter.
50. System Council members noted appreciation for efforts made to reduce system entity costs, and that the cost sharing percentage fully meets those costs.
51. **Decision SC/M5/DP8:** The System Council **approved** US\$13.87 million as the combined ceiling for 2018 System entity budgets, taking note of the System Council calls for an ongoing focus on identifying potential efficiencies.²

On the 5 flagships re-submitted in July 2017 (Fish FP2, FTA FP2, Livestock FP3 and FP5, and WLE FP5)

52. Following review processes by the ISPC and Funders, the Executive Director reported that the Board considered these to be science-worthy for W1/2 funding consideration, with details of possible funding options to be considered during the Council's deliberations on indicative 2018 allocations for the Portfolio.
53. **Decision SC/M5/DP9:** The System Council **agreed** that the 5 flagships re-submitted in July 2017 are considered as being eligible for W1&2 funding based upon scientific review of their technical merit.

On a preferred scenario for indicative 2018 W1/2 allocations

54. The Executive Director outlined the assumptions on available funding of USD \$180 million W1/2 funding in 2018, based on projected contributions of USD\$170 million, use of a portion of the Balancing Fund (USD\$7 million), and potential system entity cost savings of USD\$3 million in 2017/2018. Five potential allocation scenarios were presented, ranging in terms of the level of allocations to additional programmatic elements in 2018 and to the existing Portfolio.
55. It was noted that following their own deliberations, the Board considered that 'scenario 3' with the slides presents the most appropriate allocation approach taking the various considerations into account. The Council's guidance was requested on preferred principles and the approaches presented, with the caveat that the

² This SC-5 summary records the final text of the System Council's decision on budget ceilings and efforts to find cost efficiencies. The earlier SC-5 Chair's summary had an incorrect version of the final decision, which has now been addressed.

numbers presented in the scenarios for SC5 do not represent final figures. These will be finalized in the 2018 FinPlan to be subsequently prepared.

56. Concerns were raised that Center reserves are used to meet shortfalls in programmatic funding, without a means to rebuild those reserves being identified. It was confirmed that the System Management Board intends to discuss the matter at its December 2017 meeting.
57. Taking note that all scenarios currently targeted a shortfall of funding for 2018. discussions focused on what could best be considered as 'fairness' in allocations, including:
 - a. The potential effects of the scenarios on programmatic elements judged to be of merit for inclusion and W1/2 from 2018, and on existing CRPs and Platforms, given the context of additional funding not being available;
 - b. The effects of possible reduced allocations to programs that have been in operation for one year;
 - c. That allocations baselines use assessment ratings undertaken in 2016 for allocation of funding in 2018 for existing portfolio elements; and
 - d. That although when the invitation to resubmit portfolio elements was issued, it was made clear that the funding environment would be unlikely to permit full funding, the principles of equal treatment should apply.
58. It was noted that the complexities inherent by these discussions highlight the need for robust and timely performance data and established allocation principles, as recognized earlier in the discussions on an allocation strategy and system results reporting.
59. Observing that the reflections raised represented a blend of principles from different proposed scenarios, a revision was prepared and presented for the Council's review and consideration during the session, taking into account these inputs.
60. **Decision SC/M5/DP10**: The System Council **approved** the following as the basis for building a funding scenario for the 2018 indicative W1/2 allocations for the CGIAR Portfolio of CRPs and Platforms:
 - i. Indicative W1/2 funding of approximately \$180m;
 - ii. GLDC would receive an indicative allocation of \$8.1m (prior to any general CRP/Platform funding reduction set out at item v. below), with FP2 receiving no W1/2 funding in 2018;
 - iii. The returning 5 flagships receive an indicative allocation of \$6.5m, plus management and support costs of \$1.7m (prior to any general CRP/Platform funding reduction at item v. below);
 - iv. A stretch funding target of 10% or \$18m³; and
 - v. CRP and Platforms (with the exception of Genebanks) reduction of approximately 2% on a pro rata basis.

