



Aligning to One CGIAR in key governing and funding documents

Purpose

This document sets out proposed amendments to the **CGIAR Glossary** and the **CGIAR System Framework** to integrate One CGIAR into key funding and governance instruments, as follows:

- (i) CGIAR Glossary – amending this document presents a streamlined approach to enable the current set of agreements that apply to the use of funding provided through the CGIAR Trust Fund, to apply to CGIAR Research and other CGIAR operations as of 1 January 2022; and
- (ii) CGIAR System Framework - responding to the decision taken by the System Council during its 12th meeting in March 2021 to “endorse the timetable and approach to updating key frameworks and governing documents to deliver alignment with One CGIAR concepts” (Decision Ref SC/M12/DP4) including amending the definition of a CGIAR Center with effect from 1 January 2022.

Action Requested

The System Council is requested, if it deems it appropriate, to:

1. **approve** the proposed amendments to the CGIAR Glossary as set forth in Appendix 1 effective 1 January 2022; and
2. **recognize** in respect of item 1 that further amendments to the funding agreements between the System Organization and the Centers may be needed to better reflect the evolving operational modalities of One CGIAR, and that any such amendments will be carried out under the purview of the System Board.
3. **approve** the proposed amendments to the CGIAR System Framework as set forth in Appendix 2 effective 1 January 2022; and
4. **note** that in respect of item 3, the System Organization has been requested by the System Board to make conforming changes to the Charter of the CGIAR System Organization to reflect the agreed amendments to the CGIAR System Framework, for presentation of the amended Charter for System Council electronic approval as soon as possible.

<p>Document category: Working document of the System Council There is no restriction on the circulation of this document.</p>
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Prepared by: System Organization Legal team, in consultation with the CGIAR Finance Legal Working Group, and the System Organization Board and Council Relations team

Details of last deliberations on this matter:

1. The System Council considered and approved the original CGIAR Glossary, and related materials on 17 February 2017 (SC/M3/EDP4).
2. The CGIAR System Framework was approved by the CGIAR System's Funders and Centers on 17 June 2016 and was last amended on 18 July 2019 to reflect a decision of the System Council (SC/M8/DP8). The System Council, in endorsing the SRG recommendations on 13 November 2019 (SC/M9/DP3), agreed to bring forward, at the appropriate time, the necessary change to the definition of a CGIAR Center (specifically Recommendation 2 which provided that the same voting members would serve on the System Board and Center/Alliance Boards).
3. At its 22nd meeting on 29-30 November 2021, the System Board:
 - a. took note and supported the proposed changes to the CGIAR Glossary in line with the amendment provisions for the Glossary, namely that the System Council approves changes after consultation with the System Board;
 - b. approved the proposed changes to the CGIAR System Framework, effective 1 January 2022, subject to approval by the System Council and two-thirds of the CGIAR Centers (the standard amendment provisions in the Framework); and
 - c. requested the System Organization to make conforming changes to the Charter of the CGIAR System Organization to reflect the changes to the CGIAR System Framework, and to present the amended Charter for System Board electronic approval as soon as possible. These amendments are anticipated to be brought to the System Council and System Board before the end of 2021.

Executive Summary

Ensuring proper authorizing environment for fund use as of 1 January 2022

1. To ensure continued availability of funding provided by Funders through the CGIAR Trust Fund for CGIAR Research and One CGIAR operations as of 1 January 2022, the appropriate legal agreements regarding the use of such funding need to be in place by 1 January 2022.
2. Such agreements consist of both:
 - a. upstream agreements, i.e., the Funding Agreements or Arrangements entered into between the System Organization and each Funder in regard to the Funder's contributions to the CGIAR Trust Fund; and
 - b. downstream agreements, i.e., the Financial Framework Agreements entered into between the System Organization and each Center in regard to funding from the CGIAR Trust Fund and by reason that the System Organization, under the Trustee Agreement, has fiduciary responsibility for the use of currently termed Window 1 and 2 funds.
3. The goal is to ensure that the current legal agreements can continue to apply beyond 31 December 2021, without re-opening time-consuming negotiations of fund use terms or needing to execute signed amendments with 30+ Funders and the Centers.

Key changes to be reflected in legal agreements

4. As CGIAR will continue to use the same CGIAR Trust Fund, the changes that need to be made to the upstream and downstream agreements are limited in scope. **Key changes to be reflected in the agreements are as follows:**
 - a. Replacing the CGIAR Research Programs and CGIAR Platforms ending on 31 December 2021 with the new CGIAR Initiatives and Impact Area Platforms;
 - b. No longer distinguishing between 'Lead Centers' and 'Participating Centers' (to facilitate moving to institutional delivery of the CGIAR Initiatives and Platforms through the Science Groups);
 - c. Introducing unified governance into the definition of a 'Center' to reflect the agreed position of the System Board and System Council that unified governance is a fundamental element of operating as One CGIAR; and
 - d. Ending the use of CGIAR Trust Fund Window 2 subaccounts and instead, enabling Funders to operationally "designate" Window 1 funds to CGIAR Initiatives and Impact Area Platforms.

5. It is proposed to effect all necessary changes by making **definitional adjustments in the legal documents**. This is a pragmatic, risk-based approach to meet the dual goals of minimizing transaction costs and to enable fund use beyond 31 December 2021 at this critical time in the One CGIAR transition - when continuity of the funding pipeline is key. Further amendments may be introduced to the legal agreements in 2022 as the One CGIAR transition advances, including in connection with the development of a framework for bilateral funding.
6. The definitional adjustments involve amendments to two primary documents:
 - a. the **CGIAR Glossary** (which is annexed to the upstream agreements with Funders and the downstream agreements with Centers); and
 - b. the **CGIAR System Framework** (which defines the parts of the CGIAR System and how it operates, and which is annexed to the upstream agreements with Funders).
7. With approval of the proposed amendments to these two documents, no further amendments to the upstream or downstream agreements would need to be made for them to apply as of 1 January 2022.
8. Amendments to the CGIAR Glossary require System Council approval, following System Board consultation, as per Article 11.2 of the upstream Funding Agreement or Arrangement with each Funder, and Article 14.2 of the downstream Financial Framework Agreement with each Center. These amendments are set forth in Appendix 1.
9. Appendix 2 presents the proposed amended CGIAR System Framework (which is also Annex 3 to the upstream agreements). Amendments to the CGIAR System Framework require agreement of the System Board, System Council and two-thirds of Centers.
10. Appendices 3 and 4 respectively provide an illustration for the System Council on how the proposed changes to the Glossary are used in the 'Funding Agreement or Arrangement' with each Funder and the 'Standard Provisions' which are annexed to, and are an integral part of, those upstream agreements.

Other Adjustments

11. Charter of the CGIAR System Organization - Conforming changes will be introduced into the Charter of the CGIAR System Organization to reflect the changes to the CGIAR System Framework, through the same amendment process as the CGIAR System Framework.
12. Agreements to which the Trustee is a party - The agreements to which the World Bank, as Trustee, is a party will also need to be slightly adjusted. This includes i) amending the Trustee Agreement entered into with the CGIAR System Organization and setting out

the terms and conditions for the administration of the CGIAR Trust Fund, as well as ii) updating the template Contribution Agreement or Arrangement entered into with each Funder providing financial contributions through the Trust Fund and setting out the amounts and timing of the Funder's financial contributions to the Trust Fund. These will be adjusted in accordance with World Bank policies and procedures, in order to conform to the amendments to the CGIAR Glossary and CGIAR System Framework once approved.

13. 'Decision Letter' issued to each Center - Before 31 December 2021, the System Organization will issue a 'Decision Letter' to each Center under the downstream agreement that confirms the Center's continuing obligations beyond 2021 to close out the existing CRP and Platform grants under the terms of the current agreement (e.g., reporting on fund use and returning unspent funds to the CGIAR Trust Fund).
14. Further adjustments to downstream agreements - Given that the operational modalities of One CGIAR will continue to evolve as operations become more and more integrated across CGIAR, the downstream agreements between the System Organization and the Centers, including the 'Financial Framework Agreements' and their 'Standard Provisions', will likely need further adjustments. Any amendments to the downstream agreements, except the CGIAR Glossary which can only be amended with System Council approval, will be done under the purview of the System Board. Any such amendments will at all times be consistent with the System Organization's obligations under the upstream agreements with Funders.
15. Non-pooled funding - The legal agreements relating to non-pooled funding will remain unchanged for the time being.

Appendix 1 – For Approval : Proposed amended CGIAR Glossary

Proposed amended CGIAR Glossary

CGIAR GLOSSARY

(Annex 1 of the Funding Agreement or Arrangement, the Financial Framework Agreement and the Window 3 Side Agreement or Arrangement)

[Approved by the System Council on 17 February 2017 and amended on 1 January 2022]

Annual Allocation	means in respect of each <u>Initiative</u> or Platform an estimated annual amount expected to be allocated to such CRP or Platform from Window 1 and/or Window 2.
Bilateral Funding	means funding that flows directly (not through the Trust Fund) from Funders to Centers in support of CGIAR Research.
Centers	is defined in the CGIAR System Framework.
CGIAR Branding Guidelines	means the branding guidelines for the CGIAR System as updated from time to time.
CGIAR Glossary	means this glossary as may be amended from time to time by the System Council after consultation with the System Board.
<u>CGIAR Initiative or Initiative</u>	<u>means a research program approved by the System Council for implementation by CGIAR Legal Entities and CGIAR System Partners in support of the CGIAR Strategy and Results Framework.</u>
<u>CGIAR Legal Entity</u>	<u>is defined in the CGIAR System Framework.</u>
<u>CGIAR Policy</u>	<u>is defined in the CGIAR System Framework.</u>
CGIAR Portfolio	is defined in the CGIAR System Framework.
CGIAR Research	is defined in the CGIAR System Framework.
CGIAR Research Program or CRP	means a CGIAR <u>Initiative</u> .
CGIAR Strategy and Results Framework or SRF	is defined in the CGIAR System Framework.
<u>CGIAR System</u>	<u>is defined in the CGIAR System Framework.</u>
CGIAR System Charter	is defined in the CGIAR System Framework.
CGIAR System Framework	is the framework document entitled “CGIAR System Framework” that sets forth the structure of the CGIAR System, dated 17 June 2016, as may be

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Proposed amended CGIAR Glossary

	amended from time to time in accordance with its terms.
CGIAR System Organization	is defined in the CGIAR System Framework.
CGIAR System Partners	is defined in the CGIAR System Framework.
CGIAR Trustee Agreement	means the agreement by and between the System Organization and the World Bank as Trustee on the terms and conditions for the administration of the CGIAR Trust Fund (MTO No. 069033), dated <u>8 March 2017</u> , as may be amended from time to time in accordance with its provisions.
Conflict of Interest	means any situation where the impartial and objective exercise of the functions of anyone acting on behalf of an entity is, or may be, compromised for reasons involving his or her family, personal life, political or national affinity, economic interests or any other connection or shared interest with another person.
Contribution	means, with respect to each Contribution Agreement or Contribution Arrangement, as the case may be, the total amount expressed as the respective Funder's contribution to the Trust Fund in such Contribution Agreement or Contribution Arrangement, as such amount of funds may be supplemented through amendments to such Contribution Agreement or Contribution Arrangement from time to time; and together for all Funders entering into Contribution Agreements or Contribution Arrangements, "Contributions".
Contribution Agreement or Contribution Arrangement	means the agreement or arrangement, as the case may be, entered into between the Trustee and a Funder in respect of the Funder's contribution to the Trust Fund; and together the "Contribution Agreements and Arrangements" or "Contribution Agreements or Arrangements," as the case may be.
Cost Sharing Percentage or CSP	means the annual cost-sharing percentage that is charged to funds in order to cover the costs of the CGIAR System entities.
Decision Letter	means <u>a document issued under and as part of a Financial Framework Agreement by the System Organization to a Center with respect to Window 1, 2 and 3 Funds, including any new terms of use for such funds.</u>

