

## 2017 Funding System Actions and Entities Budgets

### Purpose

This document proposes, for System Council consideration, and if thought appropriate, approval of the following three matters, based on the discussion in the document itself:

- The 2017 budget for the administrative costs of the CGIAR System, comprised of proposed budgets for the nine (9) CGIAR System actions and entities that have been identified through the System Management Board's Working Group on Funding System Actions and Entities;
- The means of funding these costs; and
- The disbursement of unallocated Window 1 funds remaining in the CGIAR Fund at 14 December 2016, for the purposes of pre-disbursement for 2017 System funding.

### **Document category: Working document of the System Council**

There is no restriction on the circulation of this document

Prepared by: CGIAR System Management Office

## Proposed Decision Point for System Council consideration

1. Pursuant to the discussion below, the System Management Board puts forward for review, and if considered appropriate, approval of the following decisions by the System Council:

### *Part B considerations: 2017 annual work programs and budgets for CGIAR System entities*

- a. **The System Council approves the 2017 annual work plans and budgets of CGIAR System entities and actions in the amount of US\$ 16.24 million as set out in meeting document SC3-04.**

### *Part C considerations: Mechanism for financing of System entity costs*

- b. **The System Council approves the financing of the 2017 System entity costs through the continued application of the CGIAR System cost sharing percentage mechanism.**

### *Part D considerations: Managing residual CGIAR Fund Window 1 funding at end 2016*

- c. **The System Council approves the disbursement to the System Organization and/or Centers of all unallocated Window 1 funds remaining in the CGIAR Fund as of 14 December 2016 as a pre-disbursement of funding to be used to support approved 2017 CGIAR Portfolio and System administrative costs.**

## Part A - Background

1. Annually, a function of the System Council is to approve annual work programs based upon, inter alia, a proposal to be submitted by the System Management Board that includes submissions by the System Council advisory bodies and other relevant entities, and the trustee of the CGIAR Trust Fund, to provide for resources to finance the administrative costs of the CGIAR System.<sup>1</sup> Further, it is for the System Council to approve the means by which such costs can be financed.<sup>2</sup>
2. At its first meeting (11 & 13 July 2016) in Paris, the System Management Board agreed to establish an *ad hoc* working group on funding system actions and entities (“Working Group”). At its first meeting (12 July 2016), one System Council voting member (USA) and one ex-officio non-voting member (FAO), agreed to provide support to that working group in the role of a sounding board.
3. In establishing the Working Group, the System Management Board identified the following priority areas of work:

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<sup>1</sup> Article 6.1(u) of the CGIAR System Framework.

<sup>2</sup> Article 6.1(t)

- a. Identify the actions and entities to be supported through System-level investments
  - b. Identify the costs of System actions and entities; and
  - c. Identify a fair mechanism or process to meet those needs, which maintains the right incentives in the System.
4. At its first meeting (26 September 2016), the Working Group agreed the following definition of system actions and entities: *The entities and their actions that support the CGIAR System as a whole, and that support the enabling environment within which CGIAR is able to achieve its stated purpose*<sup>3</sup>.
5. At the same meeting, and adopting this definition, the Working Group determined that the following nine (9) entities comprised the current number of System entities and that no additional entities should be considered at this juncture:
- a. CGIAR Trust Fund or, more specifically, costs associated with the Trustee;
  - b. Independent Evaluation Arrangement (IEA);
  - c. Independent Science and Partnership Council (ISPC);
  - d. System Council;
  - e. System Management Board;
  - f. System Management Office;
  - g. General Assembly of Centers;
  - h. Internal Audit Function; and
  - i. Partnership Forum.
6. At the second System Council and System Management Board meetings, held in Mexico City over the dates of 25 to 27 September 2016, indicative 2017 budget envelopes for the first six of those CGIAR System entities were presented for System Council and Board consideration.<sup>4</sup>
7. Recognizing the usefulness of a holistic picture, this paper presents an overall budget analysis and proposal for the nine system entities (although the final three entities in paragraph 5 are not yet fully defined), followed by a budget summary, by entity and by heads of expenditure. Key points, by entity, are outlined, including, to the extent possible, comparisons with current year, year-end projection and prior years. Supportive documents in the form of Program of Work Budgets ('PWB') or similar are available for consultation at the System Council 3<sup>rd</sup> meeting page, as exhibits to this document.

