



3-Year System Business Plan Companion Document

Action 6A – Pursue new Center Alliances

(A Draft Concept Paper)

- Prepared by: CGIAR System Management Office
- Document Status: This is a draft **Concept Note** for possible inclusion in the CGIAR System Business Plan 2019-2021 and subsequently circulated to Council for endorsement in November 2018
- Request to SMB10: **For strategic input** to:
1. Inform the development of a revised proposal to be discussed at an SMB extraordinary virtual meeting on [23 or 24] October
 2. In that October virtual meeting, endorse, for inclusion in the 2019-2021 CGIAR System Business plan, for discussion and possible **approval at SC7**

A possible special initiative to provide funding support

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Background Information

1. Currently several Centers have entered into bilateral (Center to Center) discussions to explore a range of institutional scenarios that would 'hard-wire' much deeper collaboration. In the pursuit of alliances, Centers are motivated by the following potential objectives:
 - a. Significantly increase impact potential by stronger strategic alignment and through building critical mass in their research programs and in their engagement with NARES and development partners
 - b. Strengthening their combined value proposition by bringing together complementary expertise, systems, and methodologies such that global impact is increased
 - c. Optimizing synergies between organizations
 - d. Improving geographical diversification of research offerings and support services
 - e. Transfer and dissemination of knowledge, resources and technology
 - f. Seeking economies of scale in governance, management, operations, research support and research

2. A range of possible outcomes are being assessed in these discussions, including:
 - a. Full merger
 - b. An alliance between two Centers that maintains their distinct separate legal status but transforms their governing and leadership roles: e.g. formal agreement to operate with a shared Board of Trustees and an Alliance Chief Executive Officer

3. Currently there are ongoing discussions and/or formal planning between the following Centers:
 - a. Center A and Center B
 - b. Center C and Center D
 - c. Center E and Center F

4. Center Alliance discussions will typically evolve through the following stages:
 - a. Pre-alliance exploration Up to 1 year
 - b. Implementation of Change 1-3 years depending on scope of alliance
 - c. Post Alliance capacity strengthening Up to 3 years post implementation

5. The process for identifying areas for operational collaboration will be influenced by the needs of the involved Centers and be informed from the learnings shared across the system.



Cost Considerations

6. Once a clear pathway is chosen, adjustment costs can be substantial. More is currently known about the pre-alliance costs, but costs of implementation are also likely to be substantial depending on the level of ambition. Potential costs include:

A. Pre-alliance exploration	B. Implementation of Change	C. Post Alliance capacity strengthening
<ul style="list-style-type: none"> • These discussions – and any subsequent discussions between other Centers – are requiring substantial preparation and analysis, including: • Institutional level <u>due diligence</u> assessments; • Review of <u>legal agreements</u> (funder, host country agreements, constitutions, etc.) 	<ul style="list-style-type: none"> • Professional support to change management process • Staff adjustments, depending on level of pooling of skills – e.g. administrative services, management team 	<p>Longer run and continual innovations in business model and capabilities – implying reskilling and infrastructure development in various areas</p>

A. Pre-alliance exploration	B. Implementation of Change	C. Post Alliance capacity strengthening
<ul style="list-style-type: none"> • <u>Valuations</u> of business units and intellectual assets • Review of <u>lessons learned</u> from past alliance and shared service activities inside and outside of the CGIAR • <u>Governance</u> support and options assessment • Assessments of <u>cultural fit</u> of organizations • <u>Stakeholder consultations</u> including funders, center leadership, employees, partners, vendors, and community interests • Business <u>valuations of units and/or organizations</u>, • <u>Lessons learned</u> from past alliance efforts • <u>Policy mapping, alignment and transition planning</u> 	<ul style="list-style-type: none"> • Potential relocations costs for staff/services • Potential infrastructure costs of changing offices or adjusting various facilities • External engagement strategies • Country presence transitions • Boards? 	
Potential cost range per Center Alliance:		
[\$0.5-\$1 million]	[\$2-\$5 million]	[\$tbd]

Incentivizing and Supporting Change: A New Alliance Special Funding Initiative

7. Successful design and implementation of these significant institutional change management processes requires significant up-front resourcing. It is critical that these change processes are professionally managed.

8. The System Management Board is therefore proposing to establish a ‘New Alliance Special Funding Initiative’ that is aimed at creating a significant incentive to support those Centers embarking on this path. It would:
 - a. attract additional Window 1 and Window 3 funding to support new Center Alliances that meet specific change criteria (see below)
 - b. be limited to supporting cost categories A and B above
 - c. be provided as matching funding
 - d. have funding target of X, Y, Z over the 2019-2021 business plan period – see below:

Item	2019	2020	2021
Number of Centers Alliances assumption and phase	Cost A: 2 new discussions Cost B: 2 Alliances	Cost A: 1 new discussion Cost B: 4 Alliances	Cost A: 1 new discussion Cost B: 4 Alliances
Cost ranges	Cost A: [\$1 - \$2 million] Cost B: [\$1.5 - \$3.5 million]	Cost A: [\$0.5 - \$1 million] Cost B: [\$3 - \$7 million]	Cost A: [\$0.5 - \$1 million] Cost B: [\$3 - \$7 million]

9. Access to funds shall be subject to the following criteria:
- a) Submission of a fully costed business case to the System Management Board with reliable budgets and realistic timing of implementation
 - b) Investment co-financing of Center resources identified
 - c) Clear demonstration of intention of assessing or implementing substantial change management process that involve a significant structural shift towards common, or at a minimum closer, governance, management and operational alignment between 2 or more Centers
 - d) Agreement on periodic progress and financial reporting on the project