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Proposed amended CGIAR Glossary

Financial Framework Agreement	means an agreement entered into between the System Organization and each Center, setting out the use and administration of Window 1, 2 and 3 Funds disbursed to the Center, as amended, modified and supplemented from time to time.
Financial Guidelines No. 5, CGIAR Cost Allocation Guidelines	means the CGIAR Policy on cost allocation, dated December 2008, as may be amended from time to time.
Financial Guidelines No. 6, CGIAR Procurement of Goods, Works and Services Guidelines	means the CGIAR Policy on procurement, dated April 2008, as may be amended from time to time.
Financial Irregularities	means, with respect to Window 1, 2 and 3 Funds, any kind of: <ul style="list-style-type: none"> a. corruption, including bribery, nepotism and illegal gratuities; b. misappropriation of cash, inventory and all other kinds of assets; c. financial and non-financial fraudulent statements; or d. other use not in accordance with the agreed work programs and financing plans.
Funders	is defined in the CGIAR System Framework.
Fund Use Agreement	means any of the Contribution Agreements and Arrangements, the CGIAR Trustee Agreement, the Funding Agreements and Arrangements, the Financial Framework Agreements, and the Window 3 Side Agreements and Arrangements.
Funding Agreement or Funding Arrangement	means the agreement or arrangement, as the case may be, entered into between the System Organization and a Funder in respect of the Funder's Contribution setting forth the terms for either: (i) the use and administration of such Contribution, or (ii) the provision, use and administration and use of such Contribution; and collectively the "Funding Agreements and Funding Arrangements" or "Funding Agreements or Funding Arrangements".
Funder's Share	is defined in the CGIAR Trustee Agreement.
Indicative Funding	means an amount of funds endorsed by the System Council to be provided from the Window 1 and Window 2 of the CGIAR Trust Fund for a CGIAR Initiative or Platform over the life of such CGIAR Initiative or Platform.

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Proposed amended CGIAR Glossary

Lead Center	means a Center, as relevant.
Legacy Projects	means those projects for which Bilateral Funding has been committed under agreements or arrangements entered into before 13 May 2011 <u>and for which no annual budget is to be prepared</u> , but do not include projects funded by additional funding committed after such date under such agreements or arrangements.
Participating Center	means a Center, as relevant, receiving Window 1, 2 or 3 Funds.
Platform	means a set of activities that enhance the results of CGIAR Research in each impact area.
Program Participant	means a CGIAR System Partner or Center, as relevant, receiving Window 1, 2 or 3 Funds.
Provisional Account	is defined in the CGIAR Trustee Agreement.
Standard Provisions	means the standard provisions setting out the terms governing the use and administration of the Window 1, 2 and 3 Funds as adjusted for a (i) Funding Agreement or (ii) Financial Framework Agreement.
Subagreement	means a grant or contract between a Center on one hand and a Program Participant on the other for the implementation of CGIAR Research activities.
SRF	means the CGIAR Strategy and Results Framework.
System Costs	means the administrative costs of CGIAR as approved by the System Council from time to time.
System Cost Financing Policy	means the CGIAR Policy on financing System Costs dated May 4, 2011, as may be amended from time to time.
System Organization	means the CGIAR System Organization.
System Management Board	means the System Board, as defined in the CGIAR System Framework.
System Management Office	means the System Organization.
Trustee	means the World Bank in its capacity as trustee of the Trust Fund.

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Proposed amended CGIAR Glossary

Trust Fund or CGIAR Trust Fund	means the CGIAR Trust Fund (MTO No. 069033) administered by the Trustee <u>under the Trustee Agreement</u> .
Unrestricted Funding	is defined in the CGIAR System Framework.
Window 1	is defined in the CGIAR Trustee Agreement.
Window 1 and Window 2 Funds	means funds disbursed from the Trust Fund through Window 1 and Window 2, and any income earned thereon.
Window 1, 2 and 3 Funds	means funds disbursed from the Trust Fund through Window 1, Window 2 and/or Window 3 and any income earned thereon.
Window 2	is defined in the CGIAR Trustee Agreement.
Window 3	is defined in the CGIAR Trustee Agreement.
Window 3 Funds	means funds disbursed from the Trust Fund through Window 3, and any income earned thereon.
Window 3 Side Agreements or Window 3 Side Arrangements	means the agreement or arrangement, as the case may be, entered into between a Funder and a Center in respect of the portion of the Funder's Contribution to Window 3.
World Bank	means the International Bank for Reconstruction and Development.

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CGIAR SYSTEM FRAMEWORK

CGIAR SYSTEM FRAMEWORK

CGIAR is a global research partnership for a sustainable and climate-resilient future. CGIAR science is dedicated to transforming food, land and water systems to reduce poverty, enhance food and nutrition security, and improve natural resources management and ecosystems. CGIAR's research is carried out in close collaboration with hundreds of partners, including national and regional research institutes, civil society organizations, academia, development organizations and the private sector.

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CGIAR SYSTEM FRAMEWORK

This Framework was approved by the CGIAR System's Funders and Centers on 17 June 2016, and amended pursuant to Article 16 on 23 January 2018, 18 July 2019 and on [\[x date\]](#).

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Introduction

1. The Consultative Group on International Agricultural Research was established as a global partnership in 1971. After several reforms, in December 2009, a new framework of overarching principles was agreed between the centers and the funders to give rise to a reformed CGIAR as set forth in the CGIAR Joint Declaration. On April 29, 2010, the Consortium of International Agricultural Research Centers (“CGIAR Consortium”) was established as a joint venture between the 15 International Agricultural Research Centers supported by the Consultative Group on International Agricultural Research. On July 20, 2012, the CGIAR Consortium obtained international organization status pursuant to the agreement establishing the Consortium of International Agricultural Research Centers as an international organization and operated in accordance with the rules set forth in its constitution. In 2016, the Centers and Funders agreed to this CGIAR System Framework and the Charter of the CGIAR System Organization, which together set out the operational structure and governing arrangements for CGIAR.
2. (n) May 2018, the System Council established the System Reference Group (“SRG”); a whole of CGIAR forum to develop forward-looking recommendations on CGIAR’s research focus, delivery model and institutional structure. In November 2019, the System Council unanimously endorsed the SRG recommendations, which set the direction for a unified and integrated CGIAR, including a restated CGIAR mission, unified governance of and an integrated operational structure for CGIAR Legal Entities, with new research modalities and more funding, including through pooled funding.
3. CGIAR’s mission is to deliver science and innovation that advances the transformation of food, land and water systems in a climate crisis. The overriding purpose of the CGIAR System is to advance agri-food science and innovation to enable poor people, especially women, to better nourish their families, and improve productivity and resilience so they can share in economic growth and manage natural resources in the face of climate change and other challenges.

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Definitions

In this CGIAR System Framework, unless the context otherwise requires:

- a) “Active Observers” means those entities identified in Article 3 and which have the right to participate in deliberations of the System Council and to propose agenda items and make presentations for such deliberations. An Active Observer does not have a right to vote.
- b) “Center¹” means a research organization with separate legal personality that (i) contributes to the achievement of CGIAR’s mission through the delivery of

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¹ On the date this Framework first became effective, the following 15 research organizations were recognized as CGIAR Research Centers: Africa Rice Center (CITA), Bioversity International, Center for International Forestry Research (CIFOR), International Center for Agricultural Research in the Dry Areas (ICARDA)

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innovation and scientific research for development, and (ii) is recognized as a “CGIAR Center” by virtue of the inclusion of all the voting members of the board of the CGIAR System Organization as a minimum two-thirds voting majority on the governing body of the Center. As of the date of agreement of this Framework, the following 15 research organizations are recognized as CGIAR Research Centers: AfricaRice, Bioversity International, Center for International Forestry Research (CIFOR), International Center for Agricultural Research in the Dry Areas (ICARDA), International Center for Tropical Agriculture (CIAT), International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), International Food Policy Research Institute (IFPRI), International Institute Tropical Agriculture (IITA), International Livestock Research Institute (ILRI), International Maize and Wheat Improvement Center (CIMMYT), International Potato Center (CIP), International Rice Research Institute (IRRI), International Water Management Institute (IWMI), World Agroforestry Centre (ICRAF) and WorldFish.

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c) “CGIAR Legal Entity” means any Center or the CGIAR System Organization.

d) “CGIAR Policy” means a policy that applies to all CGIAR Legal Entities or the CGIAR System.

e) “CGIAR Portfolio” means a subset of CGIAR Research activities, as well as enabling platform activities, that are financed by funds allocated by the System Council or other funding modality approved by the System Council.

f) “CGIAR Research” means the research and innovation activities carried out by CGIAR Legal Entities and the CGIAR System Partners in support of the CGIAR Strategy and Results Framework.

g) “CGIAR Strategy and Results Framework” means one or more documents setting forth the common goals, strategic objectives and results to be achieved by the CGIAR System. The documents may be revised and updated from time to time.

h) “CGIAR System” means, when taken together as a collective whole, a reference to the Centers, the Funders, the System Council, the CGIAR System Organization, and the advisory bodies as set forth in Article 2, and CGIAR Research.

i) “CGIAR System Organization” or “System Organization” means the international organization governed by the Charter of the CGIAR System Organization (“CGIAR System Charter”), with its governing body being the CGIAR System Board (“System Board”).

j) “CGIAR System Partners” means organizations other than CGIAR Legal Entities that contribute to, or support the delivery of, the CGIAR Strategy and Results Framework. They include national agricultural research and extension systems,

International Center for Tropical Agriculture (CIAT), International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), International Food Policy Research Institute (IFPRI), International Institute Tropical Agriculture (IITA), International Livestock Research Institute (ILRI), International Maize and Wheat Improvement Center (CIMMYT), International Potato Center (CIP), International Rice Research Institute (IRRI), International Water Management Institute (IWMI), World Agroforestry Centre (ICRAF) and WorldFish

universities and advanced research institutes, policy and management bodies relevant to transformation in food, land and water systems, global and regional fora, intergovernmental organizations, non-government organizations, private-sector companies, farmers/producers and consumers.

- k) "CGIAR Trust Fund" means the trust fund(s) established by the trustee for contributions from Funders to provide funding for CGIAR Research and other CGIAR System activities.

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- l) "Executive Management Team" means the persons appointed by the System Board to provide overall coordinated management of the CGIAR Legal Entities pursuant to an integrated operational structure.

- m) "Funders" means those entities that contribute funding to CGIAR Legal Entities for the CGIAR Portfolio, CGIAR Research, or other CGIAR System activities, whether through the CGIAR Trust Fund or through bilateral contributions.

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- n) "Independent Science for Development Council" or "ISDC" means an external, impartial standing panel of experts in science and development subject matters (including food systems innovation matters that extend beyond the agricultural sector) appointed by the System Council and accountable to it, with the responsibility of providing rigorous, independent strategic advice to the System Council and, based on decisions taken by the System Council, the broader CGIAR System as a whole.