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<sup>3</sup> The 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"

<sup>4</sup> Available at [http://cgiarweb.s3.amazonaws.com/wp-content/uploads/2016/09/SC2-05\\_CGIAR\\_2017-SystemEntityBudgetEnvelopes\\_AgendaItem8.pdf](http://cgiarweb.s3.amazonaws.com/wp-content/uploads/2016/09/SC2-05_CGIAR_2017-SystemEntityBudgetEnvelopes_AgendaItem8.pdf)

## Proposed Budget reporting structure

8. The Working Group's proposed reporting framework for CGIAR System's administrative costs is for related entities and actions to be rolled up and reported as follows, and which structure is applied in this document:
  - a. **Sub Group 1 - System Council:** Comprising the costs for System Council support, and the operations of the ISPC and the IEA.
  - b. **Sub Group 2 - System Organization:** Comprising the costs for the System Management Board, the System Management Office, the Trustee, the Internal Audit Function, the General Assembly of Centers and the Partnership Forum are rolled up and reported under the heading of the System Organization.
  - c. **Master Group - CGIAR System:** Comprising the combined costs of 1 and 2.

## Part B - Overall budget analysis

9. **The proposed CGIAR System budget for 2017 is \$16.24 million, or 1.8% of the proposed CGIAR Portfolio for 2017 (all funding sources).** This represents a decrease of \$1.9 million, or 10%, against the 2016 budget of \$18.1 million<sup>5</sup>. In 2015, actual System costs were \$18.7 million<sup>6</sup>.
10. The overall budget is comprised of personnel (\$8.49 million); board fees and insurance (\$0.62 million); consultants (\$3.66 million); travel (\$1.20 million); operating expenses (\$1.20 million); site management and operation (\$0.20 million); publications (\$0.15 million); partners (\$0.40 million); capacity building (\$0.03 million); meetings and workshops (\$0.063 million); and overhead (\$0.02 million).
11. A summary in US\$ for 2017 by main line items is presented in Table 1 (following), while
12. Figure 1 (also following) shows a comparison of 2015 expenditures, 2016 budget and 2017 proposed budget by System entity. Appendix 1 contains an overall summary by System entity.

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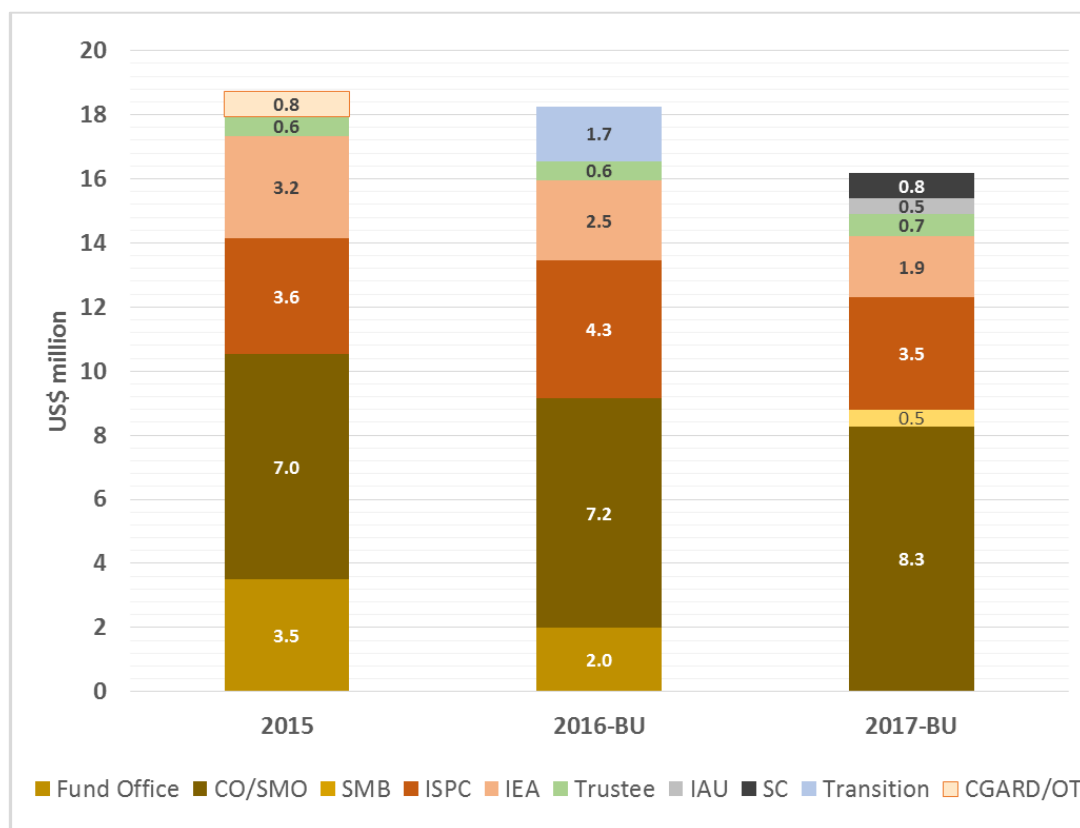
<sup>5</sup> The 2016 budget accounts for \$1.7 million to support the Transition Team and associated arrangements but includes only a Fund Office budget for six months, as approved by the Fund Council in November 2015.

