

SYSTEM MANAGEMENT BOARD RECOMMENDED
'STEPWISE' APPROACH TO RECONSTITUTE THE SMB
(as a precursor to constituting the One CGIAR Common Board)

Purpose

As recorded in action point SMB/M16/AP2 of the SMB Chair's Summary of the 16th System Management Board meeting¹, **the SMB has endorsed, and formally recommends to the General Assembly of Centers, a stepwise approach to provide a route to achievement of a One CGIAR Common Board²** in a way that maintains pace in decision making, whilst segmenting the required decisions by the respective legal entities into specific concrete steps.

Specifically in terms of the SMB's endorsement:

1. Agreeing the 'step 1' changes to the Charter of the System Organization does not bind any governing body to take any subsequent decision.
2. Suggested specific dates for each of the various steps in reconstituting the SMB is set out in a companion document titled 'Process to reconstitute the SMB' and issued to the General Assembly of Centers in advance of a 12 February 2020 GA call.
3. **The stepwise approach below reflects the SMB position from its 16th meeting that the interests of CGIAR will be best served if the common board members comprise a 2/3rd voting majority of the respective Center/Alliance Boards on an ongoing basis, which:**
 - a. is a variation on the 2/3rd majority of Center/Alliance discretionary members approach set out in SRG recommendation 2 on united governance, at paragraph 19.iii); and
 - b. adopts the recommendation from the December 2019 Extraordinary General Assembly of Centers that on an ongoing basis, there be a small number of continuing Center/Alliance specific members.

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¹ https://storage.googleapis.com/cgiarorg/2020/02/SMB16-10_ChairsSummary-Final.pdf (at page 5 of 9)

² Based on Recommendation 2 – United Governance, from the inclusive CGIAR System Reference Group (https://storage.googleapis.com/cgiarorg/2019/11/SC9-02_SRG-Recommendations-OneCGIAR.pdf), and endorsed by the System Council in November 2019 (<https://storage.googleapis.com/cgiarorg/2019/11/SC9-Chairs-Summary.pdf>)

A. Key interpretational elements of the stepwise approach that follows

1. 'One CGIAR Common Board' is fully established when the **same people on the re-constituted SMB are also appointed by the respective Center/Alliance Boards** to their own board³, with appreciation for the merits that the Center/Alliance Boards have identified in having a small number of continuing Center/Alliance specific members beyond end-2021.
2. **The stepwise approach also means that Center/Alliance Boards can take decisions on a progressive basis**, so that continuous progress is made, whilst also providing time to discuss and give input on each of the forthcoming steps.
3. **The stepwise approach is premised on decision making occurring in a sequence**, with the intention that by starting on the stepwise course, there is a shared understanding that all the decision making is required, and is intended to be made, with there being information needs along the way to permit successive decisions to be made to change the Charter of the CGIAR System Organization.

B. Related documents

1. This document sets out 10 high-level summary elements to achieve a One CGIAR Common Board with appropriate pace, and the SMB members being prepared to take supportive decisions and steps as early as possible to achieve that goal.
2. More detailed materials, including specific timetables, terms of reference, and drafting changes to the Charter of the CGIAR System Organization, will all be required to deliver on the roadmap set out below.
3. Early work will be led by the CGIAR System Organization with support from external legal counsel. Once formed, the Unified Governance Transition Advisory Group, and the associated support team, will assist in furthering the work.

³ The One CGIAR Common Board begins its existence when at least two Centers/Alliance Boards make the relevant appointment decisions, and commonality of membership is increased as and when each additional Center/Alliance appoints the re-constituted SMB members to their Board.

C. SMB endorsed stepwise approach

Step	What it is	What this looks like <u>and</u> what it achieves	Possible timing (linked to key events where relevant)
1	Initial round Charter changes to permit reconstitution of the SMB	<ul style="list-style-type: none"> • <u>Article 7.2</u> of Charter amended (by SMB, SC and GA) to provide for a future-state changed SMB membership • <u>Drafting</u> to provide greatest scope for broad talent (e.g. <i>“up to 9/10 SMB members who, when taken as a collective whole have the skills, experience and gravitas to facilitate the SMB discharging its responsibilities under this Charter”</i>) • <u>Articles 7.3, 7.8 and 7.9</u> conforming changes • <u>Article 9.3</u> (quorum) to make conforming changes with the edits to Article 7.2. 	<ul style="list-style-type: none"> • Friday 7 Feb – papers issued to GA in advance of 12 February GA adhoc call • Wed 12 Feb – discussion on the proposed changes amongst GA members at the pre-scheduled GA call • Thurs 13 Feb – formal request for decision to approve the ‘Step 1’ Charter changes is issued to the GA, SMB and System Council’ (‘SC’). • Wed 28 Feb – decision deadline for approval by GA, SMB, SC. (2/3rd majority required by the GA; no-objection by SC; and no-objection by SMB) • Effective date of Charter changes: The decision text will say that the changes to the Charter, and thus the changes to the SMB’s membership, will be effective on the date that the Centers make the relevant appointment decisions for the re-constituted SMB (e.g. a target date in early Q3 2020).
2	Staged SMB membership transition	<ul style="list-style-type: none"> • SMB proposal for the inclusive Nominations Committee to focus on arising vacancies in 2020, instead of fully vacating the current SMB membership • Subject to step 1, 3 vacancies would arise due to altered membership criteria, and 2 other SMB member terms come to an end in 2020 	<ul style="list-style-type: none"> • Effective date is the same as the effective date for the step 1 decision