³ Programs encouraged to under-execute unless realized

On proposed guiding principles for the development of the 2018 FinPlan

61. The Executive Director introduced the document, highlighting that the proposed 2018 CGIAR Portfolio Financing Plan ('FinPlan') proposed Portfolio financing plan builds on the principles of the 2017 plan, with two additional points proposed for consideration by the Board at their December 2017 meeting, namely that: (i) the Excellence in Breeding and Big Data platform should not be exempt from any cuts due to funding shortfalls as they were in 2017; and whether (ii) 2018 System Council allocation amounts should net off any Window 3 funding provided with the express intention by the Funder of programmatic funding at the CRP/Platforms level.
62. In response to a question raised on additionality of Window 1 and 2, it was acknowledged that challenges remain on ensuring that fundraising incentives remain in place while an appropriate capacity to buffer shocks exists, and that inputs on how best to navigate this dilemma are welcome.
63. **Decision SC/M5/DP11:** The System Council **endorsed** the guiding principles set out in Part 4 of meeting paper SC5-09A ('Funding Allocations for 2018') as forming the basis of the development of the 2018 CGIAR Portfolio Financing Plan for CRPs and Platforms ('2018 FinPlan'), **taking note** that the 2018 FinPlan will be submitted for System Council approval on a no-objection basis on the recommendation of the System Management Board.
64. As an additional matter relating to funding, a question was raised on whether the System Management Board plans to consider CGIAR support for common bean research, characterized as a key gap in the CGIAR portfolio. It was confirmed that the Board plans to discuss the matter at their December 2017 meeting.

Item 10: Agreeing a System-level risk management framework

65. The Co-Chair framed the session by reminding the Council of its task as outlined in the CGIAR System Framework to approve a risk management framework for the CGIAR System⁴, and acknowledged the work over the course of 2017 to consult on and develop this.
66. The CGIAR System Organization's Head, Board and Council Relations provided an overview of the process of development of the materials, highlighting that:
 - a. The Centers undertook considerable work to take stock of what exists in the System to provide Funders and other stakeholders with reasonable assurance that opportunities and risks are being effectively managed;
 - b. Analysis of that work identified that:
 - i. Individual Center frameworks exist, but there is insufficient clarity on where responsibilities lie for managing System risks, maintaining a register of those risks, and shared reporting processes and protocols including

⁴ CGIAR System Framework Article 6.1 (l)

- escalation of strategic risks and opportunities;
 - ii. It is clear that a substantial amount of assurance is currently provided by diverse stakeholders, including the System's advisory services, but it is not clear whether this is duplicative; and
 - iii. There is a need for a common language, implemented in a way that builds on Center-own processes, rather than replacing them.
 - c. A number of best practice materials including from System partners⁵ and outside of the System were drawn on, including adopting the definition of an 'extended enterprise' as described by the UK's Institute of Risk Management⁶; and
 - d. The Audit and Risk Committee of the System Management Board guided the development of the materials as proposed, seeking inputs from Audit Committee Chairs of the Centers, Center Heads of Internal Audit, Center Corporate Services Executives, and the System Management Board and Funders to ensure that what has been developed is built from the bottom up and not imposed top-down.
67. As a summary of what the Council is being asked to consider and approve, it was advised that:
- a. The Risk Management Framework proposes system-level operational goals and their associated risk families, periodic review of which would tie in to the business cycle as developed.
 - b. The responsibility would lie with the System Management Board to have in place a risk register for system-wide risks, providing improved transparency on how risks are overseen and ensure that any corrective action required is followed up.
 - c. The proposal is made to rename the Council's standing committee with responsibilities in this regard as the 'Assurance Oversight Committee' for avoidance of confusion and to better characterize that committee's strategic guidance role.
 - d. Two modest adjustments to the CGIAR System Framework are proposed to allow this to be put in place, including ensuring that oversight of internal audit recommendations can be overseen by the Board, with the Council's Committee's role focused on more strategic escalated matters rather than the details in this regard.
68. Reflections on the proposals made included the following:
- a. The importance of building on what exists and focusing on harmonization, optimization, cooperation and definition of roles and responsibilities was echoed;
 - b. It was confirmed by representatives of the Centers that the proposed materials offer welcome improvements in how system-wide opportunities and risks are defined and monitored, to help guide decision-making.