<sup>6</sup> Corrected from the reported \$17.5 million in the document SC2-05 of 18 September 2016. Excludes \$0.34 million income for the CGIAR Consortium and Transition costs are accounted for in 2016.

**Table 1** Proposed budget for the CGIAR System budget group by main line item (US\$ million)

Budget Header	CGIAR System	System Council	System Organization
Personnel	8,488.2	3,045.0	5,443.2
Board Fees & Insurance	622.0	445.0	177.0
Consultants	3,655.1	1,680.0	1,975.1
Travel	1,203.1	455.0	748.1
Operating Expenses	1,205.8	55.0	1,150.8
Site Mgmt. and Operation	195.6		195.6
Publication	153.0	110.0	43.0
Capital			
Depreciation			
Partners	40.0	40.0	
Capacity Building	30.0		30.0
Meetings and Workshops	631.5	390.0	241.5
Overhead	18.6		18.6
<b>Total</b>	<b>16,243.0</b>	<b>6,220.0</b>	<b>10,023.0</b>

**Figure 1** CGIAR System costs in 2015 (actual) in 2016 (budget) and 2017 (proposed) by entities (US\$ million)



13. What follows below is a sub-group by sub-group analysis of the elements that make up the proposed combined budget envelope for the CGIAR System administrative costs for 2017.
14. In the longer term, based upon the operation of Article 8.1(ff) of the Charter of the CGIAR System Organization (“Charter”), and Article 6.1(t) of the Framework, the System Council will be called on to approve, upon the recommendation of the System Management Board, *“the process for the preparation and approval of multi-year, consolidated business plans and budget projections for the administrative costs of the CGIAR System..., recognizing the collective responsibility of the Council and the System Organization for such costs.”*
15. With work still to be undertaken to define a number of the newer System actions, and in recognition of the forthcoming work within the System to put in place System Council approved terms of reference for the IEA and ISPC (each, discussed below), the 2017 budget materials are presented as a standalone year. However, the System Management Board has identified the development of a proposal for the approval of multi-year business plans and budgets as an early 2017 priority. It is envisaged that this proposal would come for System Council consideration during 2017, so that the System moves to the multi-year model with effect from 2018.

## Consideration of specific system actions and entities for 2017

### Sub Group 1 - System Council

16. The proposed System Council sub group budget amounts to **\$6.22 million** for 2017, comprised of the actions and entities:
  - a. System Council Support
  - b. ISPC
  - c. IEA
17. This represents 38% of the overall CGIAR System costs budget. A summary by main line items is presented in Table 2. A comparison to the 2016 budget and the 2016 year-end projection is given with additional detail in each individual entity section that follows.
18. The System Council budget is comprised of personnel (\$3.05 million); board fees & insurances (\$0.45 million) consultants (\$1.68 million); travel (\$0.46 million); operating expenses (\$0.06 million); publications (\$0.11 million); partners (\$0.04 million); and meetings and workshops (\$0.39 million);