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- o) "Internal Audit Function" means the arrangements agreed between the System Council and the System Board to provide independent and objective assurance and advisory services to the System Council and the System Board.

- p) "Partnership Forum" means a forum for the CGIAR System and CGIAR System Partners to discuss and exchange views about the CGIAR System and the CGIAR Strategy and Results Framework with the scope set forth in Article 12.

- q) "Shared Secretariat for CGIAR Advisory Services" or "Shared Secretariat" means a unit, operationally independent from the System Board and management of the System Organization, which provides operational support for ISDC, SPIA and implementation of the CGIAR System's multi-year evaluation plan as approved by the System Council.

- r) "Standing Panel on Impact Assessment" or "SPIA" means an external, impartial standing panel of experts in impact assessment subject matters appointed by the System Council and accountable to it, with responsibility to provide rigorous, evidence-based and independent strategic advice to the CGIAR System on (i) efficient and effective impact assessment methods and practices, including those measuring impacts beyond contributions to science and economic performance, and (ii) on innovative ways to improve knowledge and capacity on how research contributes to development outcomes.

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- s) "System Council" means the strategic decision-making body described in Articles 3-8 that keeps under review the strategy, mission, impact and continued relevancy of the CGIAR System.
- t) "System Board" means the governing body of the System Organization described in Articles 7-9 of the CGIAR System Charter.
- u) "Unrestricted Funding" means funding from the CGIAR Trust Fund that has not been designated ~~at~~ the CGIAR Trust Fund level by a Funder for a specific ~~CGIAR~~ Legal Entity or ~~program~~.

Commented [CGIAR13]: Added to provide assurance that "Unrestricted Funding" also covers funding that has been designated operationally by a Funder for a specific entity or to a program (as a generic term and not specific such as Initiative or Platform).

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Article 1. Guiding Principles

The Guiding Principles of the CGIAR System are set forth in the annex to this CGIAR System Framework and are intended to guide the development of policies, procedures, guidelines and operations of the CGIAR System.

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Article 2. Structure of the CGIAR System

The CGIAR System shall have the following structure:

- a) The **Centers** contribute to the delivery of innovative research outcomes pursuant to CGIAR's integrated operational structure, which includes the work of the CGIAR System Organization Center research is undertaken pursuant to the CGIAR Strategy and Results Framework and based on resources provided by the Funders, within the institutional architecture for international development including the Sustainable Development Goals.
- b) The **Funders** provide guidance and financial resources for the carrying out of CGIAR Research and other agreed CGIAR System activities. Representatives of Funders and developing countries meet as a **System Council** to keep under review the strategy, mission, impact and continued relevancy of the CGIAR System in a rapidly changing landscape of research for development and innovation in food, land and water systems.
- c) The **Executive Management Team** facilitates and oversees effective and efficient development and implementation of the CGIAR Strategy and Results Framework under the overall strategic direction and oversight of the **System Board**.
- d) The **System Organization** enters into agreements with the trustee of the CGIAR Trust Fund, Funders, Centers, and other relevant entities for funding CGIAR Research and other activities of the CGIAR System funded through the CGIAR Trust Fund.
- e) The System Organization, the System Council, Centers and Funders benefit from the advice of the following:
 - i. Independent Science for Development Council
 - ii. Standing Panel on Impact Assessment.

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Commented [CGIAR16]: Linking this item to the somewhat clearer formulation in d) below

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Article 3. Composition of the System Council

3.1 The System Council shall consist of:

a) Up to **twenty voting members** as follows:

- i. up to fifteen representatives of Funders
- ii. five developing country representatives that are either Funders, or countries hosting a Center, or countries with significant national agricultural systems

b) **Ex-officio non-voting members** as follows:

- i. the Chair of the System Council
- ii. the Co-Chair of the System Council
- iii. the Chair of the System Board
- iv. the Executive Management Team,
- v. one representative from each of the following entities, provided that if any such entity is a voting member or an alternate of the System Council such entity may not also participate as an ex-officio non-voting in the System Council:
 - a. Food and Agriculture Organization of the United Nations
 - b. International Fund for Agricultural Development
 - c. World Bank.

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

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3.2 The following shall have the right to appoint a representative to participate as an Active Observer at System Council meetings:

- a) Global Forum on Agricultural Research
- b) ISDC
- c) SPIA

3.3 The following shall be invited to attend the System Council meetings:

- a) the Chair of the System Council's Assurance Oversight Committee, if that person is not otherwise a member of the System Council
- b) the host country of the System Organization
- c) the trustee of the CGIAR Trust Fund
- d) the Vice-Chair of any network of the CGIAR Legal Entities' Board Chairs (the Chair of which network is the System Board Chair)

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3.4 Each voting member may appoint an alternate that may attend System Council meetings and, if necessary, serve in their stead.

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3.5 All System Council members and Active Observers shall act in good faith in the interests of the CGIAR System, shall act according to the System Council’s policy on ethics and conflicts of interest, and shall respect the conflict of interest obligations of the entities they represent.

Article 4. Appointment of System Council voting members and alternates

4.1 Every three years each of the two categories of voting members set forth in Article 3 shall consult and agree upon their constituencies, which may be comprised of one or more governments or organizations, and inform the System Organization of their agreement.

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4.2 Each constituency shall agree upon its process to select its voting member and alternate, taking into consideration the desirability of ensuring diversity, including gender, at the System Council level, and shall inform the System Organization of the name and contact information of its voting member and alternate. Each constituency shall decide upon the rules and procedures that will guide how the members of the constituency will relate to each other.

Deleted: For purposes of the inaugural System Council, the Funders have agreed on the eligibility criteria for selecting their System Council members and alternates as set forth in Annex B in this CGIAR System Framework.

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4.3 A vacancy resulting from death, resignation or any other reason shall be filled in the same manner in which the original holder of the position was appointed or selected.

4.4 Each constituency shall endeavour to ensure that its member, or alternate in the absence of the member, can take decisions on matters before the System Council. System Council members shall not be required to take decisions or actions that conflict with the governing instruments and official rules of the entities they represent.

Article 5. System Council Chair and Co-Chair

5.1 The System Council shall appoint a Chair who will serve four year terms. The World Bank has a standing invitation to nominate a senior manager in a substantive area related to the work of the CGIAR System to serve as Chair. If the World Bank declines this invitation, the Chair shall be elected by the System Council.

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5.2 The System Council shall appoint a Co-Chair for each meeting from among its voting members.

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5.3 The Chair and Co-Chair shall act in an impartial manner.

5.4 In cases where the Chair is selected from among the then-current System Council voting members or their alternates, the respective constituency represented by

such person shall appoint a new System Council member or alternate, as the case may be, to fulfill the functions of the System Council member or alternate. The Co-Chair's alternate, or a temporary alternate appointed by the Co-Chair, shall fulfill his/her functions as a System Council member during the meeting for which the Co-Chair has been elected.

5.5 The System Council shall approve terms of reference for the Chair.

Article 6. Functions of the System Council

6.1 The functions of the System Council shall be to:

Vision, strategic direction and advocacy

- a) review and approve the CGIAR Strategy, and undertake the following related activities:
 - i. initiate foresight activities on ongoing trends, opportunities and risks in science and agricultural research and in their potential to contribute to the CGIAR's overall development goals
 - ii. initiate and approve a process for the development of the CGIAR Strategy and Results Framework
 - iii. review and approve strategic priorities, taking into account the advice of ISDC and the recommendations of the System Board on prioritization
- b) promote a greater recognition of the role of food, land and water systems in sustainable development in international political fora, and in particular, the role of systems-based research an innovations in achieving these goals
- c) support and guide the CGIAR System's contribution to the United Nations Sustainable Development Goals and other relevant global initiatives

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Governance

- d) provide input into the annual performance review of the Executive Management (team)
- e) approve the terms of reference for ISDC and SPIA and any other advisory bodies to the System Council that set forth their purposes and functions, taking into consideration input from the System Board
- f) select the Chair of SPIA and the Chair and members of the ISDC according to the provisions of their respective System Council-approved Terms of Reference, and ensure a process for periodically assessing the roles of SPIA and ISDC
- g) request the System Organization to enter into appropriate contractual arrangements for the hosting of the CGIAR Advisory Services Shared Secretariat ("Shared Secretariat"), and the functions of ISDC and SPIA, in a manner consistent with the terms of reference of ISDC, SPIA and the Shared Secretariat
- h) review and provide input into the terms of reference and process for fulfilling the Internal Audit Function

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Commented [CG25]: Edited to reflect that based on a decision in June 2016, that the System Board makes the selection – as now in the Charter – and this was a carryover editing mistake

- i) ensure, through the Assurance Oversight Committee, that arrangements for the Internal Audit Function provide sufficient system-wide assurance consistent with the risk management framework of the CGIAR System and that such arrangements are appropriately funded;
- j) *[deleted by decision taking effect on 23 January 2018]*
- k) identify and approve those CGIAR Policies that are strategic, system-wide policies that are critical to maintaining the reputation of the CGIAR System
- l) approve the risk management framework of the CGIAR System

Partnership engagement and resource mobilization

- m) consider deliberations of Partnership Fora for enhancing the overall effectiveness and efficiency of the CGIAR System
- n) monitor financial resources to support the implementation of each CGIAR Strategy and Results Framework
- o) to the extent possible, provide timely information on budgetary outlook and anticipated changes in funding levels for the CGIAR Trust Fund

Financial and programmatic performance

- p) approve, taking into account advice from the ISDC and proposals from the System Board, guidelines and criteria for prioritization and for annual allocation of Unrestricted Funding across CGIAR Research based on strategic priorities and performance
- q) approve proposals and indicative funding from the CGIAR Trust Fund within the CGIAR Strategy and Results Framework submitted by the System Board
- r) review multi-year work programs and financing plans for CGIAR Research and provide strategic guidance to the System Board on CGIAR Research Deleted: annually
- s) approve allocation of Unrestricted Funding for CGIAR Research, taking into account advice from the ISDC and proposals from the System Board
- t) review and approve a process, based on a proposal to be submitted by the System Board, for the preparation and approval of multiyear, consolidated business plans and budget projections for the administrative costs of the CGIAR System and the means by which such costs can be financed, recognizing the collective responsibility of the System Council and System Organization for such costs
- u) approve annual work programs and budgets, based on agreed multiyear consolidated business plans and budget projections and a proposal to be submitted by the System Board that includes submissions by the System Council advisory bodies and other relevant entities and the trustee of the CGIAR Trust Fund, to provide resources to finance the administrative costs of the CGIAR System
- v) approve an integrated framework for a performance management system for CGIAR Research
- w) review the annual portfolio analysis and program reports on the CGIAR Portfolio
- x) review an annual report from the Executive Management Team on external relations and outreach Deleted: System Management Office

- y) approve strategic action to ensure results and continued relevancy of innovation and research for development in food, land and water systems, taking into consideration input from the System Board
- z) approve CGIAR system-wide formats for, and periodicity of, financial reporting for the CGIAR System that accords with internationally recognized financial reporting standards
- aa) review the consolidated system-level annual financial and programmatic reports on CGIAR Research submitted by the System Board and provide feedback to the System Board
- bb) review information on corrective actions taken by the System Board under funding agreements with Centers and the risk management framework

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Evaluations and Impact Assessment

- cc) approve, in consultation with the System Board, a cost-effective, multi-year evaluation plan proposed by the Shared Secretariat covering evaluations of the CGIAR Portfolio
- dd) endorse plans coordinated by the System Board, with input from evaluation experts engaged by the Shared Secretariat, to periodically commission governance and management reviews of the operational effectiveness of CGIAR Legal Entities, to complement the evaluations of the CGIAR Portfolio
- ee) Commission through the Shared Secretariat, periodic (8 to 10 years) independent evaluations of the effectiveness of the CGIAR System to deliver on CGIAR's vision and mission, and after considering the results of the evaluation and responses, recommend strategic follow-up action
- ff) review and endorse external independent evaluations of the CGIAR Portfolio, functions and structures, taking into account input from the System Board and Center management responses
- gg) approve plans and financing of ex-post impact assessment of the CGIAR Portfolio proposed by SPIA after consultation with the System Board
- hh) in consultation with the System Board, work toward cost-effectiveness and complementarity in the overall system of evaluations and reviews at all levels.