⁵ 'ISO 31000 – Risk Management: Principles and Guidelines', 2009, International Organization for Standardization; and COSO's 'ERM Framework: Enterprise Risk Management – Integrating with Strategy and Performance', 6 September 2017, Committee of Sponsoring Organizations of the Treadway Commission (COSO).

⁶ UK Institute of Risk Management, 'Managing risk in complex 21st century organizations – Executive Summary', 2014.

- c. Clearer allocation of responsibilities on risk along with guidance as to where the Council's appetite on risk lies will be beneficial to Centers in ensuring their thinking and activities on risk align with these and do not duplicate.
 - d. Representatives of IEA and ISPC confirmed that the identification of their respective roles as part of the overall map of assurances across the System was a useful development.
 - e. In response to a question raised on whether outsourcing of higher-level oversight had been considered, it was advised that this had been an option for discussion, but that cost-efficiency considerations along with the relatively moderate workplan anticipated meant that a Committee structure had been retained as the preferred option.
 - f. The concept of effective assurance as ensuring information is identified and appropriately communicated was noted and appreciated as a key part of the materials presented; and
 - g. In response to a question raised on how risks are to be managed where decisions made at one level impact other areas of the System, it was highlighted that the framework provides a clear mechanism to identify and escalate issues that have the potential to impact the System.
69. **Decision SC/M5/DP12:** The System Council **approved** the following materials to provide for a risk management and assurance framework at the CGIAR System level:
- 1. Risk Management Framework of the CGIAR System
 - 2. Risk Appetite Statement of the CGIAR System
 - 3. Terms of Reference for the Assurance Oversight Committee of the System Council
70. **Decision SC/M5/DP13:** Subject to subsequent approval of the System Management Board and the General Assembly, the System Council amends the CGIAR System Framework as follows:
- 8.2(a) an **Assurance Oversight Committee** ~~Audit and Risk Committee~~, with a majority of independent members, the purpose of which shall be to provide: The System Council with assurance of the completeness and effectiveness of the Internal Audit Function and the independence of external audit functions; a structured reporting line between internal and external auditors and the System Council; and oversight of system-wide governance, risk management and internal controls

~~6.1(j) Review findings and follow-up emanating from the Internal Audit Function~~

Item 11 - Other Business

Update on the WANA Consultation

71. The representative for the Council's West Asia and North Africa ('WANA') constituency briefed the meeting on a consultation\meeting between Centers in the WANA region and regional representatives on "Science-based innovations for

enhancing food and nutritional security and building resilience to climate change”, hosted by ICARDA in Beirut, Lebanon⁷.

72. Inputs were sought from the Council on the possible way forward to the challenges clearly set out, including on how regional funding might be part of the solutions. The possibility of engaging with the Islamic Development Bank was raised. It was also noted that the World Bank is increasing its engagements in the region over the coming months, and other Funders cited examples of activity in the region including a SIDA-backed project on re-use of waste water in agriculture, and the PRIMA Initiative (Partnership on Research and Innovation in the Mediterranean Area)⁸ focusing on food security and water to be implemented over a 10-year period from 2018.
73. Additional inputs were provided on possible activities through ICARDA via an innovative partnership model, and key themes of resilience, rural transformation post conflict and conflict affected areas were raised. The System Management Board Chair acknowledged the inputs received and thanked the WANA representative, recognizing the importance of activity in the region. He noted that the Board will be open to engaging in dialogue regarding a possible proposal and will discuss further at their forthcoming meeting.

FAO Symposium on Innovation for Smallholders and Family Farmers

74. The representative of FAO shared an information note⁹ with the Council on the Symposium scheduled on 11-13 June 2018, organized in partnership with IFAD, the World Food Programme and potentially CGIAR. The Executive Director thanked FAO for reaching out to propose further discussions on possible collaboration on this and further ways to maximize collaboration with development organizations and agencies.