**Table 2** Proposed budget for the System Council budget sub-group by major line item and entities (US\$000)

Budget Header	System Council	System Council Support	ISPC	IEA
Personnel	3,045.0	520.0	1,725.0	800.0
Board Fees & Insurance	445.0	60.0	385.0	
Consultants	1,680.0	30.0	670.0	980.0
Travel	455.0	160.0	220.0	75.0
Operating Expenses	55.0		30.0	25.0
Site Mgmt. and Operation	0.0			
Publication	110.0		110.0	
Capital	0.0			
Depreciation	0.0			
Partners	40.0		40.0	
Capacity Building	0.0			
Meetings and Workshops	390.0	50.0	340.0	
Overhead	0.0			
<b>Total</b>	<b>6,220.0</b>	<b>820.0</b>	<b>3,520.0</b>	<b>1,880.0</b>

**a. System Council Support**

19. The proposed 2017 budget for the System Council is **\$0.82 million** and comprises \$0.60 million to support costs to the Chair pursuant to the Terms of Reference for the Chair approved at the 1<sup>st</sup> System Council meeting; \$0.13 million for five developing country representatives including alternates to attend System Council meetings; \$0.06 million honoraria for independent Audit and Risk Committee representatives; and in respect to observations made during the System Council's 2<sup>nd</sup> meeting, a provision for consultancy services that may be required to support the work of the System Council during 2017, in the amount of \$0.03 million.
20. Previously, costs to support the Chair were included in the Fund Office budget and not reported independently, precluding prior year or current year projection comparison. The \$0.60 million requested includes the following:
- a. Personnel costs based on 2.5 FTEs spread across a number of individuals at diverse grade levels (secretarial, 'mid-level' and 'senior level');
  - b. Occasional short term specialist consultants as required;
  - c. Travel based on a total of 4 CGIAR trips/year by the Chair and support staff.
21. These costs exclude the Chair's time expended on CGIAR, estimated by the World Bank to average around a day a week. They also exclude the time of World Bank staff working on CGIAR system-wide matters in its role as a Funder, or as the Trustee (with the latter covered below). The World Bank advises that when the World Bank housed the Secretariat/Fund Office, annual expenses were around \$4 million with a significant share (30-40%) going to support the Chair.

**b. Independent Science and Partnership Council** (Details in Exhibit 1, separate file)

22. The proposed 2017 budget for the ISPC is **\$3.52 million**, and is comprised of personnel (\$1.73 million); board fees and insurance (\$0.39 million); consultants (\$0.67 million); travel (\$0.22 million); operating expenses (\$0.03 million); publications (\$0.11 million); partners (\$0.04 million); and meetings and workshops (\$0.34 million). This represents a decrease of \$0.37 million, or 9% against the 2016 budget of \$3.88 million. The year-end projection for 2016 is \$3.78 million or a reduction of 3.5% compared to the approved budget. The actual expenditure by the ISPC in 2015 was \$3.56 million.
23. By reason that the System Council intends to put in place the Terms of Reference of the ISPC (with the likely timing being in the first half of 2017), the actual figure for 2017 may need to be reassessed in due course.

**c. Independent Evaluation Arrangement** (Details in Exhibit 2, separate file)

24. The proposed 2017 budget for the IEA is **\$1.88 million**, and is comprised of personnel (\$0.80 million); consultants (\$0.98 million); travel (\$0.08 million); and operating expenses (\$0.03 million) (Table 2, before). This represents a decrease of \$0.60 million, or 24% against the 2016 budget of \$2.48 million. The year-end projection for 2016 is \$2.15 million or a reduction of 13% compared to the approved budget. The actual expenditure by the IEA in 2015 was \$3.16 million.
25. By reason that the System Council intends to put in place the Terms of Reference of the IEA (with the likely timing being in the first half of 2017), the actual figure for 2017 may need to be reassessed in due course.

**Sub Group 2 - CGIAR System Organization**

26. The proposed System Organization sub group budget amounts to **\$10.02 million** for 2017, comprised of the follow System entities and actions:
- a. System Management Board;
  - b. System Management Office;
  - c. Costs associated with the work of the Trustee;
  - d. Internal Audit Function;
  - e. General Assembly of Centers; and
  - f. Partnership Forum.
27. This represents 62% of the overall CGIAR System actions and entities administrative budget. A summary by main line items for each entity is presented in Table 3 (below).
28. A comparison to the 2016 budget and the 2016 year-end projection is given in each individual entity or action section that follows, including additional details.



