



Fund

## **Fund Council**

**2<sup>nd</sup> Meeting (FC2)—Rome, Italy**

**July 14-16, 2010**

### **Form of Contribution Agreement**

(Will be revised, taking into account comments and issues raised at FC2)

*Document presented for Agenda Item 4:  
Outstanding Business Issues Related to  
CGIAR Fund Establishment Documents*

Submitted by:  
Fund Office

## **CGIAR Fund Governance Framework**

This document is being distributed for purposes of final review and adoption by the Fund Council at its second meeting on July 14 & 16, 2010. It is an essential component for establishing the trust fund. It may subsequently be affected by agreement negotiations with the Consortium, which are just beginning.

## **CGIAR Fund Governance Framework**

**As adopted on [July 16], 2010**

*Capitalized terms are used as defined in the glossary attached hereto in Schedule 1.*

### ***Part A – Background***

#### **1. Introduction**

1.1 The new CGIAR is a global research-for-development partnership consisting of a Consortium of international agricultural and natural resources research Centers and its funders working with partners to implement the SRF based on the aspirations expressed in the Joint Declaration.

#### **2. CGIAR Vision, Goal and Strategic Objectives**

2.1 As expressed in the Joint Declaration:

- (i) The CGIAR's vision is to reduce poverty and hunger, improve human health and nutrition, and enhance ecosystem resilience through high-quality international agricultural research, partnership and leadership.
- (ii) The CGIAR's primary goal is to benefit all users of CGIAR research, including farmers and consumers.
- (iii) The CGIAR's strategic objectives are:
  - a) Food for People: Create and accelerate sustainable increases in the productivity and production of healthy food by and for the poor.
  - b) Environment for People: Conserve, enhance, and sustainably use natural resources and biodiversity to improve the livelihoods of the poor in response to climate change and other factors.
  - c) Policy for People: Promote policy and institutional change that will stimulate agricultural growth and equity to benefit the poor, especially rural women and other disadvantaged groups.
- (iv) The CGIAR's funders and doers have resolved to:
  - a) Harmonize their approach to funding and implementing international agricultural research for development through the CGIAR Fund and the Consortium, respectively;
  - b) Manage for results in accordance with the SRF and the MPs that derive from the SRF;
  - c) Ensure effective governance and efficient operations in the provision and use of their resources; and
  - d) Collaborate and partner with and among funders, implementers, and users of SRF research, as well as other external partners supporting the SRF.

#### **3. CGIAR Structure**

3.1 The CGIAR is characterized by two pillars: (i) on the funders side coordinated through the CGIAR Fund, and (ii) on the doers side coordinated through the Consortium. The organizational structure of the CGIAR Fund consists of the following:

- (i) Fund Council,
- (ii) Fund Office,
- (iii) Trustee, and
- (iv) Funders Forum.

3.2 On the doers side, the CGIAR Fund structure is complemented by the following entities responsible for management and implementation of SRF research:

- (i) Consortium,
- (ii) Consortium Board, and
- (iii) Centers.

3.3 The two-pillar structure rests on the respective collective undertakings and responsibilities of the Fund Council and the Consortium, particularly with respect to the use, allocation and oversight of funds from the CGIAR Fund, and is expected to be joined through various bridging mechanisms, including:

- (i) SRF,
- (ii) ISPC,
- (iii) Common Operational Framework,
- (iv) M&E Framework,
- (v) IEA,
- (vi) GCARD,
- (vii) Contractual arrangements between the Consortium and the Fund Council (as applicable, through their respective representative legal entities) and/or Trustee for the receipt and use of funds from the CGIAR Fund to operationalize the SRF, and
- (viii) Common dispute resolution mechanism for the CGIAR.

#### **4. CGIAR Fund**

4.1 The CGIAR Fund finances MPs and other activities under the SRF for implementation by the Centers and their partner institutions. It facilitates harmonization of donor support by providing a single entry point for financing by donors contributing a minimum of US\$ 100,000 to the CGIAR Fund. An entity must be in good standing and receive Fund Council approval to become a Fund Donor; provided that the Fund Council may develop further eligibility criteria for entities interested in contributing to the CGIAR Fund.

4.2 The CGIAR Fund is governed by the Fund Council, supported by the Fund Office, and administered by the Trustee.

4.3 The counterpart of the CGIAR Fund is the Consortium, as the entity with fiduciary responsibility (i.e., to monitor and ensure the intended use of funds) and programmatic responsibility (i.e., to ensure implementation by Centers and partners and confirm their achievement of results) for funds disbursed from the CGIAR Fund on the basis of Fund Council approvals (i.e., Windows 1 and 2) to implement the SRF, as further specified in the relevant agreements with the Consortium.

