

Summary of ExCo 11 Discussion and Recommendations to the CGIAR on Report from the Centers ¹

J. Godfrey informed ExCo about the status of the upcoming Board orientation program, which will take place immediately after AGM06. The AB had shared two documents with ExCo including a legal opinion received from a law firm on pooling of Center reserves. It notes that the Centers cannot legally pool reserves for sharing risk. He referred to an accompanying document proposing a mutual benefit fund in which Centers can participate for investment purposes. He requested feedback on the benchmark for reserves suggested in the document.

J. Voss presented the AE report to ExCo. He informed ExCo about numerous activities that the Alliance has been involved in, including the work of the ExCo ad hoc Committee on Funding System Priorities, discussions on climate change, Centers' participation in the signing of the International Treaty for Plant Genetic Resources for Food and Agriculture, Centers' involvement in the archives project, etc.

Discussion:

- It is important to keep in mind that the approximately \$160 million held in the System as reserves are public funds and taxpayers expect them to be invested in research. The implications of this for Member funding decisions should be carefully considered.
- Following discussions at AGM05 ExCo expected the Alliance to submit a number of options on pooling of reserves, which has not been done.
- In spite of the legal opinion and the consultant's report (on a mutual benefit fund), the Alliance has not analyzed and presented its position on this on the subject.
- The CGIAR recommended benchmark for Center reserves needs to be revisited to clarify whether the specified range is a minimum or a maximum amount, whether this range adequately reflects the varying risks linked to the typologies of Centers in terms of operations, etc. The approach to benchmarking should not be a one-size fits all.
- A member suggested that they would like the Report from Centers to address key issues being faced by the Centers, in addition to listing Alliance activities as done by J. Voss.

Conclusions and ExCo Recommendations to the CGIAR:

- *The Alliance is requested to present to AGM06 an analysis of options on pooling reserves, as previously requested by ExCo, which clearly indicates its position on the issue.*
- *The CGIAR Secretariat should facilitate efforts by Center finance directors and other experts to revisit and clarify the issue surrounding the benchmark for Center reserves which need to take into consideration risk management issues.*

¹ Excerpt from Eleventh Meeting of the CGIAR Executive Council (October 17-18, 2006) Summary Record of Proceedings, October 30, 2006.

- *In the future, Center reports should focus on the key issues faced by Centers, in addition to listing activities that have been undertaken.*