**Table 3** Proposed budget for the System Organization budget sub-group by major line item and entities (US\$000)

Budget Header	System Organization	System Management Board	System Management Office	Trustee	IAU		General Assembly	Partnership Forum
					W1/CSP	Centers <sup>1</sup>		
Personnel	5,443.2	0.0	5,152.4		290.8	724.9		
Board Fees & Insurance	177.0	177.0	0.0					
Consultants	1,975.1	25.0	1,863.5		86.6	216.0		
Travel	748.1	230.4	456.0		56.7	141.3	5.0	
Operating Expenses	1,150.8	50.0	375.0	690.0	35.8	89.2		
Site Mgmt. and Operation	195.6	0.0	195.6					
Publication	43.0	0.0	43.0					
Capital	0.0	0.0	0.0					
Depreciation	0.0	0.0	0.0					
Partners	0.0	0.0	0.0					
Capacity Building	30.0	0.0	30.0					
Meetings and Workshops	241.5	40.0	165.0		11.5	28.5	25.0	
Overhead	18.6	0.0	0.0		18.6	46.4		
<b>Total<sup>2</sup></b>	<b>10,023.0</b>	<b>522.4</b>	<b>8,280.6</b>	<b>690.0</b>	<b>500.0</b>	<b>1,246.3</b>	<b>30.0</b>	<b>0.0</b>

1 Audit Services to Centers and funded by Centers

2 Excludes Audit services to Centers

29. By way of summary, the System Organization budget, which excluding the Center funded IAU services, is comprised of personnel (\$5.44 million); board fees & insurances (\$0.18 million) consultants (\$1.98 million); travel (\$0.75 million); operating expenses (\$1.15 million); publications (\$0.04 million); capacity building (\$0.03 million); meetings and workshops (\$0.24 million) and overhead (0.02 million)
- a. System Management Board**
30. The proposed 2017 budget for the System Management Board is **\$0.52 million**, and is comprised of board fees and insurance (\$0.18 million); consultants (\$0.03 million); travel (\$0.23 million); operating expenses (\$0.05 million); and meetings and workshops (\$0.05 million) (Table 3). While not directly comparable, this represents a decrease of \$0.04 million or 6.5% over the 2016 Consortium Board budget of \$0.56 million. The year-end projection for 2016 is \$0.41 million or a reduction of 27% compared to the approved budget. The actual expenditure on the Consortium Board in 2015 was \$0.48 million.
- b. System Management Office** (Details in Exhibit 3, separate file)
31. The proposed 2017 budget ceiling for the System Management Office is **\$8.28 million**, and is comprised of personnel (\$5.15 million); consultants (\$1.86 million); travel (\$0.46 million); operating expenses (\$0.38 million); site management and operation (\$0.20 million); publications (\$0.04 million); capacity building (\$0.03 million); and meetings and workshops (\$0.17 million) (Table 3, before). This represents a decrease of \$0.62 million, or 7% against the combined 2016 Consortium<sup>7</sup> and Fund Office budgets of \$8.89 million (\$6.89 and \$2.00 million respectively), and a decrease of 12% against the combined 2015 expenditures of \$9.29 million<sup>8</sup> (\$5.82 million and \$3.47 million for the Consortium Office and the Fund Office respectively).
32. The year-end projection for the 2016 combined System Management Office (including the former Consortium Office during the first 6 months and 6 months of Fund Office) is in line with the previously approved combined budget. The 2016 personnel budget is \$0.20 million less than the combined former Consortium Office and Fund Office budgets (\$4.23 million and \$1.10 million respectively). It is worthwhile recognizing that the 2016 budget for the Fund Office includes personnel costs for 6 months only (January to June), hence the reduction in personnel costs are understated.
33. Specifically, in respect of the internal organization of the CGIAR System Organization, at its 3<sup>rd</sup> meeting, the System Management Board agreed with the Executive Director's request to allow for additional with a view to returning to the System Management Board with a more detailed business plan in early 2017. The business plan will remain within the proposed budget envelope, and aim to identify, to the extent possible, further opportunities for efficiency gains in operations and costs.

