



## CGIAR System Risk Appetite Statement<sup>1</sup>

### Introduction

In delivery of the goals of its ambitious Strategy and Results Framework 2016-2030, CGIAR strives to identify and measure an optimum balance between leveraging opportunities and managing risks.

CGIAR recognizes that its 'extended enterprise' environment, in which a number of organizations come together in a joint endeavor in order to achieve outcomes that none of them could have achieved on their own,<sup>2</sup> brings together a number of stakeholders and partners, each with their own risk appetites and priorities. As these stakeholders and partners work together to deliver on CGIAR's mission, they are asked to make decisions guided by a common overarching understanding of to what extent risk-taking in pursuit of CGIAR's goals should be maximized or minimized in the relevant circumstance.

### Risk appetite categories

CGIAR uses 4 categories to describe its willingness to take opportunities and manage risk to achieve its strategic operational objectives – with each area being indicative rather than exhaustive.

Categories	Opportunity and risk Philosophy	Tolerance for uncertainty
<b>3 Open</b>	CGIAR accepts and encourages opportunities presenting a risk of failure if the likelihood of inherent risks materializing combined with their potential impact results in the potential benefits outweighing the combined risk level	Fully anticipate uncertain outcomes or period-to-period variations
<b>2 Flexible</b>	CGIAR accepts opportunities presenting a risk of limited underachievement if the likelihood of risks materializing combined with their potential impact mean benefits more than offset losses	Expect some level of uncertainty, but will proactively manage potential impact
<b>1 Cautious</b>	CGIAR is only willing to accept risks if they are essential to delivery and there is a limited possibility of failure to achieve its objectives	Limited tolerance for uncertainty, with a preference for safe delivery
<b>0 Averse</b>	CGIAR is not willing to accept any level of risk; avoidance of risk is a core objective in decision making	Extremely low tolerance for uncertainty

<sup>1</sup> This statement draws on practices across partner and comparator organizations, as well as recognized international standards, including but not limited to The Gavi Alliance, IIA, COSO, Deloitte, and PwC published materials. Several Center risk appetite statements were also used as input to the development of this Statement.

<sup>2</sup> UK Institute of Risk Management definition; for details see [https://www.theirm.org/media/1155369/IRM-Extended-Enterprise\\_A5\\_AW.pdf](https://www.theirm.org/media/1155369/IRM-Extended-Enterprise_A5_AW.pdf)

Risk Appetite Statement relevant to CGIAR's strategic operational objectives

1. **Delivery**: In **delivering good science, partnerships and other research outputs that provide critical improvements for food security, nutrition and resilience to climate change**, CGIAR has an open risk appetite as it seeks to maximize research opportunities in pursuit of its goals, or System-Level Outcomes ('SLO's): Within that:
  - a. CGIAR has a cautious risk appetite regarding research practices and research data management, recognizing that high ethical and evidence-based standards are essential for delivery of high-quality science.
  
2. **Relevance**: In **establishing and maintaining CGIAR as a relevant and sustainable tool for agricultural research for development**, CGIAR has an open risk appetite, recognizing that research is a highly competitive domain. To maintain CGIAR's comparative advantage, opportunities must be actively sought out. Within that:
  - a. CGIAR has a cautious risk appetite regarding the effective implementation and maintenance of quality systems.
  
3. **Reputation**: In **ensuring that the association with CGIAR is a rewarding and rational decision**, CGIAR has a cautious risk appetite, recognizing that deviation from adherence to positive values and behaviors and potential negative public image would have a high adverse effect on the achievement of CGIAR's goals. Within that:
  - a. CGIAR has a flexible risk appetite in the communication of the outputs and outcomes of its activities in order to be innovative in keeping agricultural research for development high on the global agenda.
  
4. **Reliability**: In **fulfilling formal commitments**, CGIAR has a cautious risk appetite, as it seeks to ensure that relationships with research partners, suppliers and target households and consumers are respected and based on trust. Within that:
  - a. CGIAR is averse and has no tolerance regarding the misuse of funds or scientific fraud.
  
5. **Efficiency**: To **generate all benefits mentioned above efficiently and provide 'value for money'**, CGIAR has a flexible risk appetite, as it seeks to maximize research and organizational synergies and retain top talent, but recognizing the need to ensure that efficiency gains in one area do not undermine other areas