Global Research Alliance on Agriculture and Greenhouse Gases Emissions

75. The representative of Japan informed the Council on the work of the alliance, known as ‘GRA’, noting that in its 7th year, 49 countries from all continents are members, along with 15 partner organizations including CGIAR. The recent meeting of the GRA Council held in Japan in August 2017 confirmed that 6,000 scientists are now engaged in network activities worldwide.
76. The Chair reminded colleagues that the previous Chair of the GRA, Hayden Montgomery, had briefed the Council at their 2nd meeting in Mexico in September 2016 and noted the good progress of the initiative.

⁷ Summarized in the presentation available at <https://www.cgiar.org/wp-content/uploads/2017/12/AOB-DRAFT-Update-WANA-consult.pdf>

⁸ <http://ec.europa.eu/research/environment/index.cfm?pg=prima>

⁹ Available at <https://www.cgiar.org/wp-content/uploads/2017/11/FAO-Innovation-Symposium.pdf>

77. The representative of Australia advised that following the presentation to the Council at SC2, Australia had begun dialogue with GRA and that ACIAR has now taken over the Australian membership of the initiative.
78. Three additional items were accepted from the floor by the Council Chair as follows:

Common bean research

79. The representative of the USA confirmed to the Council that following further informal conversations on possible avenues to bring common bean research back into the CGIAR Portfolio, it was requested that the System Management Board consider how a flagship program, including an ISPC review process, might be incorporated and additional funding attracted to support this. It was confirmed that this would be discussed by the Board at their forthcoming meeting.

Standing Panel on Impact Assessment

80. It was noted that SIMEC held a discussion with the Chair of SPIA on possible continuation of their work in support of embedding impact assessment culture throughout the System, including in Centers. It was also noted that, at present, no detailed proposal for the continuation of SPIA's work (previously funded by the UK and the Bill and Melinda Gates Foundation) has been made, but requested that the process and timeline be clarified as soon as possible, so any forthcoming proposal could be considered as soon as necessary by the Council.
81. The Chair noted the time-sensitivity around the proposal for one of the Council members unable to release funding without a Council-endorsed paper.

Acknowledgement of Funders

82. A System Council member highlighted the importance that all CGIAR Centers recognize all contributors to the CGIAR Trust Fund on their websites including those that contribute to Window 1. He advised that a recent survey found that six Centers make no mention of, or recognize, contributions from Window 1 Funders, and noted that appropriate recognition and appreciation is essential to ensuring that the case for ongoing funding can be made at Funder agencies and institutions.

Meeting closure

82. The Chair expressed appreciation on behalf of the Council for the following proposals made for meeting arrangements in 2018:
- a. **16-17 May 2018** in Berlin, Germany, hosted by the German Federal Ministry for Economic Cooperation and Development
 - b. **On dates to be confirmed, November 2018** in Seattle, USA, hosted by the Bill and Melinda Gates Foundation.
83. The Chair thanked the participants and closed the meeting.

Annex 1: Compendium of Decisions taken – 5th System Council meeting

SC/M5/DP1: Meeting Co-Chair

The System Council **elected** Juan Lucas Restrepo Ibiza, representative of the Latin America and Caribbean constituency, as the non-voting Co-Chair for the meeting pursuant to Article 5.2 of the CGIAR System Framework.

SC/M5/DP2: Adoption of the Agenda

The System Council **adopted** the Agenda, as issued on 18 October 2017.

SC/M5/DP3: Grain Legumes and Dryland Cereals Agri-food Systems CGIAR Research Program Pursuant to its functions as described in Article 6.1(q) of the CGIAR System Framework, the System Council:

1. **Approved**, on the recommendation of the System Management Board, the Grain Legumes and Dryland Cereals proposal submitted on 3 August 2017, to be a strategic element to include in the CGIAR Research Portfolio 2017-2022 with effect from 1 January 2018, taking note of the desirability of flagship 2 being further strengthened.
2. **Noted** that indicative funding amounts to be provided from funds from the CGIAR Trust Fund for the approved proposal will be decided later in this meeting.