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<sup>7</sup> Excluding, for purposes of comparison, the Consortium Board budget of \$0.56m which is considered above

<sup>8</sup> Excluding, for purposes of comparison, the Consortium Board expenditures of \$0.48m

**c. CGIAR Trust Fund or, more specifically, costs associated with the Trustee**  
(Details in Exhibit 4, separate file)

34. The proposed 2017 budget for the Trustee is **\$0.69 million**, and is comprised entirely of operating expenses (Table 3, before). This represents an increase of \$0.06 million, or 9.2% against the 2016 budget of \$0.62 million. The year-end projection for 2016 is \$0.64 million or 1.9% higher than the approved budget. The actual expenditure for the Trustee in 2015 was \$0.62 million. The Trustee has informed the System Management Office that the budget for 2017 has increased because the Trustee needs to manage two trust funds (closing of the CGIAR Fund trust account for CRP phase 1 and establishing the new CGIAR Trust Fund account for the newly approved 2017 – 2022 CGIAR Portfolio).
35. In view of informal Funder discussions during the System Council’s 2<sup>nd</sup> meeting about the possibility of introducing into the CGIAR System the possibility of funding Flagship programs through Window 2, the Trustee also expressed concern that any such initiative would further increase transaction costs.

**d. Internal Audit Function**

36. The CGIAR System Framework (“Framework”) and Charter of the CGIAR System Organization (“Charter”) contemplate that the System Council and System Management Board will agree on arrangements to provide independent and objective assurance and advisory services to the System Council and System Management Board, such arrangements defined as an ‘Internal Audit Function’.<sup>9</sup>
37. The Framework and Charter further contemplate that the System Management Board will approve terms of reference and the process for fulfilling the Internal Audit Function, based upon input received from the System Council and taking into account the audit arrangements of the Centers.<sup>10</sup> The System Management Board’s Audit and Risk Committee (“ARC”) has been mandated to develop that proposal and will work in full collaboration with the Centers on it. The ARC will, in due course, also propose an internal audit plan and appropriate funding for the Internal Audit Function.<sup>11</sup> The expected timetable for delivery of that proposal to the System Council is mid-2017.
38. In the interim, the 2017 budget proposal is built on the assumption, which the System Management Board’s ARC is continuing to explore, that the internal audit function for 2017 will be split into field work (to be organized by the Centers themselves), and System-level internal audit requirements. The proposal in this paper therefore builds upon ongoing discussions, but recognizes that they are incomplete.

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<sup>9</sup> Definition taken from Article 2(q) of the CGIAR System Framework.

<sup>10</sup> Article 8.1(i) of the Charter

<sup>11</sup> Article 8.1(k) of the Charter

39. Taking into consideration the immediately preceding paragraphs, the provisional budget for Internal Audit services as part of the CGIAR System Organization budget sub-group in 2017 is **\$1.75 million** and relates to personnel (\$1.02 million); consultants (\$0.30 million); travel (\$0.20 million); and operating expenses (\$0.13 million), with additional costs for meetings, workshops and overheads (Table 3 before). This represents a reduction of \$0.15 million or 8% on the approved budget for 2016 of \$1.90 million. The year-end projection for 2016 is \$1.70 million or a reduction of 11% compared to the approved budget. It is worth mentioning that in 2016 and prior years CGIAR IAU was funded by the Centers and former CGIAR Consortium.
40. Of the proposed \$1.75 million provisional budget, at the time of submission of this paper, CGIAR IAU intends to meet \$1.25 million or 71% from revenue generated from selected Centers and the System Management Office for audit engagements (fee for service), and expects the balance \$0.50 million or 29% be met from Window 1 through the Cost Sharing Percentage.
41. The revenue generated from Centers for the field work arrangements is based on the following assumptions:
- a. Center and System Management Office membership fee of \$30,000 per entity, for a total of \$0.48 million; and
  - b. Internal Audit fees from Center requested engagements for field audits for \$0.8 million, assuming Service Level Agreements are signed with up to 4 Centers and some minor selected services to other Centers (equal revenue as in 2016 were assumed).
42. The current staffing of the CGIAR IAU by region (Europe, Americas, Africa and Asia) is presented in
43. Table 4, both in relation to actual numbers at the end of 2015, and proposed in 2017.

