Recognizing New/Additional Funder contributions on the CGIAR System Council

Purpose
This document presents a possible framework to further support development of CGIAR’s shared research agenda by incentivizing important new/additional funding in the context of financial contributions being made between currently agreed System Council Funder seat reconciliation periods.

Action Requested by the System Council
The System Council is requested to approve, as amendments to Article 3 and Annex B of the CGIAR System Framework, the inclusion of up to five temporary additional Funder voting seats.

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Recognizing new/additional funding

Background

1. Articles 3 and 4, together with Annex B\(^1\), of the CGIAR System Framework (‘Framework’) set out the position agreed between CGIAR’s Funders for the appointment of the 15 System Council Funder representative voting members seats for the System Council.

2. Accordingly, as at 1 July 2016\(^2\):
   a. Contributions between 1 January 2013 and 31 December 2015 were considered in the allocation of the 15 Funder voting seats;
   b. Those contributions were variously weighted as follows: Window 1 at three times their nominal amount; Window 2 at twice their nominal amount; and Window 3 and bilateral at their nominal amount;
   c. Following consultations among the 19 eligible Funders, 15 available seats for the three-year period from 1 July 2016 to 30 June 2019 were distributed amongst 16 eligible Funders (with Germany and Belgium working as one constituency); and
   d. The reconciliation calculations for the Funder voting seats for the three-year period from 1 July 2019 to 30 June 2022 would take place in the first quarter of 2019 based on contributions from 1 January 2016 to 31 December 2018.

3. Subsequently, at its seventh meeting, the System Council agreed\(^3\) to align the reconciliation of the 15 Funder seats of the System Council with the 2019-2021 CGIAR System Business Plan period, such that the Funder seat reconciliation should take place at the start of the third year of each business cycle based on contributions made during the three prior calendar years. Accordingly, the System Council agreed to extend the reconciliation period to end-2020 for this first cycle, such that the reconciliation calculations will be undertaken in the first quarter of 2021 (to cover the period from 1 January 2016 to 31 December 2020), and the revised System Council 15 Funder seats will operate with effect from 1 July 2021.

Discussion

4. The current rules do not provide an incentive for new or existing Funders to make or increase contributions to the CGIAR shared research agenda and be able to take on an enhanced governance role. Further, there is a delay between making an investment in CGIAR and gaining a CGIAR System Council Voting seat.

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5. Should a Funder make a substantial investment over multiple years that meet the currently agreed contribution thresholds, the Funder would have no opportunity to be considered for a System Council Funder seat before 1 July 2021, or even as far out as 1 July 2024. Requiring new Funders or existing Funders who significantly increase their investment to wait years for recognition and the opportunity to be eligible for System Council membership and the related governance role is a significant barrier to making a commitment.

6. In order to successfully implement the CGIAR portfolio over the initial business plan period (2019-2021) and help to create long-term financial stability and growth in the CGIAR System, it is recommended that the System Council provide an appropriate incentive framework for new and emerging Funders who contribute at agreed levels to the CGIAR shared agenda to participate meaningfully in CGIAR’s governance.

7. The addition of new Funders to the System Council will also enhance the plurality of views and enrich deliberations at one of CGIAR’s key governance bodies. In the case of emerging Funders, the scope for South-South cooperation – in terms of the exchange of experience and expertise as well as flow of financial resources – between these Funders and countries where CGIAR Centers operate could also be increased.

8. To address the above, the System Council may wish to agree to a CGIAR shared agenda Funder incentive strategy as follows:

   a. Make available up to five additional temporary voting Funder seats on the System Council;
   b. Set the minimum threshold for those additional temporary voting seats at a USD 10 million weighted average annual commitment (or pledge subject to the operation of paragraph d. below) over a minimum of three years;
   c. Consider only allocations to Window 1 (weighed 3x their nominal amount) and Window 2 (weighed 2x their nominal amount) in the calculation of the threshold for the additional temporary voting seats, thereby focusing the incentive on contributions to governance and engagement in CGIAR’s shared agenda;
   d. In the case of a multi-year pledge forming the basis of the original eligibility for the additional temporary voting seat for the relevant Funder (rather than a signed multi-year commitment), formally reconsider the continued eligibility for the temporary additional seat each calendar year in the intervening period and withdraw the eligibility should the minimum threshold contribution not be met;
   e. Funders holding additional temporary voting seats would be included for consideration during any subsequent reconciliation of the fifteen System Council Funder voting seats based on actual contributions. Should they not meet the required minimum threshold, they would remain in their temporary seat as long as their commitment or pledge remains valid in line with d. above; and
   f. This additional temporary voting seat mechanism would be reevaluated by the System Council at each reconciliation moment for Funder voting seats.
Linkage to the CGIAR System Risk Management Framework

9. In November 2017, CGIAR adopted a whole of system ‘CGIAR System Risk Management Framework’ and agreed to consider opportunities and risks according to five ‘CGIAR risk families’. Of the five, one is directly relevant to CGIAR’s funding and Funder engagement as follows:

- Risk Family 2 - ‘CGIAR loses its central role in Agricultural Research for Development’, resulting from missed opportunities for the CGIAR System to ensure adequate diversity and predictably of funding for high quality research.

10. Increasing the predictability, volume, and share of Window 1 and Window 2 funding, and removing barriers to this as proposed in paragraph 6 above, helps to mitigate this risk, thereby:
   a. Maintaining funding to deliver critical mass in the shared research agenda; and
   b. Providing assurance to our external partners that CGIAR has the resource base necessary to meet its commitment to all stakeholders.

Recommendation to System Council

11. The System Council is invited to review, and if thought appropriate, approve the following amendments to the CGIAR System Framework:

   **Article 3.1**, the addition of a new sub-article as follows:

   *c) Up to five temporary voting members comprising Funder representatives who meet the investment criteria set out in Annex B, paragraph 5*

   **Annex B**, the addition of a new sub-paragraph 5 as follows:

   5. [Text would reproduce items a to f in paragraph 8 of this SC8 paper]

12. Subsequent to CGIAR System Council approval, and pursuant to Article 16 of the Framework, the approval of the System Management Board and General Assembly of the Centers (as exercised by the respective Center Board Chairs) would be sought concurrently by no-objection electronic approval, to facilitate formal amendment of the Framework by not later than 1 July 2019.

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