SC/M5/DP4: Adopting a strategic business cycle approach

The System Council **endorsed** a business planning cycle concept for the CGIAR System, with a proposed multi-year business plan for the CGIAR System being brought for final approval to the System Council's November 2018 meeting (and launched from 1 January 2019), with an update on progress being provided to the System Council's May 2018 meeting.

SC/M5/DP5: Results reporting

The System Council:

1. **Endorsed**, for the period 2017-2022, nine common results indicators comprising those set out in Table 1 of meeting document SC5-05 (titled CGIAR System-Level Results Reporting: Progress and Plans), and an additional indicator on partnerships (disaggregated between research and downstream delivery partnerships), to provide System-level aggregated reporting results.
2. **Endorsed** the concept of delivery of a CGIAR System Annual Performance Report to provide consolidated programmatic, financial and intellectual assets reporting for the 2017-2022 CGIAR Portfolio, requesting that the System Management Office develop a proposed template for this report for consideration at the Council's 6th meeting in May 2018.

SC/M5/DP6: An allocation strategy for the CGIAR System

The System Council:

1. **Endorsed** the allocation strategy set out in meeting paper SC5-06 (titled ‘An allocation strategy for the CGIAR System’);
2. **Approved** the allocation criteria domains and proposed information sources set out in Annex 1 to paper SC5-06; and
3. **Affirmed** that System Council allocation levels to CRPs and Platforms will continue to be made at CRP and Platform level, irrespective of whether flagship-level earmarking for Window 2 funds is adopted by the System Council at a future time.

SC/M5/DP7: Funding Modalities

The System Council:

1. **Endorsed** the introduction of the process of within-cycle adjustments to CGIAR Research Programs (CRPs) and Platforms as set out in meeting document SC5-07 (‘Improving System Financing Modalities’) to enable CGIAR’s research agenda to respond when relevant to an evolving environment, noting that any independent scientific review would follow existing regular practice, and that the System Council would be the final decision-maker on any major reduction in scope/dropping a flagship.
2. **Decided** to introduce the possibility of flagship-level earmarking of Window 2 funding contributions, noting that the mechanism is intended to provide flexibility to respond to the needs of individual Funders who may not otherwise be able to contribute funding to CGIAR’s shared agenda funding mechanism.

SC/M5/DP8: 2018 System Entity Budgets

The System Council **approved** US\$13.87 million as the combined ceiling for 2018 System entity budgets taking note of the System Council calls for an ongoing focus on identifying potential efficiencies.

SC/M5/DP9: Flagship programs resubmitted in 2017 for W1&2 funding in 2018

The System Council **agreed** that the 5 flagships re-submitted in July 2017 are considered as being eligible for W1&2 funding based upon scientific review of their technical merit.

SC/M5/DP10: 2018 Portfolio Funding scenario

The System Council **approved** the following as the basis for building a funding scenario for the 2018 indicative W1/2 allocations for the CGIAR Portfolio of CRPs and Platforms:

- i. Indicative W1/2 funding of approximately \$180m;
- ii. GLDC would receive an indicative allocation of \$8.1m (prior to any general CRP/Platform funding reduction set out at item v. below), with FP2 receiving no W1/2 funding in 2018;
- iii. The returning 5 flagships receive an indicative allocation of \$6.5m, plus management and support costs of \$1.7m (prior to any general CRP/Platform funding reduction at item v. below);

- iv. A stretch funding target of 10% or \$18m¹⁰; and
- v. CRP and Platforms (with the exception of Genebanks) reduction of approximately 2% on a pro rata basis.

SC/M5/DP11: 2018 Portfolio Funding scenario

The System Council **endorsed** the guiding principles set out in Part 4 of meeting paper SC5-09A ('Funding Allocations for 2018') as forming the basis of the development of the 2018 CGIAR Portfolio Financing Plan for CRPs and Platforms ('2018 FinPlan'), **taking note** that the 2018 FinPlan will be submitted for System Council approval on a no-objection basis on the recommendation of the System Management Board.