**Table 4** Internal Audit Function (IAU) staff for 2017 and actual year end 2015

	IAU Budget 2017 Draft	IAU Year-end 2015 Actual	IAU 2015 Budget
<b>Total FTE IAU</b>	<b>11</b>	<b>13</b>	<b>13</b>
Europe	5	4	4
Americas	1	2	2
Africa	3	4	4
Asia	2	3	3

44. Referring back to the discussion at paragraphs 35 - 37 above, it is currently unclear if Centers will require the planned services at the budgeted fee. Should this not be the case, the required Window 1 amount will need to increase in order to cover CGIAR IAU expenditures or the costs of other potential structural changes that are implemented to respond to changing demand and/or the final elaboration of the proposed Internal

Audit Function. At the time of delivery of this paper, it would be premature to state what the full nature of structural changes may be.

### **General Assembly of Centers**

45. The System Management Board has established an *ad hoc* Working Group on Rules of Governance to strengthen the Rules of Procedure of the System Management Board and support the development of the Rules of Procedure for the General Assembly (the General Assembly is described in Article 5 (clauses 5.3 to 5.7) of the Charter of the System Organization). That Working Group has not yet had the opportunity to formulate guidance in relation to the General Assembly and, as such, the associated costs remain undefined. However, for budgeting purposes, it is assumed that one meeting will take place in 2017, that Centers will meet their own costs of participation by the Center Board Chair and/or Director General (or their respective delegates) but that the System Management Office will provide overall operational and meeting venue support. Therefore, only a small additional budget is included to address meeting venue costs and other expenditures (Table 3, before).

### **Partnership Forum**

46. Article 12 of the Framework describes the Partnership Forum, with Article 12.2 specifying that the “Partnership Forum shall be convened by the System Organization at least every three years”. Recognizing that 2017 will be the first year of operation of the new CGIAR Portfolio, it is not anticipated that a Partnership Forum will be held during the year. Therefore, no budget provision is proposed for 2017, and this will be set out in future multi-year budget estimates when these are brought for consideration by the System Council after review by the System Management Board.

### **Part C - Means of funding system actions and entities**

47. Based upon deliberations of the System Management Board’s working group on funding system actions and entities, it is proposed that CGIAR System actions and entities are funded through the existing Cost Sharing Percentage (“CSP”) mechanism unless an alternative approach is proposed, developed and is submitted for approval in the longer term.
48. In order to cash flow System entities, which by definition do not carry reserves, Window 1 funds shall be disbursed at the beginning of each calendar year or as and when necessary. Such Window 1 funds will be replenished from collecting CSP on all CGIAR research taking place during the same calendar year. If additional funding sources become available to any System entity, they shall be reported accordingly and shall consequently reduce the amount of Window 1 funding required.

## Part D - Managing residual Window 1 funds in the CGIAR Fund at end 2016

49. At the end of 2016, it is currently anticipated that there will be some level of Window 1 funding in the existing CGIAR Fund trustee account. This balance represents the traditional System level reserve at the end of the year, which is intended to pay for system costs and other initiatives at the beginning of the following year.
50. As agreed during the transition discussions, the current trustee account for the CGIAR Fund will be closed and, ordinarily, any balance left would be pro-rated among all funders, requiring individual confirmation in writing from all applicable funders before such balance can be transferred to the new CGIAR Trust Fund. On the advice of the Trustee, this process will take a considerable amount of time, thus giving rise to the risk of delayed access to the funding that is required to ensure a base level of predictability as the new year starts and the new CGIAR Trust Fund comes into operation.
51. It is proposed that a substantial portion of the expected Window 1 balance be disbursed to Lead Centers of CRPs. Additionally, a proportion of these existing funds are proposed to pay for the CGIAR System Organization (including payments through to the ISPC and IEA to fund their respective operations) and Trustee's 2017 operating costs as per the transitional arrangement adopted in the current contractual agreements.
52. Therefore, the System Management Board requests approval of the proposal to disburse the Window 1 funding remaining at 14 December 2016 from the current CGIAR Fund trustee account to fund the early 2017 actions of the CRPs, and to contribute to the operational costs of the System Organization, and the ISPC and IEA for 2017 to the extent that underlying contractual agreements permits and that such funds be managed in accordance with the document "Phase 1 CRP Portfolio Unused Funding at 31 December 2016"

