

ExCo Members Comments on Draft TOR for ExCo Ad hoc Committee on Finance

Alliance of CGIAR Centers

1. Financial Policies and Fiduciary Standards

Alliance comments: these responsibilities are by and large currently covered by the CGIAR Secretariat and the CGIAR Internal Audit Unit. Members of the Committee will have a limited amount of time available, and this time should be dedicated to the new crucial functions described under the other items below, which are more strategic for the System.

2. System's Financial Health

Alliance comments: These are crucial functions for the System. Item 2b should be clarified: these close interactions concern uniquely times of financial crises and their prevention –on a sustained basis interactions are neither feasible for such a Committee, nor appropriate.

3. Financial Planning and Budgeting

Alliance comments: These are crucial functions for the System. The Committee should deal with the above issues at the System level.

4. Review findings from evaluations of financial performance by Centers and CPs...

Alliance comments: the design of a Member Code of Conduct is very much needed. Drawing lessons from evaluations is more of a responsibility for the CGIAR Secretariat. This Committee should focus on new strategic functions at the System level and should not be tasked with managerial issues for which other parts of the System are better equipped.

Composition

The Alliance considers that it should, at the very least, contribute a 'resource person' to this Committee, as was the case for the Ad hoc Committee on Funding the Priorities. We think that it is absolutely essential for this Committee to be aware of the Alliance's perspective on the System level issues it will discuss.

Brazil

We can not endorse on a no-objection basis the Draft Terms of Reference for the ExCo ad hoc Committee on Finance (AHCF) due to the following:

- Considering that an ExCo Finance Committee had been established in the past and the CGIAR decided to abolish it, we think that it is important to include a paragraph on background, so that we try to avoid repeating mistakes of the past;
- Therefore, special attention should be given to the TORs, relative to the “modus operandi” of the (AHCF), in order to avoid low efficiency of the Committee and ExCo, ;
- We find it unacceptable that a US\$ 1 million contribution is suggested as the minimum contribution to be eligible to participate in the AHCF. Unless we are unaware of a change in the CGIAR Charter, this would create a new category of Members in the CGIAR system;
- A one year term seems to be too short based on past Latin American experience in CGIAR committees;
- The recommended initial composition of the AHCF is very disappointing, since only two of the nine members are from developing countries. Balance is required and we believe that not only members who are important contributors to the budget of the CGIAR are able to provide oversight and strategic advice to the System.

Canada

We are encouraged by the comments received to date, all of which appear to point to a reconsideration (and possible broadening) of membership. This demonstrates a clear interest in the work of the Committee, and engagement on CGIAR financial matters.

As per decisions taken at AGM 07, it is important to recall that the Change Management Process will be involved (in some capacity) in reviewing, and possibly helping to finalize, the TORs. The TORs should therefore be seen as a work in process, and any decision(s) taken now should take this into consideration.

That being said, the pressing nature of the concerns at CIAT require immediate attention. The Finance Committee needs to be nimble and responsive enough to address serious financial issues facing the system, and it would be unfortunate to stumble over this first hurdle. As things stand, participation in the work of this Committee appears quite open, as per the following phrase currently included in the TORs: "...participation of observers in the work of the Ad Hoc Committee will be encouraged." As noted by Brazil, the key point to keep in mind is the need to ensure that interested members of the CGIAR are able to provide oversight and strategic advice, as appropriate.

At this stage, we would recommend amending (and perhaps softening) the language of the TORs slightly to ensure the participation -- and engagement -- of interested participants. The main order of business of the first meeting should be to discuss CIAT, but time could also be reserved to discuss the TORs in greater detail.

EIARD

On the composition of the committee:

1. Taking into account that this technical committee will have to develop keen analyses on financial status of Centres and of the system, EIARD has concerns that only two member representatives out of nine should have financial management or auditing expertise. There is a need to involve a greater pool of financial and management competencies. Different options can be explored: 1/ A committee which members are almost all financial management or auditing specialists with knowledge of the CGIAR, that provide informed analyses and advices to ExCo which takes decisions, taking into account non financial elements; 2/ A committee as described in the draft ToRs, supported by “Independent Financial Advisors” (like in the case of the Global Crop Diversity Trust).
2. Some EIARD Members raise the issue of unbalances in the proposed composition of the committee, with an under-representation of Europe, developing & emerging countries, and members with smaller financial stakes in the system.

USA

Our sense is that the Committee should not be a sub-Committee of ExCo. Rather, it should be independent in its functioning, but report to ExCo and be appointed by ExCo (or perhaps by the CG Chair alone). ExCo members could serve on the Committee along with other members committed to its goals, but functionally we see ExCo and the AHCF as independent. The key reason for this suggestion is that it would result in broadened participation by members, especially those with substantial financial resources. Second, non-ExCo members would have the advantage of not having to also handle all the ExCo business, and thus might in some instances be able to devote more time.

A second key point is that we would like it to be clear from the outset that the meetings of the AHCF would be open to participation by any member; we have observed an interest across a number of members for greater opportunities for in-depth sharing of information and ideas; AHFC meetings open to all members could help foster a sense of commitment and engagement.

The emphasis in the TORs is on financial health, which tracks with the major impetus that led to its formation--an interest in preventing, or dealing with, financial crises in more systematic, predictable ways. That said, a second interest remains that of seeking greater alignment of funding with the approved priorities and program needs (recalling the work of the earlier task force and working group). We realize that is a more complex task, but it is a question that may arise. Perhaps Jonathan, as chair of that group, will have some views on what role, if any, the AHFC could play in respect of his group's findings.

Some of these points are reflected in the suggested changes (in track changes, attached.) Other specific points include suggestion of remaining with the originally proposed size of 9 members. We have proposed (on our own, without the benefit of consultation) putting Canada back as a member (as originally suggested), and also the addition of Brazil (or

another country from the Latin America region). Our proposed addition of Canada is in line with the points made several paragraphs above regarding non-ExCo members, and addition of Brazil is suggested for two reasons. First, the original suggestion of having at least two developing country members struck us as a good one; second, given the potential involvement of the committee on matters relating to CIAT during its pilot year, it seemed that having a member from the Latin America region would be worth considering. Note that by removing ExCo membership as a defining criterion, we think that the language concerning developing countries not meeting threshold funding levels can be removed.

Finally, although a nine member committee is larger--if one or two members go missing (not unusual), it would ensure that a reasonable critical mass was still in place.