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- 6.2 The System Council shall exercise any other functions attributed to it in this CGIAR System Framework and the CGIAR System Charter.

Article 7. System Council operations

Meetings

- 7.1 The System Council shall meet as often as necessary, but not less than twice per year in ordinary session. The rules of procedure shall provide for the location and arrangements for the conduct of meetings, including the convening of extraordinary meetings.

- 7.2 System Council meetings may be held face-to-face, by video or audio-conference or any other electronic communication medium that allows System Council members to follow and contribute to discussions as they occur in real time.

Quorum

- 7.3 The System Council may conduct business only when the following are present:

- a) a majority of its voting members;
- b) voting members representing a majority of the contributions from constituencies calculated in the manner approved by the System Council from time to time after consultation with the Funders; and
- c) the System Council Chair or Co-Chair.

Decision-making during a meeting

- 7.4 The System Council shall use best efforts to make all decisions by consensus. The Chair shall ascertain a consensus. For purposes of this CGIAR System Framework, consensus is a procedure for adopting a decision when no voting member in the decision-making process blocks a proposed decision. It does not necessarily imply unanimity. A dissenting voting member, who does not wish to block a decision, may state an objection or reservation by attaching a statement or note to the decision.
- 7.5 If all practical efforts by the System Council have not led to consensus, a vote may be called by:
- a) any voting member of the System Council seconded by another voting member of the System Council, or
 - b) whichever of the Chair or Co-Chair is acting as the chair of the particular session.
- 7.6 The Chair shall determine, after consultation with the System Council, the timing for a vote. In circumstances where a vote is taken, decisions require an affirmative vote representing both:
- a) a two-thirds majority of those System Council voting members present
 - b) a two-thirds majority of the contributions from Funders represented on the System Council. Each System Council voting member shall cast separately the votes of each of the Funder(s) within the constituency he/she represents. For the purpose of voting power, the contributions shall be determined in accordance with the same weighted values and time period used for the determination of eligibility for the voting seats on the System Council.
- 7.7 All decisions of the System Council shall be recorded in a summary of the System Council meetings approved by the System Council, communicated, published and retained in the permanent records of the System Organization.

Decision-making without a meeting

7.8 In the circumstances set forth in its rules of procedure, the System Council may be requested to approve a decision by electronic means using a no objection procedure in lieu of a meeting. System Council members and Active Observers shall be provided with sufficient background materials and a proposed decision text in such requests. Active Observers shall be able to provide to the System Council their concerns on such decision within seven (7) calendar days following receipt of the background materials and proposed decision text. System Council members shall be provided with no less than fourteen (14) calendar days to state an objection. Should an objection be received from any System Council member and not retracted before the deadline for objections, the decision shall not be considered approved. A decision that is not approved can be revised and resubmitted for consideration by the System Council, at a meeting or electronically, at the decision of the Chair.

Closed sessions

7.9 Notwithstanding Article 7.3, at the determination of the Chair, the System Council may conduct business in a closed (executive) session where the voting members and ex-officio non-voting members may be present unless the Chair decides otherwise. Active Observers shall be invited to attend the closed session unless the Chair decides otherwise. The Chair may invite others to attend as appropriate in the circumstances. The outcomes of a closed session shall be made public in open plenary if a decision is taken that has a material impact on the CGIAR System.

Secretariat

7.10 The System Organization shall ensure the provision of secretariat services to the System Council to support its operations.

Article 8. System Council Committees

8.1 The System Council may establish committees of the System Council, and other ad-hoc working groups and task teams, as it deems appropriate to carry out the work of the System Council.

8.2 The System Council shall have the following standing committees:

- a) an **Assurance Oversight Committee**, with a majority of independent members, the purpose of which shall be to provide: the System Council with assurance of the completeness and effectiveness of the Internal Audit Function and the independence of external audit functions; a structured reporting line between internal and external auditors and the System

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Council; and oversight of system-wide governance, risk management and internal controls.

- b) a **Strategic Impact, Monitoring and Evaluation Committee**, the purpose of which shall be to assist the System Council in review of research program evaluations, oversight of the strategic direction of ~~CGIAR System, and the~~ efficiency, effectiveness and impact of CGIAR Research.

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8.3 Committees and other ad-hoc working groups and task teams shall have such authorities as delegated to each of them by the System Council and set forth in their terms of reference. The terms of reference for all committees, working groups and task teams shall include the process for appointment of committee members, including the appointment of qualified individuals or representatives other than voting members or their alternates, and attendance at meetings.

Article 9: ~~[deleted by decision taking effect on XXXXX]~~

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Article 10. ~~[deleted by decision taking effect on XXXXX]~~

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- ¶ The System Management Board¶
- ¶ The System Management Office¶
- ¶

Article 11. ~~[deleted by decision taking effect on XXXXX]~~

Article 12. Partnership Forum

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12.1 The Partnership Forum provides stakeholders who actively support the CGIAR System with a forum to express their views on CGIAR’s operations, including:

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- a) any proposed CGIAR Strategy and Results Framework
- b) the implementation of the CGIAR Strategy and Results Framework, on which they may provide feedback to the System Council and System Board
- c) ongoing trends, signals and risks in local, regional and global contexts in science to better respond to the evolving challenges of international research for development in food, land and water systems.

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12.2 The Partnership Forum shall be convened by the System Organization at least every three years and co-chaired by a representative of the ~~CGIAR System~~ and a representative of CGIAR System Partners.

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Commented [CGIAR29]: 12.2 should be aligned with the definition of the Partnership Forum which is a conversation between the CGIAR System and CGIAR Partners

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Article 13. Trustee

There shall be a trustee for funds contributed to a CGIAR Trust Fund. Such trustee shall have the responsibilities agreed between the trustee and the System Organization and the Funders who contribute through a CGIAR Trust Fund, as applicable.

Article 14. Effectiveness of the CGIAR System Framework

This CGIAR System Framework shall be effective upon: (i) its approval by the Centers and Funders as reflected in the decisions of their meeting in June 2016, and (ii) the entry into force of the CGIAR System Charter as an amendment to the Constitution of the Consortium of International Agricultural Research Centers in accordance with its terms. A copy of this CGIAR System Framework shall be annexed to the agreement between the System Organization and each Funder.

Article 15. Resolution of Concerns about the Operation of the CGIAR System

The System Council, the System Board, a Center or a Funder may raise with the Executive Management Team any concern that the CGIAR System is not operating effectively and efficiently, or that the CGIAR System is not operating as intended under this CGIAR System Framework or the CGIAR System Charter. If such a concern is raised, the Executive Management Team shall consult with the Chairs of, respectively, the System Council and the System Board to address such concerns in accordance with this CGIAR System Framework and the CGIAR System Charter, and taking into account, when necessary, the agreed Guiding Principles for the Governance of the CGIAR System annexed to this CGIAR System Framework. The Executive Management Team shall inform the System Council and the System Board about the conclusion of such consultations and any recommendations as to how to address the concern that has been raised. Before action is taken on such recommendations, such action shall be approved by both the System Council and the System Board.

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Article 16. Amendment

This CGIAR System Framework may be amended upon the agreement of:

- a) the System Council
- b) the System Board
- c) two-thirds of the Centers.

Annex A: Guiding Principles for the Governance of the CGIAR System²

Preamble

1. CGIAR is a global partnership first established as the Consultative Group on International Agricultural Research in 1971. It is the world's leading partnership for research for development of sustainable agri-food systems in developing countries. Its vision is a world free of poverty, hunger, malnutrition, and environmental degradation.
2. The CGIAR System has unparalleled capacity to mobilize people, science, resources, and infrastructure in more than 60 countries to build capacity in, conduct and integrate breakthrough research with delivery to millions of farmers and other players in the agri-food system, including consumers. CGIAR's work is undertaken with the proactive engagement of CGIAR System Partners who are interested in collaborating with the CGIAR System to deliver on its research agenda, and/or benefit from the global knowledge, products, and technologies that the system generates.
3. CGIAR regards the results of its collaborative research for development activities as global public goods, and is committed to their widespread diffusion and use in line with the International Treaty on Plant Genetic Resources for Food and Agriculture³ and the CGIAR Principles on the Management of Intellectual Assets⁴, thus delivering maximum possible access, scale and scope of impact, and sharing of benefits to advantage the poor, especially farmers in developing countries.⁵
4. CGIAR undertakes its research within a Strategy and Results Framework. Designed at a whole of portfolio level, the Strategy and Results Framework provides a framework for CGIAR research program development, priority setting, and resource development and allocation for successive periods.

² As agreed at the meeting of Centers and Contributors in February 2016, these guiding principles are included as they were adopted by the meeting

³ The maintenance of genetic resources is at the very heart of CGIAR's work, such that CGIAR is committed to holding in trust these unique genetic resources for agriculturally significant species of central importance to advance and sustain productivity for the world's smallholders in the 21st century.

⁴ The CGIAR Principles on the Management of Intellectual Assets set out the Center and Funders' agreed basis for the use and management of Intellectual Assets produced or acquired by CGIAR from its research and development activities, and are incorporated into these principles by reference.

⁵ CGIAR aims to make available key research-based information and knowledge to inform high-level policy debates and advocacy work in global fora, from the United Nations General Assembly and specialized multilateral channels, to key countries and multi-stakeholder platforms.

