

## W1 Special Alliance Fund: Center Alliances

### Purpose

This document presents a proposal for a funding mechanism to catalyze and support strengthened institutional operational arrangements through advancement of CGIAR Center alliances. This is in alignment with the CGIAR System 3-Year Business Plan (2019-2021), specifically Action 5.1 “Attract additional funding in support of Center Alliances”, and follows discussions held at the SC7 Meeting, November 2018, where Agenda Item 8 ‘Pursue New Cross-Center Alliances’ was discussed.

### Action Requested by the System Council

The System Council is requested to **approve** the creation of the Window 1 Special Alliance Fund together with an allocation of US\$ 1 million from the Window 1 Liquidity and Stabilization Fund as the first contribution into the Window 1 Special Alliance Fund.

### **Document category: Working document of the System Council**

There is no restriction on the circulation of this document

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## Background

1. Building on the CGIAR System 3-Year Business Plan (2019-2021) *Action 5.1 Attract additional funding in support of Center Alliances* as discussed and supported by the Council at SC7, Funders have initiated discussions and indicated support for facilitating impact at scale through enhanced critical mass, System-wide operational efficiency gains through shared services, and supporting an ever-closer union of CGIAR Centers.
2. The concept of a W1 Special Alliance Fund, in response to Funder interest in timely mechanisms to advance institutional strengthening and Center Alliances, was discussed at the System Management Board's 13<sup>th</sup> meeting in April 2019.
3. Subsequent to that meeting, the proposal as set out in this document was endorsed by the System Management Board for recommendation to the System Council.

## Details

4. Generally, also as discussed during SC7, Center Alliance discussions can typically evolve through the following stages as shown in Table 1 below:

**Table 1. Stages of Transformation**

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

5. The process for identifying areas for alliance-related operational efficiency gains, research programs at scale, emerging opportunities from geographical presence and stakeholder relationships, and mainstreamed evidence-based solutions and delivery will be influenced by the needs of the involved Centers and be informed from the learnings shared across the system.
6. This W1 Special Alliance Fund does not preclude Centers from receiving bilateral or W3 support for Alliance activities.
7. Aspects and components of the approach for the W1 Special Alliance Fund include:
  - a. Target: Target for this Special Alliance Fund is \$12M USD, over the 3-year Business Plan period (2019-2021). It is highlighted that this is anticipated to be additional funding beyond the 2019-2021 CGIAR Research Financing Plan and current received and indicative financial contributions.

- b. System investments: The W1 Liquidity and Stabilization Fund would allocate \$1M USD to this W1 Special Alliance Fund.
  - c. Eligibility: Only CGIAR Centers are eligible for this funding.
  - d. Co-financing of alliance activities: Co-financing (cash and/or in-kind of up to 25% of total cost of the activities) is required by the Centers.
  - e. Monitoring, evaluation and learning: Taking steps to continuously improve System efficiency and effectiveness, a Fund-specific Monitoring, Evaluation and Learning framework will be put in place by the System Management Board to ensure capture of best practices and knowledge sharing.
  - f. Scope: Step-wise activities with clear operational institutional and/or programmatic alignment between Centers involving a significant structural shift e.g. towards common governance, operational efficiency gains at scale, management and operational responsibility between 2 or more Centers, etc.
  - g. Application procedure: A standardized application procedure will be developed by the System Management Board and shared with Centers. This will include a template to present a business case for investment that sets out estimated return-on-investment (ROI) and related value-for-money gains and anticipated costs. Applications are to be submitted to the System Management Board on a rolling basis and assessed at each System Management Board meeting as appropriate.
  - h. Decision-making, reporting and accountability: The System Council will delegate allocation decision-making to the System Management Board subject to annual financial and programmatic reporting on the management and impact of the W1 Special Alliance Fund through CGIAR's Annual Financial Report and Annual Performance Report. Technical and financial reporting will be required for submission to and review by the System Management Board, using summarized reports and financial statements that follow standard auditing practices already in use at Centers. Allocations from the W1 Special Alliance Fund will be strictly limited to by the amount of funds already contributed.
8. The specific funding mechanisms in relation to stage of transformation and aspects above are outlined in Table 2 below. For progressed alliances, emphasis and support should be on change management steps and activities. Recognizing that several Centers have already started discussions and undertaken alliance-related steps and activities, this W1 Special Alliance Fund also presents an opportunity for those Centers to retroactively recover costs that occurred in the 2018 financial year. Non-exhaustive examples of activities related to stage of transformation are provided in Table 3.

