

CGIAR System 3-Year Business Plan (2019-2021) Companion Document

Attract additional funding in support of Center Alliances

Business Plan Action: **5.1 - Attract additional funding in support of Center Alliances**

Purpose: This document sets out a case and modality for co-financing some of the transition costs for Center alliance initiatives, which aim to increase the salience, comprehensiveness and impact of work and engagement with key stakeholders.

Action requested: The System Council is requested to endorse the proposed initiative as part of the 2019-2021 CGIAR System Business plan.

Document category: Working document of the System Council

There is no restriction on the circulation of this document

Prepared by: CGIAR System Management Office

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 substantive 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, increasing salience, comprehensiveness and impact of work and in their engagement with NARES and development partners
 - b. Capitalize on legacy investments in knowledge products, expertise, networks, capacity and convening
 - c. Strengthening their combined value proposition by bringing together complementary expertise, systems, and methodologies such that global impact is increased
 - d. Better connect external non-CGIAR actors, investors and initiatives to CGIAR related work
 - e. Raise increasing levels of revenue based on growing needs, demands and expectations of investors
 - f. Optimizing synergies between organizations and standardizing identified best practices
 - g. Improving geographical diversification and coherence of research offerings and support services
 - h. Transfer and dissemination of knowledge, resources and technology
 - i. Seeking economies of scale in governance, management, operations, research support and research to improve institutional sustainability

2. While a range of possible outcomes are being assessed, current discussions amongst several Centers have identified opportunities for alliance and/or joint ventures between two or more Centers. These alliances may maintain their distinct separate legal status but implement transformational change in their governing and leadership roles: e.g. formal agreement to operate with a shared Board of Trustees and an Alliance Chief Executive Officer.

3. Center Alliance discussions will typically evolve through the following stages:

Stage of Transformation		Indicative Timeline
a.	Pre-alliance exploration	3-6 months
b.	Implementation of Change	12-18 months depending on scope of alliance
c.	Post Alliance capacity strengthening, systems and contracting alignment, shifting cultures, etc.	Up to 3 years post implementation

4. 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.

Table developed by SRI Executive



Cost Considerations

5. 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 relate to the substantial preparation and analysis required to support the following key activities:

A. Pre-alliance exploration	B. Implementation of Change	C. Post Alliance capacity strengthening
<ul style="list-style-type: none"> • Exploration of <u>substantive alignment</u> to increase the salience, comprehensiveness and impact of research • (Re)framing of <u>a common vision</u>, interrogations, challenging of assumptions and examining scenarios. • <u>Addressing ancillary issues</u> related to various forms of institutional alignment • Institutional level <u>due diligence</u> assessments; • Review of <u>legal agreements</u> (funder, host country agreements, constitutions, etc.) • <u>Valuations</u> of business units and intellectual assets 	<ul style="list-style-type: none"> • Professional support to change management process (should be initiated early in process) • Staff adjustments, depending on level of pooling of skills – e.g. administrative services, management team • Potential relocations costs for staff/services • Potential infrastructure costs of changing offices or adjusting various facilities 	<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"> • 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"> • Aligning of operational policies and procedures (HR, IT, Finance, etc.) • Aligning of assurance procedures (internal and external audit engagements) • External engagement strategies • Country presence transitions • Culture alignment • Boards and governance model realignment 	
Potential cost range per Center Alliance (to be verified via business case submissions):		
\$0.5-\$1 million	\$2-\$5 million	N/A

Supporting Change: A New Alliance Special Funding Initiative

6. Successful design and implementation of these significant institutional change management processes requires significant up-front resourcing including external professional expertise in the form of a transition advisor. It is critical that these change processes are professionally managed.

7. The System Management Board is therefore proposing to establish an ‘Alliance Opportunity Special 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/or 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

8. Access to funds shall be subject to meeting the following criteria with the process project managed by the CGIAR System Organization as an independent broker:

Pre-alliance exploration Activities

- a. Outline of needs for external professional support (leveraging a short list of accredited providers familiar with requirements of CGIAR change management) to assist with initial scoping and due diligence exercises.

Implementation of Change Activities

- b. Submission of a fully costed business case to the System Management Board. Cost budgets must be accompanied by a robust and reliable Return-on-investment (ROI) assessment of the transition process in terms of anticipated impacts and costs
- c. Identification of investment co-financing of Center resources (cash and/or in-kind) of at least 25% of total cost of initiative
- d. Clear assessment and identification of the specific benefits of greater strategic and operational programmatic alignment
- e. Clear demonstration of intention of implementing substantial change management process that preferably would a significant structural shift towards common governance, management and operational responsibility between 2 or more Centers
- f. Commitment to standard financial and narrative progress reports on a quarterly basis