Appendix 1 - CGIAR System master group budget for 2017 by entity<sup>1213</sup>

Budget Header	CGIAR System	System Council Support	ISPC	IEA	System Management Board	System Management Office	Trustee	IAU		General Assembly	Partnership Forum
								W1/CSP	Centers <sup>1</sup>		
Personnel	8,488.2	520.0	1,725.0	800.0	0.0	5,152.4		290.8	724.9		
Board Fees & Insurance	622.0	60.0	385.0		177.0	0.0					
Consultants	3,655.1	30.0	670.0	980.0	25.0	1,863.5		86.6	216.0		
Travel	1,203.1	160.0	220.0	75.0	230.4	456.0		56.7	141.3	5.0	
Operating Expenses	1,205.8		30.0	25.0	50.0	375.0	690.0	35.8	89.2		
Site Mgmt. and Operation	195.6				0.0	195.6					
Publication	153.0		110.0		0.0	43.0					
Capital	0.0				0.0	0.0					
Depreciation	0.0				0.0	0.0					
Partners	40.0		40.0		0.0	0.0					
Capacity Building	30.0				0.0	30.0					
Meetings and Workshops	631.5	50.0	340.0		40.0	165.0		11.5	28.5	25.0	
Overhead	18.6				0.0	0.0		18.6	46.4		
<b>Total<sup>2</sup></b>	<b>16,243.0</b>	<b>820.0</b>	<b>3,520.0</b>	<b>1,880.0</b>	<b>522.4</b>	<b>8,280.6</b>	<b>690.0</b>	<b>500.0</b>	<b>1,246.3</b>	<b>30.0</b>	<b>0.0</b>

<sup>1</sup> Audit Services to Centers and funded by Centers

<sup>2</sup> Excludes Audit services to Centers

Appendix 2 below, provides a brief summary of the budget categories applied across all system entities and actions

<sup>12</sup> System Management Office is the total of Consortium Office until 30 June 2016, and then System Management Office thereafter

<sup>13</sup> Of the IAU budget, IAU proposes that, \$0.5 million is met from the CSP and the balance of \$1.25 million is met from revenue generated (fee for service).

## Appendix 2: Budget category descriptors

Category	Costs
Personnel	Basic salary (grossed up for internal tax); Fringe benefits including insurance, pension, education and other allowances; Repatriation costs; Admin charges (AIARC in relation to pension plan); Recruitment costs including travel to and from appointment and other related expenses, relocation costs, search fees, costs of advertisement, interview costs (including travel of all candidates) and Redundancy costs as relevant.
Board Fees & Insurance	Honoraria payments as relevant, and premium costs for director and officer's liability insurance and travel insurance, as relevant.
Consultants	Consultants, i.e. individuals or organizations with specific expertise engaged for a clearly defined period of time to perform a professional task with measurable outputs. Consultancy fees, and other costs as specified on the contract i.e. travel costs to and from appointment and other related expenses, housing, etc. Professional Fees, including: External audit; Fees paid for Internal audit; Legal Fees; Other professional fees.
Travel	Staff and consultants' expenses on System Management Office-directed travel: Fares; Local transportation; Accommodation; Per diems and other related travel expenses (i.e. visa, etc.); Taxis; Office-based meeting costs.
Operating expenses	Includes stationery and supplies for the office including: Advertising items; Subscriptions; Books; Journal and periodicals; Postage and courier; Photocopy charges.
Site Management & operations	Costs related to the building including repair and maintenance; cleaning; gardening; Security; Utilities; Property/building insurance; Landlines and internet Building rent; IT Licenses; Cost of IT server.
Publication	All costs relating to official publications, such as the Annual Report; Finance Report and Intellectual Asset Report; Editor fees; Layout fees; Printing; Distribution.
Capital	Capital investment for items over \$3,000 per item. Excluding depreciation.
Depreciation	Depreciation cost for capital items. Capital items purchased with project funding (Bilateral) is fully depreciated at the time of purchase according to CGIAR Financial Guidelines Series, No.2. Under IFRS all capital items in use need to be depreciated.
Partners	Funds transferred to external agencies for the implementation of a major project or task on behalf of this office. Funds transferred to a CGIAR Center for the implementation of a major project or task on behalf of this office.
Capacity building	Trainer fees and other related expenses for in-house training; Catering related to training; Course fees for external training.
Meetings and Workshop	Costs related to meeting and workshops organized by the System Management Office: Room hire; Catering for large meetings; Taxi/bus hire for participants; Consultancy/ professional services fees specifically contracted for the meetings/ workshops.
Overhead	Reallocation of overhead to non-core departments only