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Guiding Principles of the CGIAR System

5. **Governance of the CGIAR System should enable the CGIAR and CGIAR System Partners to conduct high quality research for development and should support national development programs and their commitments to the Sustainable Development Goals in the agri-food sector.**
6. **Governance practices across the CGIAR System should engender mutual respect and trust in the value of collaboration.** CGIAR Legal Entities are recognized as having the experience and capability to ensure effective conduct, delivery and impact of the CGIAR System’s research for development when working in close partnership with external (both national, regional and global) research and development partners, including the private sector. The CGIAR System’s effectiveness depends on strong, dynamic, well managed and well-resourced CGIAR Research and operations, so that CGIAR Legal Entities can attract and retain the best global talent, conduct impactful research, convene and direct collaborative programs with leading institutions around the world, and build upon accumulated “local” knowledge to design programs of research that best respond to the world’s most pressing challenges in a climate crises.
7. **Effectiveness, efficiency, transparency, and impact should be key performance criteria for the CGIAR System.** All CGIAR System entities should meet high standards of efficiency, effectiveness, transparency, and value for money. Impacts on the ground should be demonstrable and measurable. With a view to greater local coherence and alignment with national systems, the CGIAR System should strive for greater integration of its activities through joint planning and partnerships. Policies and procedures to plan, implement, and oversee the CGIAR System should be clear, unambiguous, functional, cost effective, and flexible in order to respond to changing circumstances. Policies and administrative structures should strive for simplicity in promoting the effective and efficient delivery of critical functions while avoiding overlaps and redundancies.
8. **A foundational principle of the CGIAR System is collective responsibility and mutual commitment.** CGIAR Legal Entities and Funders have a collective, sustained, and mutual commitment for fulfilling the mission and goals of the CGIAR System. Each should live up to commitments they respectively make.
9. **The CGIAR System requires effective leadership to support the achievement of its objectives and to mobilize financial support for the CGIAR System.** Effective leadership should promote a common vision and coordination of functions to avoid duplication or conflict, ensure clarity, internal complementarity, and coherence, and communicate consistent messages with CGIAR System and external partners.
10. **The CGIAR System entities should have clearly defined roles, responsibilities, accountabilities and oversight functions.** CGIAR System actors and CGIAR System Partners will manage potential conflicts of interest and be most effective if roles, responsibilities, accountabilities, and oversight functions are defined with sufficient

Commented [CG 30]: The detail of some of these is now outdated in the context of OneCGIAR, with the earlier additional drafting have a strong emphasis on Centers as the primary unit of CGIAR. However, the ‘headline’ principles remain highly relevant. Draft changes are proposed as appropriate

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precision to be unambiguously interpreted and fulfilled by actors across the CGIAR System. Responsibilities should be assigned to those entities, management teams, and operating units that can most efficiently and effectively fulfill them. The CGIAR System entities should demonstrate accountability to its ultimate beneficiaries.

11. **A fundamental principle of the CGIAR System is that the whole should be greater than the sum of the parts.** CGIAR System leaders should continue to identify opportunities to collaborate in complementary ways that maximize impact.
12. **The principle of subsidiarity should guide policies and implementation, and overreach must be avoided.** Based on the individual legal personality of each CGIAR Legal Entity, the governing body of each such entity has its own regulatory, legal, governance and fiduciary responsibilities, in addition to all applicable CGIAR System responsibilities. System Council decisions should be taken in a manner that ensures that the System Board has the authority to flexibility to adapt global policies, procedures and guidelines for national application when appropriate to ensure that a specific CGIAR Legal Entity is able to meet all nationally applicable laws and regulations while achieving CGIAR System goals and expected results. The principle of subsidiarity should also be respected by CGIAR Legal Entities as they cooperate with CGIAR System Partners.
13. **The CGIAR System should have a strong, visible system profile based on streamlined, system-level monitoring, and impact assessment, and evaluation of the CGIAR Portfolio and performance in relation to the CGIAR Strategy and Results Framework.** A robust performance monitoring system needs to be in place, which includes consolidated reporting at the system-level. The CGIAR System will make use of independent evaluation of its programs and institutions to assess the relevance, quality, development efficiency, effectiveness, impact and sustainability.
14. **Corrective action, when required, should be targeted.** All entities funded by the CGIAR System should be accountable for the proper use of funds provided to them and for compliance with CGIAR System policies, procedures and guidelines applicable to them. Reporting back on compliance monitoring to the System Organization should be through regular reporting and independent system reviews and in accordance with other agreements between the System Organization and other entities. When deficiencies or malfeasance are identified, corrective/disciplinary action should be directed at the concerned entity. Lessons learned should, however, be employed by appropriate entities to strengthen controls and other mechanisms across the CGIAR System.
15. **Legitimacy of action requires input from a broad range of stakeholders.** CGIAR System governance and management structures should facilitate adequate and meaningful participation and voice of CGIAR System Partners, especially with national agri-food knowledge and innovation systems.
16. **Stable and predictable funding contributes to maximizing impact and results. Recognizing that it has not always been possible to ensure predictable funding, the**

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CGIAR System will need to be sufficiently flexible and adaptable to respond to changing circumstances. International research for development and research on transformation of food, land and water systems in a changing landscape with evolving challenges is by nature a long-term process, and the CGIAR System requires sufficient and predictable resources to sustain research and to cover essential costs over time, delivered through, to the extent possible, multi-year Funder commitments and innovative finance mechanisms. CGIAR Legal Entities need to have reasonable assurance of a predictable pipeline of cash inflows to optimally plan, form reliable partnerships, and implement strategic long-term research. Discontinuities caused by abrupt funding cuts force costly adjustments, undermine research, devalue the CGIAR brand, and create uncertainties that make it increasingly difficult to attract and retain the world's best scientists. Funding mechanisms and policies that can enhance adaptability or flexibility of the CGIAR System to changing resource streams and volumes should be established to provide greater certainty of support over the short- and medium-term. The System Board should have, at a minimum, accurate and reliable information on annual funding at the beginning of the annual cycle. The System Council must develop and execute a robust Resource Mobilization Plan that fully takes into account the significant resource mobilization capability, infrastructure and incentives distributed across the CGIAR System and seeks to promote synergies, not competition, in fund raising throughout the CGIAR System. To the extent possible, funding mechanisms should be simplified, and perverse incentives eliminated.

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Annex B: Eligibility criteria for Funders' inaugural System Council members and alternates

1. For purposes of the inaugural System Council, Funders have agreed to the following eligibility criteria for selecting its System Council members and alternates.
2. To be eligible for to be a Funder representative on the System Council, a Funder must have contributed in the three year period 2013-2015 a weighted minimum of US \$10,000,000 to the CGIAR System, to be calculated as follows:
 - a) Contributions to Window 1 of the CGIAR Fund shall be weighted at three times their nominal amount
 - b) Contributions to Window 2 of the CGIAR Fund shall be weighted at twice their nominal amount
 - c) Contributions to Window 3 of the CGIAR Fund and bilateral contributions to Centers shall be counted at their nominal amount.
3. Funders that provide the weighted minimum of US \$10,000,000 to the CGIAR System shall agree on the distribution of the System Council contributor seats amongst themselves and the formation of constituencies, if required.
4. Contributions that provide less than the weighted minimum may seek to join any of the constituencies once they are agreed.

5. **Up to five additional temporary voting Funder seats on the System Council⁶:**

- a) With a 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 c. below) over a minimum of three years;
- b) Considering 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;
- c) 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;
- d) 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 c. above; and
- e) This additional temporary voting seat mechanism would be reevaluated by the System Council at each reconciliation moment for Funder voting seats.

⁶ Added by the System Council in July 2019

Appendix 3 – For information: Template of Funding Agreement or Arrangement (annotated)

Template of current Funding Agreement or Arrangement (annotated)

ANNOTATED FUNDING AGREEMENT TEMPLATE

THIS FUNDING [AGREEMENT] [ARRANGEMENT]^{1,2} (which consists of these Cover Pages the “Cover Pages”, and together with the CGIAR Glossary, Standard Provisions and CGIAR System Framework, the “Funding Agreement”) is entered into between:

- (1) The CGIAR System Organization (the “System Organization”), an international organization with its headquarters in Montpellier, France; and
- (2) [Insert name of Funder] (the “Funder”)

(each, a “[Party] [Participant]” and, together, with the System Organization, the “[Parties] [Participants]”).

INTRODUCTION:

- (A) Centers, in close collaboration with CGIAR System Partners, and with funding provided by Funders through the Trust Fund or with Bilateral Funding, carry out CGIAR Research in support of the CGIAR Strategy and Results Framework.
- (B) The System Organization facilitates and oversees implementation of the CGIAR Strategy and Results Framework.
- (C) The System Organization entered into an agreement with the World Bank on the terms and conditions for the establishment and administration of the Trust Fund.
- (D) Funders may enter into one or more Contribution Agreements to provide Contributions to the Trust Fund in support of the activities of the System Organization and for CGIAR Research through three alternative mechanisms: (a) Unrestricted Funding or Window 1; (b) research-program specific funding or Window 2; and/or (c) Center-specific funding or Window 3; or if no window is specified, the funding will be placed in the Provisional Account until a determination is made by the Funder at a later date.
- (E) The [Parties] [Participants] wish to set out in this Funding [Agreement] [Arrangement] the terms governing the use and administration of the funding disbursed from the Trust Fund in support of the activities of the System Organization and for CGIAR Research.

Commented [A1]: Under the proposed amended definition of “Center” in the CGIAR System Framework, Centers will only include those having adopted unified governance.

Commented [A2]: The proposed amended definition of “CGIAR Research” in the CGIAR System Framework clarifies that CGIAR Research is conducted by the CGIAR Legal Entities, consisting of the Centers and the System Organization, within the integrated operational structure of One CGIAR

Commented [A3]: The “CGIAR Strategy and Results Framework” is defined generically in the CGIAR System Framework so any reference to this Framework is understood to mean “the CGIAR 2030 Research and Innovation Strategy” plus “the Performance and Results Management Framework”, following System Council approvals of these documents in December 2020.

Commented [A4]: The proposed definition of “Unrestricted Funding” in the CGIAR System Framework clarifies that “Unrestricted Funding” has no designations at the Trust Fund level.

Commented [A5]: Window 2 language will stay in the Funding Agreement, but Window 2 will not be used going forward, so the Window 2 references will not be operative.

¹This Cover Page may be revised in the case of donors that require “arrangement” language to reflect appropriate terminology for making Funding Arrangements.

² Specific Funder terms may also be added to this Cover Page as long as such terms do not affect the portions of the Contributions provided to Lead Centers and Program Participants and are acceptable to the System Organization and consistent with the CGIAR [System] Framework, CGIAR Charter and Standard Provisions.

NOW THEREFORE, the [Parties] [Participants] [agree] [decide] as follows:

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1. Definitions

Template of current Funding Agreement or Arrangement (annotated)

Capitalized terms not defined in this Funding [Agreement][Arrangement] have the meanings given to them in the CGIAR Glossary (Annex 1) *as updated from time to time*.

Commented [A6]: Once approved, the CGIAR Glossary amendments will constitute "updating" under this clause.

2. **Financial Contribution of the Funder**

- 2.1 The Funder has entered or intends to enter into a Contribution [Agreement] [Arrangement] which will set forth the Funder's Contribution to the Trust Fund.
- 2.2 The purpose of the Contribution is to make funding available, on a coordinated basis, along with other Funders, to support the activities of the System Organization (including the System Costs) and for CGIAR Research carried out by Centers and CGIAR System Partners in support of the CGIAR Strategy and Results Framework.
- 2.3 The System Organization will administer the funding from the Contribution in accordance with the terms specified in this Funding [Agreement] [Arrangement].

3. **Notices**

Any notice or request required or permitted to be given or made in this Funding [Agreement] [Arrangement] will be in writing. Such notice or request will be deemed to be duly given or made when it will have been delivered by hand, by an internationally recognized express delivery service, or emailed to the [Party] [Participant] to which it is required to be given or made, at such [Party] [Participant]'s address specified below or at such other address as the [Party] [Participant] will have specified in writing to the [Party] [Participant] giving such notice or making such request:

For the Funder:

Title:
Dept./Unit Address:
Telephone:
Email:

For the System Organization:

Title:
Dept./Unit Address:
Telephone:
Email:

4. **Access to Information**

This Funding [Agreement] [Arrangement] may be made publicly available. In addition, any information provided by the System Organization to the Funder under this Funding [Agreement] [Arrangement] relating to CGIAR Research, activities of the System Organization and other activities funded by the Contribution may be disclosed in accordance with the respective [Parties] [Participants]' policies, procedures *[[insert where applicable]* and/or applicable legislation on public disclosure of information].