**Table 2. Summary of specific funding mechanisms in the W1 Special Alliance Fund: Center alliances**

Stage of Transformation		Max. funding support (USD) <sup>1</sup>	Applicant	Reporting
1.	Pre-alliance a) Initial scoping b) Preparatory explorations	\$100,000 per center \$400,000 per alliance	Centers Intended alliance	Technical Technical and Financial
2.	Implementation of Change/ post alliance alignment	\$2,000,000 per alliance	Intended alliance	Technical and Financial

<sup>1</sup> Expenditure budgets identifying the breakdown between direct cost categories (Staff, Consultants, Supplies, Travel, Workshops) and indirect costs will be required prior to allocation of funding.

**Table 3. Non-exhaustive examples of activities in relation to stage of transformation**

A. Pre-alliance exploration	B. Implementation of Change	C. Post Alliance alignment
<ul style="list-style-type: none"> <li>• Exploration of <u>substantive alignment</u> to increase the salience, comprehensiveness and impact of research</li> <li>• (Re)framing of a <u>common vision</u>, interrogations, challenging of assumptions and examining scenarios.</li> <li>• <u>Addressing ancillary issues</u> related to various forms of institutional alignment</li> <li>• Institutional level <u>due diligence</u> assessments;</li> <li>• Review of <u>legal agreements</u> (funder, host country agreements, constitutions, etc.)</li> <li>• Review of <u>lessons learned</u> from past alliance and shared service activities inside and outside of the CGIAR</li> <li>• <u>Governance</u> support and options assessment</li> <li>• Assessments of <u>cultural fit</u> of organizations</li> <li>• <u>Stakeholder consultations</u> including funders, center leadership, employees, partners, vendors, and community interests</li> <li>• <u>Business valuations of intellectual assets, units and/or organizations</u>,</li> <li>• <u>Lessons learned</u> from past alliance efforts</li> <li>• <u>Policy mapping, alignment and transition</u> planning</li> </ul>	<ul style="list-style-type: none"> <li>• Professional support to change management process (should be initiated early in process)</li> <li>• Staff adjustments, depending on level of pooling of skills – e.g. administrative services, management team</li> <li>• Potential relocations costs for staff/services</li> <li>• Potential infrastructure costs of changing offices or adjusting various facilities</li> <li>• Aligning of operational policies and procedures (HR, IT, Finance, etc.)</li> <li>• Aligning of assurance procedures (internal and external audit engagements)</li> <li>• External engagement strategies</li> <li>• Country presence transitions</li> <li>• Culture alignment</li> <li>• Boards and governance model realignment</li> </ul>	<p>Longer run and continual innovations in business model and capabilities – implying reskilling and infrastructure development in various areas</p>

### Linkage to CGIAR's Risk Management Framework

9. The CGIAR System's Risk Management Framework (risk family 5 'poor execution undermines capability') recognizes the benefit of 'effective and efficient Center operations' as a strategic opportunity to maximize the System's ability to ensure effective delivery, with emphasis also on the desirability that the 'CGIAR System adds significant value to outweigh related costs and constraints'.
10. Supporting institutional strengthening and Center alliances in the CGIAR System directly contributes to achieving these indicators.

### Recommendation to the System Council

11. On the recommendation of the System Management Board, the System Council is requested to approve the creation of the Window 1 Special Alliance Fund together with an allocation of US\$ 1 million from the Window 1 Liquidity and Stabilization Fund as the first contribution into the Window 1 Special Alliance Fund.