

System Council's Standing Committees and advisory groups Proposed honorarium Framework for external Independent Members

Purpose: This document sets out a proposed framework for the payment of a modest honorarium to expert external independent members of the System Council's Standing Committees and other groups (such as the SC IP Group). The background and rationale were sent to the System Council on 18 October 2018 with a request for inputs; no concerns about the possible framework suggested were raised following that request.

Action Requested: The System Council is requested to approve the proposed honorarium framework as set out in this document.

Prepared by: CGIAR System Management Office

Document category: Working document of the System Council: There is no restriction on the circulation of this document.

Stipulations from the respective Terms of Reference



AOC (will affect 3 persons annually)

- TOR approved by the Council on 10 November 2017
- Membership includes three external independent members, appointed by the Council from 1 August 2018 (Decision reference SC/M6/EDP1)
- Paragraph 24: *“The external independent members of the AOC may receive a modest honorarium for service in accordance with any honorarium framework approved by the Council, in addition to support for travel expenses and per diem according to the stipulations of the System Organization’s travel and expenses policy. Persons serving on the AOC who are affiliated with any System Council constituency are ineligible to receive an honorarium, but may be compensated for travel costs if from a developing country constituency.”*
- Engagement letters were signed by each external independent member, noting that an honorarium framework would be approved by the Council later in the year.

SCIP Group

(change under consideration; would affect 2 persons annually)

- At present members are nominated by System Council members therefore not eligible for honorarium.
- Discussions on revisions to TOR may include introduction of one/more independent members; if that is the case any agreed framework is recommended to also apply to them.

SIMEC (no change recommended as no external expert member category)

- TOR approved by the Council on 11 May 2017
- Membership of the SIMEC shall be composed of a maximum of nine (9) persons who represent voting member constituencies of the System Council
- Members are therefore ineligible to receive an honorarium, but may be compensated for travel costs if from a developing country constituency.

Reflecting on what a modest honorarium for service entails

- There is **understandable public scrutiny** of honoraria/remuneration arrangements for donor-supported entities.
- Based on reviews of public (including with ‘comparable organizations’ identified by the former CGIAR Transition Team), quasi-public and charity-based entities and multilateral funding bodies, there is **no consistent practice** in terms of honorarium arrangements.
- In those settings where honorarium arrangements are given, there are **certain principles** however that appear to guide the relevant Board/Council’s approval of honorarium arrangements.

Commonly adopted principles where honoraria are paid

- I. Honorarium payments are based on **recognizing the commitment of a person's demonstrated experience and time towards achievement of an organization's goals**, rather than remuneration for actual time served. They are optional at the hands of serving independent member, and even when declined the availability of the offer is recognized;
- II. Whilst typically modest in not-for-profit settings in recognition of the public funding nature of such endeavors, an honorarium payment **mitigates against the perception that such experience and time is provided as a pure courtesy**. Instead, there is appreciation that the specialized independent expert skills and experience are identified as having been sought and provided;
- III. Honorarium payments also set the support aside from what would typically be expected via a 'fee-for-service consultancy' that typically requires the production of substantive materials, whereas an **honorarium-based role typically involves the stewardship of processes**; and
- IV. Honorarium payments also **reinforce that such roles do not carry formal decision-making authority**.

Typical time commitments involved in membership

A typical time commitment for an external independent member would include the following:

- Induction session and activities – **2 working days (once off each 3 years)**
- Four meetings, held quarterly, typically three virtual meetings and one in-person meeting – this equates to a total of **3 working days of meeting time**
- Preparation time for those meetings (inputs into agenda setting, review of materials and meeting summaries) is estimated at **1 working day per meeting**
- Additional time spent on consultation of materials not known at this point, but likely to be **up to 5 working days per year** - Committee members aware of this expectation and that a limit is not set.

Total of around 9-11 working days per year

If serving in the AOC Chair role an external independent member:

- Has a standing invite to attend System Council meetings according to the CGIAR System Framework (i.e. **2 x 2 working days meeting time**)
- Stewards development of an annual rolling agenda and meeting agendas (**1-2 working day per year**)
- Would undertake regular communication with the Chair of the SMB's Audit and Risk Committee (**1-2 working days per year**)

Up to an additional 10-12 working days per year

Proposed framework for honoraria arrangements for external specialist-skilled independent members



Broad concept – a modest honorarium would be available to people that bring expert independent skills to a committee/group’s mandate (e.g. in internal audit, ethics, intellectual assets management, investigations, and/or forensic accounting), provided that the people are serving as external independent members.

Key principles:

- **Person must serve as an external independent member:** means a person who is neither nominated by nor affiliated in any way with any System Council constituency. i.e. they cannot take or receive instructions from a System Council participant (member or active observer)
- **Any honorarium covers all duties in respect of membership of the Committee/Group**, which may be above estimates communicated, including any requested attendance at in-person meetings.
- **For the role of Chair**, recognizing the additional representation and coordination role across the System (including a standing invitation to System Council meetings and liaison with the Chair of the SMB’s Audit and Risk Committee), a different amount is proposed, which also covers all duties in respect of membership and chairing of the Committee, which may be above estimates communicated, including attendance at in-person meetings of the Committee and the System Council.

** Note – this proposal does not relate to the honorarium arrangements for ISDC and SPIA which are addressed differently

Proposed Decision Point

The System Council approves:

- i. The payment of a gross annual honorarium of \$USD 8,000 (pro-rated for the period served in any calendar year to external specialist-skilled independent members of the Council's standing committees where a member is neither nominated by nor affiliated in any way with any System Council constituency. Such honorarium covers all duties in respect of membership of the Committee/Group, which may be above estimates communicated, including any requested attendance at in-person meetings.
- ii. The payment of a gross annual honorarium of \$USD 12,000 (pro-rated for the period served in any calendar year) where an external independent member of a System Council Standing Committee/Group also serves in the role of Chair. Such honorarium covers all duties in respect of membership and chairing of the Committee, which may be above estimates communicated, including attendance at in-person meetings of the Committee and the System Council.