

Funding System actions and entities

System Council 2

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Mexico City, Mexico

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Background

CGIAR Framework and Charter set out respective roles and responsibilities for funding relevant entities and other activities

- Framework provides for the System Management Board to present a proposal for the process to approve multiyear consolidated business plans and budget projections for system costs
- Framework provides that this proposal should consider the collective responsibility of the System Council and System Organization for such costs

System Management Board has established ad hoc working group on funding system actions and entities with the following participation

- Members: Nick Austin (Interim ED, WG Chair), Jimmy Smith, Eugene Terry (Board members); and Barbara Wells, Tony Simons, Matthew Morrell (Center DGs)
- Sounding Board System Council engagement: Eric Witte, FAO representative

System Management Board guidance

- Importance of being as **cost effective** as possible in terms of the administrative costs of the CGIAR System as a whole to maximize available funding for outcomes and impacts
- Importance of having a **robust methodology** for the allocation of costs, and which ever that ultimately is, it should not derive from an exponential growth model, that is tied to the size of the CGIAR Portfolio, but rather represent the essential costs of delivering as a System
- There may be **multiple means** of meeting the system-wide essential costs to deliver as a system, and a one-size “tax” based system may not be that
- Need for **fairness** to underpin the model adopted by the System Council, such that if something is clearly a System-wide cost, it is recognized and charged as such across the System as a whole, and that perverse incentives are avoided

Priority areas of work

- Identify a forward-looking draft proposal for discussion with the System Council
 - i. The Functions that are minimally necessary to run the CGIAR System and facilitate the System from the office for the phase moving forward based on the principle “form follows function”
 - ii. The most appropriate financial mechanism or processes to meet those needs to maintain the right incentives in the System (requiring consideration of the appropriate basis for application of the proposed model: on the CRPs; on the whole budget; or other)
- Develop CGIAR-wide guidelines on the basis for decisions on whether a bilateral project is formally aligned to a CRP or Platform

Definitions and principles

A proposed working definition

- *The entities and their actions that support the CGIAR System as a whole, and that provide the enabling environment within which CGIAR is able to achieve its stated purpose*

Guiding principles

- e.g. - Full cost recovery should apply with effect from [date] across all funding proposals irrespective of the funding source or commencement date of the program

Indicative System actions and entities

1. CGIAR Trust Fund
2. General Assembly of Centers
3. Independent Evaluation Arrangement
4. Independent Science and Partnership Council
5. Internal Audit Function
6. Partnership Forum
7. System Council
8. System Management Board
9. System Management Office



Criteria and modalities

The Working Group is asked to consider and determine:

- What are robust criteria to decide what are appropriate costs for the system entities and their actions; and, as a second step
- The appropriate modalities of funding (e.g. core funding, some form of levy on Centers or activities, or some other model)

Timeframe

- Inaugural meeting of Working Group being held today concurrently with SC2
- **16 Nov 2016 - SC3 (Virtual)** will be asked to:
 - i. Approve the means by which the administrative costs of the CGIAR System can be financed (It is recognized that SC will need to have approved this element in advance before considering the 2017 budgets.
 - ii. Approve 2017 Work Plans and budgets for system entities
- **May 2017 - SC4** will be invited to review and approve a process for the preparation and approval of multiyear, consolidated business plans and budget projections for the administrative costs of the CGIAR System