5. **No Waiver of Privileges and Immunities**

Nothing in or relating to this Funding [Agreement] [Arrangement] will be deemed to be a waiver of any privileges and immunities of the System Organization *[[insert where applicable]* or the Funder].

6. **No Employee or Agency Relationship**

Template of current Funding Agreement or Arrangement (annotated)

This Funding [Agreement] [Arrangement] is neither a contract for services nor a contract of service or employment. No provision in this Funding [Agreement] [Arrangement] creates or may create a joint venture, an association, or a partnership, employment or agency relationship, between the Funder, the System Organization, a Lead Center or any Program Participant.

Commented [A7]: In the proposed amended CGIAR Glossary, "Lead Center" means a Center, as relevant to the context.

7. **Suspension of Payment by Funder**

- 7.1 The Funder may at any time suspend payments to the CGIAR Trust Fund, wholly or in part, if funds from the Trust Fund are not used in accordance with any applicable Fund Use Agreement.
- 7.2 Before taking such action, the Funder will consult with the System Organization and the [Parties] [Participants] will endeavor to identify ways and means to manage the suspension, thereby mitigating impact on implementation of CGIAR Research until such time that the suspension may be lifted. Following such consultation, should the Funder wish to suspend payments to the CGIAR Trust Fund, it will notify the System Organization in writing, with a copy to the Trustee, of such decision to suspend such payments until such time that the Funder notifies the System Organization in writing, with a copy to the Trustee, to resume any such payments.

8. **Termination**

- 8.1 The System Organization or the Funder may terminate this Funding [Agreement] [Arrangement] upon 90 calendar days' written notice.
- 8.2 If either the System Organization or a Funder sends a notice to terminate this Funding [Agreement] [Arrangement], the Funder may send a ninety (90) calendar days' prior written notice to the System Organization and the Trustee, requesting a withdrawal of any portion or all of its Funder's Share calculated as of the end of the notice period.

9. **Return of Funds**

- 9.1 **Return of Funds to Funders.** The Funder may request the return of a pro rata share of any refunds made to the Trust Fund. In case of such request from such Funder, the System Organization will request the Trustee to calculate Funder's pro rata share of the refunds made in the same manner that the Trustee calculates Funder's Share as set out in the Trustee Agreement based on the Window identified by the System Organization as pertaining to the refunds.
- 9.2 **Reallocation of Returned Funds.** The System Organization will reallocate any portion of the Window 1, 2 and 3 Funds refunded to Window 1 of the Trust Fund which is not returned to Funders. Such reallocation will be carried out in accordance with the procedures for allocation of Unrestricted Funding under the CGIAR System Charter and the CGIAR System Framework.

10. **Dispute Settlement**

The [Parties] [Participants] will use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to this Funding [Agreement] [Arrangement].

Template of current Funding Agreement or Arrangement (annotated)

11. Entire Agreement and Amendments

11.1 This Funding [Agreement] [Arrangement] including the Cover Pages, Annex 1 (CGIAR Glossary), Annex 2 (Standard Provisions) and Annex 3 (CGIAR System Framework) constitutes the entire [agreement] [arrangement] between the [Parties] [Participants] with respect to the subject matter hereof and supersedes all prior and contemporaneous communications and proposals, whether electronic, oral or written, between the [Parties] [Participants] with respect to such subject matter.

11.2 This Funding [Agreement] [Arrangement] may only be amended by written, signed agreement between the Funder and the System Organization, with the following exceptions:

11.2.1 the CGIAR Glossary and Standard Provisions may be amended by approval of the System Council after consultation with the System Management Board, and (ii) the CGIAR System Framework may be amended in accordance with its terms, with any amendment to the CGIAR Glossary, the Standard Provisions or the CGIAR System Framework automatically incorporated into this Funding [Agreement] [Arrangement] as and when such amendment becomes effective without the need for further written agreement between the Funder and the System Organization; provided that such amendment to the CGIAR Glossary, Standard Provisions or CGIAR System Framework does not conflict with other terms of this Funding [Agreement] [Arrangement].

Commented [A8]: Under the proposed amended CGIAR Glossary, "System Management Board" means the "System Board".

12. Assignment

This Funding [Agreement] [Arrangement] will not be assigned by the System Organization without the prior written consent of the Funder.

13. Continuing Effect

After termination of this Funding [Agreement] [Arrangement], the System Organization's obligations will continue to survive to the extent they relate to the funds provided or activities funded by the Funder under this Agreement.

14. Counterparts

This Funding [Agreement] [Arrangement] may be signed in one or more counterparts, each of which will be deemed an original but all of which will be considered one and the same [agreement] [arrangement]. Copies of signed counterparts transmitted by facsimile or other electronic transmission service will be considered original signed counterparts for purposes of this Funding [Agreement] [Arrangement].

15. Effective Date

Each of the [Parties] [Participants] represents, by confirming its agreement below, that it is authorized to enter into this Funding [Agreement] [Arrangement] and act in accordance with these terms. The [Parties] [Participants] are requested to sign and date this Funding [Agreement] [Arrangement] and this Funding Agreement will become effective on the date of the last signature.

Template of current Funding Agreement or Arrangement (annotated)

[ACKNOWLEDGED AND AGREED] [SIGNED]

[Funder]

CGIAR System Organization

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date:

Appendix 4 – For Information: Template of Standard Provisions annexed to the Funding Agreement or Arrangement (annotated)

Template Standard Provisions annexed to the Funding Agreement or Arrangement (annotated)

ANNEX 2 STANDARD PROVISIONS¹

The following Standard Provisions set out the terms governing the use and administration of the portions of the Contributions transferred from the Trust Fund to support the activities of the System Organization and for CGIAR Research.²

1. Responsibilities Over the Window 1, 2 and 3 Funds

1.1. Window 1 and Window 2 Funds.

1.1.1. Funding from Window 1 and 2 of the Trust Fund will be disbursed from time to time for the activities of the System Organization (including the System Costs) and for CGIAR Research.

1.1.2. The System Organization will have fiduciary responsibility for the use of Window 1 and Window 2 Funds and will therefore:

- a. ensure that the Window 1 and Window 2 Funds are used exclusively for their intended purposes;
- b. ensure that the Window 1 and Window 2 Funds are administered, used and expended in accordance with the CGIAR System Charter, the CGIAR System Framework and the applicable Fund Use Agreements entered into by it, including by taking corrective action with respect to Window 1 and Window 2 Funds not used in accordance with the relevant Fund Use Agreement;
- c. monitor, evaluate, and provide quality assurance and financial and performance reporting for activities funded by Window 1 and Window 2 Funds in accordance with these Standard Provisions;

1.2. Window 3 Funds.

1.2.1. Window 3 Funds are directed by Funders to individual Centers. Funders may designate specific amounts to specific Centers for use by the Center; provided such funds are used to implement aspects of the SRF and provided further that such funds are used in accordance with CGIAR Policies. Designations of Window 3 Funds by Funders to Centers are not subject to review, allocation or approval by the System Organization. Each Center will be responsible for the use of Window 3 Funds it receives.

1.2.2. The System Organization will not have fiduciary or programmatic responsibility over, or responsibility to supervise or monitor, Window 3 Funds.

Commented [A1]: There will be no receipt of Window 2 funds after 1 January 2022. References to Window 2 in these upstream Standard Provisions will not be operative for funds received after that date. A decision letter issued by the System Organization under the Financial Framework Agreements with Centers will clarify that obligations in the downstream Standard Provisions pertaining to Window 2 funds received before 1 January 2022 are continuing obligations.

¹ This document is developed from the draft Standard Provisions. The document is prepared as an example to show how the Standard Provisions would read once attached to a Funding Agreement between a Funder and the System Organization.

² As noted in the CGIAR Glossary, for the purpose of these Standard Provisions only, the term “Center(s)” will also include any Lead Center that is not also a CGIAR research Center.

Template Standard Provisions annexed to the Funding Agreement or Arrangement (annotated)

1.2.3. The System Organization may, however:

- a. upon request of a Funder providing Window 3 Funds and acting through the System Council, take corrective action vis-à-vis a Center in the event such Window 3 Funds are not used in accordance with the applicable Fund Use Agreements entered into by such Center; and
- b. in consultation with the relevant Funder providing Window 3 Funds and the System Council, take corrective action vis-à-vis a Center in the event such Window 3 Funds are not used in accordance with the applicable Financial Framework Agreement entered into by such Center.

1.2.4. Nothing in the Funding Agreements or Arrangements is intended to preclude Funders and Centers from entering into Window 3 Side Agreements or Arrangements in regard to the terms governing the administration and use of Window 3 Funds. Should a Funder require additional terms to govern the administration and use of Window 3 Funds other than those set out in these Standard Provisions, such Funder will enter into a Window 3 Side Agreement with the relevant Center. Any Window 3 Side Agreement or Arrangement will be consistent with these Standard Provisions and substantially in the form of Schedule 1 (Form of Window 3 Side Agreement / Arrangement) attached to these Standard Provisions, as may be amended through these Standard Provisions from time to time.

1.3. General Provisions in Respect of the Contributions.

The Contributions, including the funds, assets and receipts thereof, held in the Trust Fund will be administered in accordance with the terms of the CGIAR Trustee Agreement and Contribution Agreements and Arrangements.

2. **Financial Framework agreements**

2.1. **Application of the Terms of These Standard Provisions.** The System Organization will ensure that all relevant terms and requirements set forth in the Funding Agreements are reflected in the Financial Framework Agreements. The System Organization will require the Centers to ensure that such terms and requirements are reflected in all Subagreements entered into with respect to the Window 1, 2 and 3 Funds.

2.2. **Cooperation.** The Financial Framework Agreements will specify that Centers are required to cooperate with the System Organization to ensure that the System Organization is able to fulfil its obligations under the applicable Fund Use Agreements entered into by the System Organization and will require that such term is reflected in all Subagreements entered into with respect to Window 1, 2 and 3 Funds.

3. **System costs**

3.1. Bilateral Funding.

3.1.1. Subject to paragraph 3.1.3 below, the CSP will be collected by the System Organization in accordance with the CGIAR Policy on System Costs Financing, as amended from time to time.

Commented [A2]: The CSP is expected to be phased out in 2022 and replaced by an internal cost recovery mechanism. This will result in an amended (or terminated) Policy, as allowed by this clause.

Template Standard Provisions annexed to the Funding Agreement or Arrangement (annotated)

3.1.2. It is acknowledged that the CGIAR Policy on System Costs Financing, which will be revised in 2017, is a policy that falls under the purview of the System Council in accordance with Section 6.1(k) of the CGIAR System Framework, and that any amendments to the CGIAR Policy on System Costs Financing will be based on a recommendation from the System Management Board.

Commented [A3]: The System Management Board means the System Board as defined in the proposed amended CGIAR Glossary.

3.1.3. Until and unless amended by any revised Policy on System Costs Financing, Centers shall pay the CSP to the System Organization on any Bilateral Funding received for the implementation of CGIAR Research (excluding Center-specific infrastructure-only projects and Legacy Projects) unless this requirement is exceptionally waived by the System Council. The System Organization shall transfer the corresponding funds to the Trust Fund. Unless otherwise agreed by the System Council, if a Center does not pay any CSP which is due, the amount of such CSP which is due may be offset, after the Center has been adequately consulted, against Window 1 Funds that are otherwise to be disbursed to such Center.

