

CHAIR'S SUMMARY
7th System Management Board Meeting
Virtual, 27 September 2017 16:00-19:00 Paris time

**Dear Board Members,
Dear Center Board of Trustee Chairs, Directors General and other colleagues,**

Adopting the well-received practice from Martin Kropff's experience as Interim Chair, this summary seeks to convey the overall spirit of the Board's conversations during its virtual meeting held on 27 September 2017, whilst the fuller Board Meeting Summary is developed and subsequently approved by the Board.

As conveyed by Martin in his note at the end of August when transitioning the Board Chair role, the Board well recognizes that we need to be moving to a more strategic approach in the execution of our role, now that many of the fundamentals are heading in the right direction after the Board's first year of operations. Inevitably, a number of the agenda items we discussed required that we look closely at the details of how things are operating and how changes to these processes can deliver System-wide benefit. Most of the topics however were approached from a more strategic lens of ensuring that we have the right science in our portfolio, we know where the opportunities and risks are, and that we are delivering in a way that gives confidence that we are using performance data to inform our collective decisions. As colleagues read through this summary, it will be clear also that establishing mechanisms to deliver stable and ideally more funding to the System was a predominant feature of our discussions.

Taking the agenda items listed below, the primary purpose of coming together now was to use our conversation to inform further thinking on a series of conversations that the System Council will have during its 9-10 November 2017 meeting in Cali, Colombia. Clearly, as a Board, our goal is for those conversations to be framed in a way that serves the System best.

- Item 1 – Opening & Agenda adoption
- Item 2 – Financing Modalities*
- Item 3 – Considering resubmitted ICRISAT proposal*
- Item 4 – Longer-term Funding Allocations Strategy and 2018 Allocations*
- Item 5 – CGIAR System-Level Results Reporting*
- Item 6 – Risk Management Framework*
- Item 7 – Agricultural Research Summit and Investors round table*
- Item 8 – CGIAR Country Collaboration
- Item 9 - AOB

** SC-5 Cali Agenda topic*

Part A - Formal decisions we took:

SMB/M7/DP1: Meeting Agenda – 7th Meeting, 27 September 2017

The Board **adopted** the Agenda (Document SMB7-01, Issued 20 September)

SMB/M7/DP2: Recommending the new GLDC CRP for inclusion in our shared research agenda

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 proposal meets the required technical standard of a CGIAR Research Program.

Summarizing our thinking on the GLDC proposal (Agenda item 3)

The Board considered the 2018-2022 proposal for a CGIAR research program ('CRP') on Grain Legumes and Dryland Cereals Agri-food Systems ('GLDC') as submitted by ICRISAT on 2 August 2017. As with the 2016 proposal review processes, the Board's conversation was informed by two review sources: (i) an ISPC assessment dated 20 September 2017 with overall B+ rating; (ii) inputs from a Funder-initiated review supported by SIMEC and facilitated through the ISPC Secretariat; and (iii) ICRISAT's response. The work undertaken by ICRISAT and its partners to move the new proposal forward was appreciated and the Board recognized the importance of demonstrating consistency with the 2016 processes in its decision-making.

Part B - On other discussions and inputs

Financing Modalities (Agenda Item 2): To take the conversation forward on how to rebalance CGIAR's inherently complex funding landscape in a way that tries to meet the expectations of what is clearly a diverse but important group of stakeholders, the Board's conversation targeted two concepts initially discussed with the System Council at its May 2017 meeting¹:

- (i) Managing potential mid-program revisions (i.e. changing, adding or dropping flagships) to enable CGIAR's research agenda to respond when relevant to an evolving environment. The Board agreed it is important to set criteria for within cycle adjustments; and
- (ii) Key questions and potential challenges surrounding an interest by some CGIAR Funders to explore flagship-level earmarking of W2 funding to meet their strategic priorities. While the Board saw flagship-earmarking bringing with it considerable risk for a holistic CGIAR Portfolio approach, it also recognized that flexibility is essential for a few Funders to maintain or increase their respective System-level contributions and agreed the concept should be included in the System Council paper. As a possible risk mitigation strategy, the Board agreed it would be important to explore linking flagship earmarking with, to the extent possible, multi-year pledges to address the inherent risk of funding volumes markedly changing each year. The need for transparent communications and better sharing of information among Funders and the System was emphasized, to avoid an unbalanced portfolio as a result (overfunded in some areas and underfunded in others).

¹ http://www.cgiar.org/wp-content/uploads/2017/05/SC4-03_Funding-Modalities-ScopingPaper_Revision-1_4May2017.pdf

Funding Allocations strategy (Agenda Item 4 - Part A): The Board agreed on the essential need to bring business planning concepts into the System, including moving to a 3 or 4-year funding allocations cycle as a core element of that holistic business planning approach. The Board discussed how best to ensure effective polling of Funder preferences at the forthcoming SC-5 meeting, underpinned by a 'business intelligence tool' approach, not a formulaic one. We identified the need to connect with the System Council's Strategic Impact, Monitoring and Evaluation Committee ('SIMEC'), to help develop confidence that adopting a business plan and multi-year allocations approach is critical success factor for the System over the next 12 months.

2018 Funding Allocations for the CGIAR Portfolio (Agenda Item 4 - Part B): To inform its conversation on how to develop a financing plan for the allocation of currently projected 2018 W1/2 funding ('2018 FinPlan'), the Board first took note of outcomes of the review processes of new submissions for the 5 flagships approved as part of the 2017-2022 Research portfolio, but not approved by the System Council for W1&2 funding in 2017. Data sources before the Board comprised funder-initiated review scores for most of the flagships; ISPC's assessment of the 5 revised flagships, and one-page responses to the ISPC comments from the concerned CRPs.