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		<ul style="list-style-type: none"> Follows standard governance practice of not changing all the board members at the same time 	
3	GA forms inclusive Nominations Committee	<ul style="list-style-type: none"> 4 [or 6] person Nominations Committee comprised of 2[or 3] Center affiliated members + 2[or 3] SC nominees who are identified through a process facilitated through the office of the SC Chair Role is to identify a list of talent to fill 2020/2021 arising vacancies on the SMB (with the persons to also serve as the common slate of persons to be appointed to Center/Alliance Boards) Priority of the Nominations Committee will be to identify suitably qualified persons to fill the arising vacancies from step 2, and to create a prioritized list of persons to fill other arising vacancies on SMB through to end 2020 Nominations Committee will have the option to be supported in their work by a firm with experience in the appointment of board members in an international context (details are set out in the process document) 	<ul style="list-style-type: none"> Nominations Committee TOR and timetable to be discussed on 12 February GA call Members of Nominations Committee confirmed by the Co-Chairs of the GA by 28 February (allowing time for SC member designations to be added into process) Timing is in the process document issued in advance of the 12 February GA call

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<p><i>In advance of moving to next group of possible Charter changes (as set out in step 4 and onwards below), detailed legal opinion(s) obtained and provided to Center/Alliance boards; one-on-one conversations with the legal experts for Centers/Alliances to understand any areas that may impact clarity of next steps; and ongoing conversations in the governance Transition Advisory Group (if it can be quickly established)</i></p>			
4	<p>Second round Charter changes</p>	<ul style="list-style-type: none"> • Changes to formally introduce the role of the One CGIAR executive management team into Charter • To give effect to the SRG recommendation on coordinated CGIAR management • Will impact Article 2 (definitions); Article 7.7 (invited guests to SMB meetings); Article 8.1 (Functions of SMB) 	<ul style="list-style-type: none"> • Use the planned TCF/GA meeting over 23-25 March 2020 to: (i) finalize agreement on role of the One CGIAR EMT if not achieved by then, and (ii) overall support for proposed changes to the Charter • 6 April 2020 – issue for formal approval by the GA, SMB and SC by electronic means the proposed changes to the Charter • Clarifications (if needed) provided by Teams site to provide access to all • 23 April – deadline for approval of those changes with an effective date of not later than 1 May 2020
5	<p>SMB forms MD Search Committee</p>	<ul style="list-style-type: none"> • Concept as set out in Annex VI of ‘Initial Steps’ document, as updated based on SMB16 discussions and final inputs from TCF • Mandate of Search Committee is to recommend persons for decision of SMB, not to take decision 	<ul style="list-style-type: none"> • <u>Revised</u> Annex VI of Initial Steps paper • SMB to approve Search Committee membership by end-April 2020 SC members on Search Committee identified through process facilitated through SC Chair’s office • Step 7 dependent on step 6
6	<p>Alignment of EMT/DG accountability, authority and responsibilities</p>	<ul style="list-style-type: none"> • Clarity on role of MDs vis-à-vis DGs • Requires SMB decision making on MD terms of reference <u>and</u> Center/Alliance Board decision making on role of their respective DGs 	<ul style="list-style-type: none"> • Interconnected with step 4, and timing dependent on that • During Q3/2020 - Center/Alliance Board decision making to amend the TOR and reporting lines for DGs to implement ‘dual reporting lines in line with agreements on EMT roles (<i>with best practice requiring DGs recusing themselves from that decision making by their respective Board</i>)

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7	SMB appoints (interim) One CGIAR EMT	<ul style="list-style-type: none"> • 3 persons delivering on the vision of an Integrated Operational Structure (SRG Recommendation 3.a) 	<ul style="list-style-type: none"> • Dependent on steps 5 and 6 • Target appointment date dependent on March 2020 TCF outcomes (i.e. dependent on conversations on whether to have an initial/longer term EMT, and whether the search is across existing CGIAR talent, and/or external candidate identification process)
<p><i>Here, as above, ongoing legal advice obtained, informed by the work of the Governance Transition Advisory Group to help identify relevant amendments, including for recommended Center/Alliance specific decision making on amendments to their respective governing instruments</i></p>			
8	Third round Charter changes	<ul style="list-style-type: none"> • <u>Article 12</u> - (role of ED of System Organization), with nature of amendments being dependent on agreements reached in step 5, and decision making in step 6 • <u>Generally</u>, to correct number of existing grammatical and other errors (and remove historical transitional arrangements) 	<ul style="list-style-type: none"> • Dependent on steps 5 and 6 • Potentially in Q3 2020
9	Center/Alliance board appointment decisions	<ul style="list-style-type: none"> • <u>Each Center/Alliance</u> takes decisions to appoint, to their own boards, the SMB members to comprise the voting majority on the respective Center/Alliance board 	<ul style="list-style-type: none"> • Dependent on the steps above – anticipated Q3 • Boards will need to have received in advance of this decision making: <ul style="list-style-type: none"> (i) the consolidated independent legal opinion requested by SMB16 on directors’ duties in international organizations; (ii) proposed conforming changes to all of the Center legal documents (whether charter, statutes, etc) + possible decision-making sequence for each of the respective Center/Alliance Board (<i>as an additional resource, but not</i>

Step	What it is	What this looks like <u>and</u> what it achieves	Possible timing (linked to key events where relevant)
			<i>intended to take the place of Center/Alliance legal due diligence)</i>
10	Final round Charter changes (if required)	<ul style="list-style-type: none"> • <u>Only if required</u> – final “housekeeping” to ensure overall coherence with the design of One CGIAR • <u>More likely</u> – will involve SMB decision making on committee terms of reference and other assurance related arrangements 	<ul style="list-style-type: none"> • By Q1-2021