3.2. **Window 1, 2 and 3 Funds.** The Centers will not have any obligation to collect or otherwise pay the CSP on funds disbursed through Windows 1, 2 or 3. The Funders, the System Organization and the Centers understand that the Trustee of the CGIAR Fund shall collect the CSP before such funds are disbursed from the Trust Fund.

Commented [A4]: Instructions to the Trustee for collecting CSP amounts will be modified as needed under amended CGIAR policy (including potentially instructing collection of 0% CSP), as allowed under the Trustee Agreement.

4. **Anti-Terrorism**

Recognizing the obligations of countries that are members of the United Nations under various United Nations Security Council resolutions to take measures to prevent financing of terrorists, the System Organization will, and will require each Center and Program Participant to ensure, consistent with its governing arrangements and policies, including those pertaining to combating financing for terrorists, that the Window 1, 2 and 3 Funds are used for their intended purposes and are not diverted to individuals or entities associated with terrorism, as identified in accordance with relevant United Nations Security Council resolutions. Accordingly, the System Organization will not, and will require Centers and Program Participants to not, use such Window 1, 2 and 3 Funds for the purpose of any payment to persons or entities, or for the import of goods, if such payment or import, to its knowledge or belief is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations or directed to a person or entity, appearing on the Consolidated United Nations Security Council Sanctions List.

5. **Lobbying**

The System Organization will, and will require Centers and Program Participants to, ensure that none of the Window 1, 2 and 3 Funds are earmarked for lobbying activity, defined as attempting to influence legislation (i) through affecting the opinion of the general public or any segment thereof (i.e. grassroots lobbying) or (ii) through communications with any member or employee of a legislative body, except in the case of both (i) and (ii) to the extent such activities arise inherently in relation to CGIAR Research comprising policy development.

6. **Electioneering**

The System Organization will, and will require Centers and Program Participants to, ensure that the Window 1, 2 and 3 Funds will not be used to influence the outcome of any specific public election or to directly or indirectly carry on any voter registration drive.

Template Standard Provisions annexed to the Funding Agreement or Arrangement (annotated)

7. **Financial Irregularities**

7.1. **Prevention of Financial Irregularities.** The System Organization will, and will require Centers and Program Participants to, take all reasonable necessary measures to avoid, prevent, detect and manage Financial Irregularities and will therefore:

7.1.1. organize operations and internal control systems in a way that Financial Irregularities are prevented and detected;

7.1.2. cooperate fully to prevent, stop and handle Financial Irregularities with respect to the administration and use of the Window 1, 2 and 3 Funds and implementation of CGIAR Research;

7.1.3. require that all staff involved in, and any consultants, suppliers and contractors financed with the Window 1, 2 and 3 Funds refrain from Financial Irregularities.

7.2. **Requirement to Inform in Respect of Financial Irregularities.** The System Organization will, and will require Centers and Program Participants to, promptly inform Funders, through the System Council, if there is a credible concern of Financial Irregularities and of the corrective measures initiated. The provisions of this paragraph [7.2] will apply unless and until replaced by the relevant section expected to be included in escalation procedures upon approval by the System Council.

7.3. **Cooperate with Investigations.** The System Organization will, and will require Centers and Program Participants, to cooperate fully in the investigations of Financial Irregularities with respect to the administration and use of the Window 1, 2 and 3 Funds and implementation of CGIAR Research, whether the investigation is led by the System Organization or an individual Funder to the Trust Fund.

7.4. **Corrective Actions in Respect of Financial Irregularities.** Subject to paragraph [1.2.3] of these Standard Provisions, the System Organization will, and will require Centers and Program Participants to, consider corrective actions towards any person and/or legal entity as appropriate where there is a credible concern of Financial Irregularities related to activities of the System Organization or CGIAR Research.

8. **Policies**

8.1. **General.** The System Organization will, and will require Centers and Program Participants to, ensure that Window 1, 2 and 3 Funds are used in accordance with the applicable CGIAR Policies and the relevant entity's own policies and procedures as applicable. All CGIAR Policies applicable to the CGIAR Research will be available on the System Organization's web site.

8.2. Use of Materials.

8.2.1. Funders may reproduce, adapt, translate, publish, disseminate and distribute for non-commercial purposes and free of charge all reports, evaluations, impact assessments and other such similar documents, provided or made available by the System Organization to Funders.

Template Standard Provisions annexed to the Funding Agreement or Arrangement (annotated)

- 8.2.2. Where appropriate and applicable, Funders will recognize the source.
- 8.2.3. The System Organization will, and will require Centers and Program Participants to, ensure that necessary intellectual property rights are obtained to allow the rights referred to under this paragraph [8.2] to be granted. If third party copyright restrictions or attribution requirements apply to such documents, this will be indicated on the documents.
- 8.3. **Procurement.** In the event that consultants are employed or services or goods are procured with the Window 1, 2 and 3 Funds, the System Organization will, and will require Centers and Program Participants to, ensure that the employment and supervision of such consultants and the procurement of such services or goods will be the responsibility of each entity employing or contracting with such consultants or carrying out such procurement and will be conducted in conformity with the Financial Guidelines Series, No. 6, CGIAR Procurement of Goods, Works and Services Guidelines as updated from time to time, in line with the following basic principles: equal treatment and non-discrimination on grounds of nationality, competition, predictability, transparency, verifiability, proportionality.
- 8.4. Efficiency.
- 8.4.1. The System Organization will, and will require Centers and Program Participants, to ensure that Window 1, 2 and 3 Funds are used with due regard to economy and efficiency, and that the highest standards of integrity in the administration of the funds are upheld.
- 8.4.2. The System Organization will, and will require Centers to, ensure that Window 1, 2 and 3 Funds are used in accordance with the Financial Guidelines No. 5, CGIAR Cost Allocation Guidelines as amended from time to time, which set forth that costs incurred will be reasonable, allocable and assignable, where the following meanings apply:
- a. "Reasonable". Any cost charged to a project should be reasonable, meaning that it is necessary for the performance of a project and that a prudent person in similar circumstances will incur the same.
 - b. "Allocable". Apart from the costs that are directly assigned, all projects should bear a fair share of costs of the organization's services and institutional expenses. Such costs should be allocated to the projects using an appropriate allocation method.
 - c. "Assignable". If a project directly benefits from an item of cost, such costs should be directly assigned to the project.
- 8.4.3. The System Organization will require Program Participants, with respect to the Window 1, 2 and 3 Funds received by them, to ensure that cost incurred will be reasonable, allocable and assignable.
9. **Additional Restrictions on the Use of the Window 1, 2 and 3 Funds**
- 9.1. **Investment Income.** The System Organization will, and will require Centers to, ensure that investment income generated by the Window 1, 2 and 3 Funds, including currency conversion gains, will be used for CGIAR Research or, if not needed for such purposes, returned to the Trustee for deposit into Window 1 to be made available for allocation by the System Council.

Template Standard Provisions annexed to the Funding Agreement or Arrangement (annotated)

9.2. Standards.

- 9.2.1. The System Organization will, and will require Centers and Program Participants to, carry on operations in accordance with sound administrative, technical, financial, economic, environmental, social, ethical and safety standards and practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.
- 9.2.2. The System Organization will require Centers and Program Participants to carry out all regulated research activities under high standards (set with reference to internationally accepted practices) and in accordance with applicable laws and regulations.
- 9.3. **Drug Trafficking.** The System Organization confirms, and will require each Center and Program Participant to confirm, that it does not believe that the Window 1, 2 and 3 Funds would be diverted in support of drug trafficking.
- 9.4. **No Taxation.** The System Organization will, and will require Centers and Program Participants to, use best efforts, to the extent allowed by applicable agreements, such as those signed with host governments, and other applicable laws, to ensure that the use of the Window 1, 2 and 3 Funds will be free from any taxation or fees imposed under local laws.
- 9.5. **Responsibility to Inform.** The System Organization will promptly inform Funders through the System Council should substantial deviation from the CGIAR Research supported with Window 1, 2 and 3 Funds develop and will require Centers to inform it of the same.
- 9.6. **No Discrimination against Persons with Disabilities.** The System Organization will not, and will require Centers and Program Participants to agree not to, discriminate against persons with disabilities in the implementation of activities financed by the Window 1, 2 and 3 Funds, and to make every effort to respect the principles of the UN Convention on the Rights of Persons with Disabilities in performing such activities. To that end, and to the extent this goal can be accomplished within the scope of the objectives of the CGIAR Research, the System Organization, Centers and any Program Participants involved in an activity financed by the Window 1, 2 and 3 Funds should demonstrate a comprehensive and consistent approach for including men, women and children with disabilities consistent with such principles: (1) respect for inherent dignity, individual autonomy including the freedom to make one's own choices, and independence of persons; (2) non-discrimination; (3) full and effective participation and inclusion in society; (4) respect for difference and acceptance of persons with disabilities as part of human diversity and humanity; (5) equality of opportunity; (6) accessibility; (7) equality between men and women; and (8) respect for the evolving capacities of children with disabilities.
- 9.7. **Environmental Safety.** The System Organization will, and will require Centers and Program Participants to, ensure (i) that the Window 1, 2 and 3 Funds are used with due regard to environmental sustainability and (ii) activities are carried out in accordance with local legislation, good international industry practices and the relevant entities' environmental processes and requirements, and in line with the CGIAR Strategy and Results Framework with respect to improve natural resources systems and ecosystems services objectives.
- 9.8. **Insurance.** The System Organization will, and will require Centers and Program Participants to maintain insurance coverage sufficient to cover the activities, risks, and potential omissions of the activities funded by Window 1, 2 and 3 Funds in accordance with generally

Template Standard Provisions annexed to the Funding Agreement or Arrangement (annotated)
accepted industry standards and as required by law.

10. Programmatic Monitoring and Evaluations

10.1. **Monitoring.** The System Organization will oversee the implementation of the activities being carried out under the CGIAR Portfolio in accordance with the CGIAR System Charter and the CGIAR System Framework.

10.2. Evaluations.

10.2.1. The System Organization will ensure that governance and management reviews of Centers are periodically commissioned and will carry out its other responsibilities with respect to evaluations in accordance with the CGIAR System Framework and the CGIAR System Charter.

10.2.2. The evaluations which are publicly disclosed can be found at: <http://iea.cgiar.org/evaluations>, or at such other URL as the System Organization may from time to time decide. The System Organization will inform Funders when evaluation reports are disclosed and if there is a change in URL.

10.3. General.

10.3.1. Funders will manage their monitoring and evaluation requirements with respect to the CGIAR Portfolio, collectively through the System Council, including relying on the CGIAR Policies, thereby endeavoring not to conduct duplicative evaluations, provided that Funders providing Window 3 Funds may require supplemental monitoring and evaluations with respect to Window 3 Funds, the costs of which, including the internal costs to the System Organization or Center would be paid by the requesting Funder.

10.3.2. If an individual Funder wishes to request, on an exceptional basis, a review or evaluation of any activities financed with Window 1 and Window 2 Funds, such Funder will consult with a designated representative from the System Organization on the most appropriate scope and terms of reference of such review or evaluation. The designated representative will assist in arranging for such review or evaluation. The costs of any such review or evaluation, including the internal costs of the System Organization or Center with respect to such review or evaluation, will be paid by the requesting Funder.