The Board approached its discussions in two parts:

- (i) Eligibility for 2018 W1/2 funding: remaining cognizant of the importance of a consistent approach being applied to all elements of the Portfolio whether approved in 2016 or 2017, the Board agreed to present/endorse the 5 revised flagships, along with the new GLDC proposal, to the System Council as being science-worthy taking into account the ISPC and funder assessments. It was agreed that an overall prevailing 'moderate' rating should result in a reduction in any W1/2 funding provided (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.
- (ii) On how to shape the required 2018 FinPlan, the Board discussed the background paper providing inputs on options to either be further explored or taken out of the equation as the 2018 FinPlan is developed. Key points included: the need for further investigation into System costs (some appearing to be unchanged from prior years, and others seemingly reduced too significantly, giving rise to a risk of underfunding areas considered as essential from the Centers' perspective); agreement to draw on the Balancing Fund (with the condition that this be the last year and that future efforts must be undertaken to replenish the Balancing Fund); the maintenance into 2018 of the combined \$2 million reduction applied to the 12 flagships in 2017²; and consideration as to whether the funding beyond Management and Support costs should be linked to an increased funding 'stretch target' of 15% (beyond the 10% in the paper). The Board declined to grant specific exemptions to any necessary residual cut across CRPs and the

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

previous decision on use of carry-over from the former 2011-2016 Portfolio to the new 2017-2022 Portfolio will be maintained.

Whilst staying true to the overall principle of the 2016 decisions, the Board recognized the challenges involved in raising W3 or bilateral funding for management and support costs to fund the GLDC proposal and the 5 resubmitted flagships. Accordingly, the Board agreed that these costs should be requested to be funded by the System Council from W1&2, and that a proposal should be 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.

CGIAR System-Level Results Reporting (Agenda Item 5): The Board heard a brief overview of the proposed list of harmonized indicators, and the work done over recent months to accelerate this process in response to Funder feedback, including engagement with the MELCoP. Board Members were asked to share any additional feedback on the indicators to finalize the document ahead of submission to the System Council.

Risk Management Framework and Internal Audit Function arrangements (Agenda Item 6): The Board recognized the importance of the topic for the System, and the substantial input received to date from CGIAR's Center Audit Committee Chairs, Corporate Service Executives, Heads of Center/Regional Internal Audit teams, and many others that has shaped the 'draft 0' presented to the Board. It was noted that the proposal would further evolve after the Board's Audit and Risk Committee met the following day on 28 September 2017 to review the draft and provide specialized input and that Board Members will be invited to provide input on the revised version. Members appreciated the identification of five relatively clear top system risks that reflect the big issues before the System; that an appropriate tone and balance had been struck between the principle of subsidiarity and ensuring System-wide opportunities and risks are seen and discussed by the relevant part(s) of the System; and that the framework and arrangements were developed based on what exists and is working within the Centers, so that risk and assurance practices remain predominantly the responsibility of the Centers, but with appropriate escalation and de-escalation processes agreed that are based on sound communications protocols.

Agricultural Research Summit and investors round table (Agenda Item 7): Due to time constraints and 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.

CGIAR Country Collaboration (Agenda Item 8): The Chair of the Board's ad hoc Working Group on CGIAR Country Collaboration summarized the Working Group's recommendations and continuing work. It was confirmed that discussions are on-going with Funders on initiatives where they might explore in country collaboration and CGIAR program impact measurement. Board Members were invited to provide further feedback to finalize the draft recommendations and revise the Working Group's terms of reference, particularly relating to shared CGIAR resources and engagement with partner organizations within target countries.

Crop Trust resource mobilization (Agenda Item 9): The Crop Trust will be invited to join a session of the Board's 8th meeting in December 2017 on a virtual basis to present a verbal report, and discuss their resource mobilization activities.

Closing remarks

Staying with the substance of our conversations, I would encourage any colleague who wishes to provide contributions on the meeting topics to do so via Elwyn and his team to assist in finalizing the thinking in these areas.

Actions we agreed from our meeting are set out in Appendix 1 below, and those who were in attendance are listed at Appendix 2.

As a final word, let me say how impressed I am by the sense of urgency and momentum in this meeting to deal with major challenges in our system – all of which are key to maintaining and increasing our funding.

I offer my thanks to all those across the System who have worked on preparing for our deliberations on these matters, and to the Board Members and Observers for their active and thoughtful participation in discussions.

Marco Ferroni
Chair, System Management Board

[Appendix 1 - Actions we agreed](#)

[SMB/M7/AP1 – Agricultural Research Summit and investors round table](#)

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.

[SMB/M7/AP2 – CGIAR System-level Results Reporting](#)

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.

[SMB/M7/AP3 – CGIAR Country Collaboration](#)

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.

[SMB/M7/AP4 – Risk Management Framework and internal audit function arrangements](#)

By Thursday 12 October 2017: Board Members are invited to provide inputs 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.

[SMB/M7/AP5 – 2018 FinPlan](#)

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.

[SMB/M7/AP6 – Crop Trust presentation to the Board](#)

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.

Appendix 2 – Meeting Participants

Members and Active 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 Cavaleri	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
Leslie Lipper	ISPC Executive Secretary
Matthew Morrell	Convener of the Center Directors General
<i>* Nicole Birrell, Convener of the Center Board of Trustee Chairs was unable to attend</i>	

Technical contributors and meeting support	
Name	Role
Karmen Bennett	Head, Board and Council Relations (System Organization)
Albin Hubscher	Head, Financial and Program Performance (System Organization)
Elise Perset	Head, Legal and Office Service (System Organization)
Andre Zandstra	Head, Funder and External Engagement (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, Performance Management
Olwen Cussen	Board and Council Relations Associate (System Organization)