SC/M5/DP12: A System-wide Risk Management Framework

The System Council **approved** the following materials to provide for a risk management and assurance framework at the CGIAR System level:

1. Risk Management Framework of the CGIAR System
2. Risk Appetite Statement of the CGIAR System
3. Terms of Reference for the Assurance Oversight Committee of the System Council

SC/M5/DP13: Amending the CGIAR System Framework

Subject to subsequent approval of the System Management Board and the General Assembly, the System Council **amends** the CGIAR System Framework as follows:

- 8.2(a) an **Assurance Oversight Committee** ~~Audit and Risk Committee~~, with a majority of independent members, the purpose of which shall be to provide: The System Council with assurance of the completeness and effectiveness of the Internal Audit Function and the independence of external audit functions; a structured reporting line between internal and external auditors and the System Council; and oversight of system-wide governance, risk management and internal controls

~~6.1(j) Review findings and follow up emanating from the Internal Audit Function~~

¹⁰ Programs encouraged to under-execute unless realized

Annex 2: List of meeting participants

Meeting Leadership
Juergen Voegelé (System Council Chair)
Juan Lucas Restrepo Ibiza (Co-Chair)

System Council Voting Members	System Council Member Representatives	System Council Member Alternates & Other Delegation Members
AfDB represented by IFAD	Malu Ndavi*	
Australia	Mellissa Wood*	
Bill & Melinda Gates Foundation	Tony Cavaliere	
Canada	Christophe Kadji*	Robert Hofstede
East Asia & Pacific (represented by China)	Dandan Huang*	Kaiyu Lyu
European Commission	Bernard Rey	
Germany and Belgium	Juergen Anthofer*	
Japan	Masa Iwanaga*	Masashi Takizawa; Shuhei Toriumi
Latin America and Caribbean	Juan Lucas Restrepo Ibiza <i>Served as Co-Chair of this meeting</i>	
Netherlands	Melle Leenstra	
Norway	Daniel van Gilst	
South Asia (represented by India)	Shri Chhabilendra Roul	
Sub-Saharan Africa (represented by Kenya)	Eliud Kireger*	
Sweden	Philip Chiverton	
Switzerland	Michel Evéquoz	
United Kingdom	Alan Tollervey	
USA	Rob Bertram	Eric Witte
West Asia & North Africa (represented by Turkey)	Nevzat Birişik	Merve Altan
World Bank	Michael Morris*	

Non-voting Ex-officio members	Member	Alternate
Chair, System Management Board	Marco Ferroni	
Executive Director, CGIAR System Organization	Elwyn Grainger-Jones	
Center Representative (Convener of the Chairs of Center Boards of Trustees)	Nicole Birrell	
FAO	Samy Gaiji*	
IFAD	<i>Representing AfDB at this meeting</i>	

Active Observers	Representative	Additional Delegate
GFAR	Raffaele Maiorano*	Mark Holderness
IEA	Rachel Sauvinet-Bedouin	Sirkka Immonen
ISPC	Maggie Gill	Leslie Lipper

*Indicates that the Member/Active Observer is being represented at the meeting by the alternate or a delegated representative.

Annex 2 – List of Participants

Invited attendees	Representative
France - Host Country	Bernard Hubert
Trustee	Darius Stangu

Additional participants	
World Bank	Jonathan Wadsworth, Adviser, (Agriculture and Research)
CGIAR System Organization	Karmen Bennett, Head, Board and Council Relations
	Albin Hubscher, Head, Finance and Program Performance
	Andre Zandstra, Head, Funder and External Engagement
	Olwen Cussen, Board and Council Relations Associate
	Victoria Pezzi, Meetings and Events Associate

Apologies - System Council Voting Members
Mexico

Apologies - Ex Officio Non-Voting Members
Matthew Morell, Center Representative (Convener of the Directors General)