10.3.3. The System Organization will, and will require Centers and Program Participants to, collaborate on any monitoring or evaluations conducted in connection with CGIAR Research activities funded with the Window 1, 2 and 3 Funds.

11. Reporting

11.1. Annual Audited Financial Statements.

11.1.1. The System Organization will provide to Funders, through the System Council, audited financial statements of (i) the System Organization and (ii) each Center, as provided by the respective independent auditor of each such entity.

11.1.2. Such audited financial statements will be prepared in accordance with International Financial Reporting Standards or U.S. Generally Accepted Accounting Principles and in each case audited

Commented [A5]: The System Organization will continue to be the signatory to the Trustee Agreement and Funding Agreements and Funding Arrangements, with legal and fiduciary responsibility for Window 1 funds. Monitoring and oversight of the CGIAR Portfolio will be programmatically dispersed within the integrated operational structure of One CGIAR.

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by an independent certified auditor of international standard in accordance with international audit standards. Such statements will be prepared as of 31 December of each year to be submitted within six (6) months of the end of each calendar year.

11.2. System-Level Financial Reports.

11.2.1. The System Organization will prepare and provide to Funders no later than six months after the end of the calendar year, through the System Council, (i) an aggregated annual financial report for the System Organization and Centers which will include a financial summary based on the audited financial statements of the System Organization and Centers and (ii) a financial summary of each CRP and Platform.

11.2.2. The System Organization will provide to Funders, through the System Council, such other financial progress reports prepared in a form and substance and frequency as may be determined by the System Council from time to time.

11.3. System-Level Programmatic Reports.

11.3.1. Activity, Output, Outcome and Impact Reporting.

a. The System Organization will provide to Funders, in form and substance satisfactory to the System Council, a programmatic report on the CGIAR Portfolio.

b. The programmatic report will be provided on an annual basis and, unless decided otherwise by the System Council, will include:

(v) An evidence-based assessment of progress on or toward the achievement of expected outputs and outcomes and, if possible, a description of the likelihood of the impact being achieved, which includes evidence of performance using actual data on output and outcome level performance indicators in comparison to baseline where available, and targets, with such data available through web links provided by the System Organization;

(vi) An assessment of challenges in implementing activities under the relevant CRP or Platform;

(vii) An assessment of implementation and achievements of the System Organization's Gender strategy with respect to the relevant CRP or Platform; and

(viii) Total spending on the CGIAR Portfolio from all funding sources.

c. Until such time that the System Council approves an integrated framework for a performance management system for CGIAR Research which will include requirements for reporting on the system level outcomes relating to environment, the System Organization will require Centers and Program Participants to provide reports that highlight progress and challenges on environmental issues that affect significantly and/or arise from the implementation of the activities under the CGIAR Portfolio, which reports are already required to be prepared by the Centers and Program Participants pursuant to their policies, procedures or some other regulation.

11.3.2. Final Report.

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- a. Within six (6) months of the completion of a CRP or Platform, the System Organization will provide to Funders a final narrative report on such CRP or Platform.
- b. The Final Reports will include the information requested under paragraph 11.3.1 of these Standard Provisions over the course of the relevant CRP or Platform and a summary of considerations identified in above paragraph [11.3.1.b] and how the relevant CRP or Platform is ensuring the sustainability of results achieved.

11.4. Annual Report.

The System Organization will provide an annual programmatic summary on the activities of the System Organization and all CGIAR Research.

11.5. General.

11.5.1. **Maintain Books and Records.**

- a. The System Organization will, and will require Centers to: (i) maintain books, records, documents and other evidence in accordance with International Financial Reporting Standards or United States Generally Accepted Accounting Principles as applicable and (ii) ensure that Program Participants maintain books, records, documents and other evidence in accordance with applicable accounting policies.
- b. The System Organization will, and will require Centers and Program Participants to, (i) retain all relevant records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures related to the System Costs and the CGIAR Research activities financed by the Window 1, 2 and 3 Funds for at least 7 years after the date on which the concerned entity provided a final report on such funds for the relevant activities; and (ii) permit designated representatives of the System Council reasonable access during business hours to examine such records.

11.5.2. Information. The System Organization will provide to Funders, and will require Center to provide to it or to Funders as the case may be, upon reasonable request, all information reasonably available to it relevant to the implementation and progress of the CGIAR Research funded by the Window 1, 2 and 3 Funds.

11.5.3. Inspection. The System Organization will permit any Funder or its designee, and will require Centers and Program Participants to permit the System Organization and/or Funders or their designee, as the case may be, to carry out inspection at any time during the period in which CGIAR Research funded by the Window 1, 2 and 3 Funds is being implemented. Any such inspection will be performed during the relevant organization's normal business hours and will not unreasonably interfere with business operations. Any costs incurred by the System Organization or any Center with respect to an inspection requested by a Funder (i.e., unilaterally and not through the System Council), will be paid by the requesting Funder.

11.5.4. Statement of Assurance. Upon request by a Funder, the System Organization will provide such Funder, through the System Council, a copy of a letter of representation from any Center or the System Organization (to be substantially in a form acceptable to the System Council), providing assurance on adequate internal control systems.

11.5.5. Change in Reporting Requirements. Unless decided otherwise by the System Council and/or

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System Management Board as the case may be, any change in the form or substance or periodicity of a programmatic or financial report will become effective only in the following calendar year.

11.6. Additional Audits / Financial Reviews / Programmatic Reporting.

11.6.1. Funders will manage their audits, financial reviews and programmatic reporting with respect to the Window 1, 2 and 3 Funds collectively through the System Council, including relying on the CGIAR Policies, thereby endeavoring not to require duplicative reporting, provided that Funders may require supplemental audits, financial reviews and programmatic reporting with respect to Window 3 Funds pursuant to their Window 3 Side Agreements, the costs of which would be paid by the requesting Funder.

11.6.2. If a Funder wishes to request, on an exceptional basis, that the System Organization, a Center or a Program Participant have an external audit or provide additional financial reviews or programmatic reports with respect to Window 1 and Window 2 Funds, and the requesting Funder has a statutory, regulatory or policy environment requiring such Funder's ability to make such a request unilaterally, such Funder will decide with the System Organization and the relevant **Lead Center** and Center on the most appropriate scope and terms of such audit, review or reporting. The costs of which, including the internal costs of the System Organization and any Center with respect to such additional audits, reviews or reporting, will be paid by the requesting Funder.

11.6.3. The System Organization will, and will require Centers and Program Participants to, collaborate on any audits, financial reviews or programmatic reporting conducted in connection with CGIAR Research activities.

12. **Limitation of Liabilities**

In providing funds under the Contribution Agreements or Arrangements or Funding Agreements or Arrangements, Funders do not accept any responsibility or liability towards any third parties including any claims, debts, demands, damage or loss as a result of the implementation of activities with funds from the Trust Fund.

12.1. No Additional Obligations.

12.1.1. No individual Funder will be obligated to reimburse the System Organization or any other recipient of the Window 1, 2 and 3 Funds for costs incurred in excess of the total amount committed in the relevant Contribution Agreement or Arrangement or Funding Agreement or Arrangement.

12.1.2. The System Organization will only require Centers to incur costs for and carry out research activities for the amount of funds actually received by them under the applicable Fund Use Agreements entered into by them. For the avoidance of doubt, in the event funding is suspended under an applicable Fund Use Agreement or an applicable Fund Use Agreement is terminated, Centers are required to carry out all of the activities for which funding has been provided under the applicable Fund Use Agreement or to refund funds to the Trust Fund in accordance with paragraph [16] of these Standard Provisions.

13. **Conflict of Interest**

Commented [A6]: With One CGIAR, funds will not be directed to Lead Centers, but across multiple Centers and the System Organization. This change in approach is addressed in the proposed amended CGIAR Glossary which defines "Lead Center" as meaning a "Center" as relevant to the context. While the resulting wording may be somewhat duplicative in some places, as here, the meaning and obligations under the statement remain intact.

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- 13.1. **Avoiding Conflicts of Interest.** The System Organization will, and will require Centers and Program Participants to, take all necessary precautions to avoid or manage any Conflicts of Interest in all matters related to the Window 1, 2 and 3 Funds.
- 13.2. **Resolving Conflicts of Interest.** If a Conflict of Interest occurs, the System Organization will take, and require Centers and Program Participants to take, without delay, all necessary measures to resolve the conflict, e.g. by replacing the person in question or by obtaining independent verification of the terms of the proposed decision or transaction.
14. **Acknowledgement of Funders**

All communications products on CGIAR Research funded by the Window 1, 2 and 3 Funds, whether online or in hard copy form (e.g., publications, press releases, newsletters, website stories, blogs, posters, etc.), must acknowledge support received from Funders in accordance with the CGIAR Branding Guidelines as updated from time to time.
15. **Suspending Transfers of funding from Window 1 and Window 2**
 - 15.1. The System Organization may, at any time, suspend transfers of funding from Window 1 and Window 2 to a specific Lead Center, or instruct a Lead Center to suspend transfers of Window 1 and 2 Funds allocated to a Participating Center, wholly or in part, if the System Organization has a credible concern that the Window 1, 2 and 3 Funds are not used in accordance with the applicable Fund Use Agreements.
 - 15.2. Before such action is taken, the System Organization will consult with the System Council as well as the relevant Lead Center and the relevant Center, if applicable, and the System Organization and such Lead Center and Center, if applicable, will endeavor to identify ways and means to manage the suspension and mitigate impact on implementation of CGIAR Research until such time that the suspension may be lifted.
16. **Return of Funds**
 - 16.1. Unexpended or Uncommitted Funding.
 - 16.1.1 The System Organization will, and will require Centers and Program Participants to, promptly return any portion of the Window 1 and Window 2 Funds that is unexpended or uncommitted at the completion of the CRP or Platform for which it was provided (including approved extensions) or at the termination of a Financial Framework Agreement between the System Organization and a Center unless decided otherwise by the System Council. Such returned funds will be deposited to Window 1 of the Trust Fund.
 - 16.1.2 At the written direction of an individual Funder, the System Organization will require Centers to promptly return any portion of Window 3 Funds that are unexpended or uncommitted at the completion of the CGIAR Research for which it was provided (including approved extensions). Such returned funds will be deposited to Window 1, Window 2 or Window 3 of the Trust Fund as directed by the Funder that contributed such funding.
17. **Misused Funds**

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17.1 The System Organization will, and will require Lead Centers and Program Participants to, refund any portion of Window 1 and Window 2 Funds not used in accordance with the applicable Fund Use Agreements, and such funds will be deposited to the Window 1 of the TrustFund.

17.2 Subject to paragraph [1.2.3] of these Standard Provisions, the System Organization will require Centers to refund any portion of the Window 3 Funds not used in accordance with the applicable Fund Use Agreement, and such Funds will be deposited to Window 1, Window 2 or Window 3 of the Trust Fund as directed by the Funder that contributed such funding.

18. **Inconsistency**

In the event of any inconsistency between the Cover Agreement or Arrangement and these Standard Provisions, these Standard Provisions will prevail.

19. **Amendments**

These Standard Provisions may only be amended by approval of the System Council, after consultation with the System Management Board. The System Organization will promptly notify the Funders in writing of any such amendments to these Standard Provisions.