4.4 In participating in the CGIAR Fund, Fund Donors agree to work with each other to harmonize and align their respective policies as far as possible and seek to effectively leverage complementarities between CGIAR research and (i) their respective national programs in the case of developing country Fund Donors and (ii) their respective bilateral technical assistance programs in the case of multilateral organizations and developed country Fund Donors.

## 5. Funding Windows

### 5.1 Fund Donors may designate use of their funds in three ways:

- (i) Window 1 – These funds may be allocated by the Fund Council to (a) proposals submitted by the Consortium on any aspect of SRF implementation, primarily to finance MPs, in addition to other research activities under the SRF, (b) Fund Costs, including those of the Trustee and the Fund Office; (c) the Fund Portion of System Costs; and (d) anything else within the scope of SRF implementation that the Fund Council approves to fulfill its responsibilities in its discretion. In addition, the following are deposited into Window 1: (a) any refunds from recipients, including the Trustee and Fund Office, regardless of the Window from which the funds were originally received, (b) any investment income generated by funds held in in the CGIAR Fund, (c) the CSFFP and CSFSP amounts from Windows 2 and 3, and (d) the Bilateral Portion of System Costs. There is no limit to the amount of Window 1 funds that may be received. Window 1 funds may be allocated by the Fund Council for proposals in response to requests by the respective recipient or for other matters on its own initiative consistent with the purposes specified in Section 2 above.
- (ii) Window 2 – These funds are directed by Fund Donors to specific MPs (each a subaccount) based on proposals submitted by the Consortium. For each MP, funds received into Window 2 are limited to the total budget amount approved by the Fund Council for that MP. Funds received for an MP in excess of the total approved budget amount are deposited into Window 1, as determined on a pro rata basis for each contributing Fund Donor. Window 2 funds may be released by the Fund Council only in response to proposals by the Consortium. All Window 2 contributions are, at the time of contribution, adjusted by the CSFFP and CSFSP to equitably defray the Fund Costs and Fund Portion of System Costs, respectively, for deposit into Window 1.
- (iii) Window 3 – These funds are directed by Fund Donors to individual Centers. Fund Donors may designate specific amounts to specific Centers for use at the Center's discretion; provided such funds are used to implement aspects of the SRF and provided further that such funds are used in accordance with the Common Operational Framework. Such designations are not subject to review, allocation or approval by the Consortium or Fund Council. Window 3 is transitional. After two years following establishment of the CGIAR Fund, the Fund Council will in consultation with the Consortium review Window 3. Window 3 designations may not entail commitments by Fund Donors beyond the time period agreed by the Fund Council for Window 3. All Window 3 contributions are, at the time of contribution, adjusted by the CSFFP and the CSFSP to equitably defray the Fund Costs and Fund Portion of System Costs, respectively, for deposit into Window 1.

5.2 Notwithstanding any other statements in this Governance Framework, the following terms additionally apply to Window 3. Neither the Fund Council, Fund Office or Trustee, nor the Consortium, have fiduciary or programmatic responsibility for funds disbursed through Window 3. Fund Donors have no specific rights of recourse under their Contribution Agreements or the Fund Use Agreements regarding the use of Window 3 funds, except that in the event a Center fails to use funds disbursed through Window 3 for implementation of the SRF or in accordance with the Common Operational Framework, (i) the Consortium may take whatever corrective actions it considers appropriate within its authority and purview; and (ii) the Trustee, in its discretion or as instructed by Fund Council decisions, may withhold further fund transfers (net of amounts previously committed by the Trustee) from the CGIAR Fund to that Center. In the event questions of interpretation regarding the use of funds disbursed through Window 3 arise, (i) decisions about what constitutes activities for implementing the SRF are made by the

Consortium Board in consultation with the Fund Council, and (ii) decisions about compliance with the Common Operational Framework are made jointly by the Consortium and the Fund Council.

5.3 If Fund Donors wish to contribute funds to the CGIAR Fund prior to specifically designating those funds, funds may be directed to a provisional subaccount of the CGIAR Fund. The Trustee holds such funds or receivables without any specific assignment until such time as a Fund Donor requests that its pro rata share of the Provisional Subaccount be assigned to one or more of the eligible designations. Funds in the Provisional Subaccount are not available for allocation by the Fund Council or transfer to any recipients.

5.4 Eligible designations to which funds may be assigned are based on Fund Council approval and Trustee agreement, including as approved through this Section 5, as well as specific MPs that may be approved over time.

5.5 Funds are held by the Trustee in the CGIAR Fund in Operational Currencies of the CGIAR Fund.

5.6 Under the Contribution Agreements, the Fund Council may at any time decide to instruct the Trustee, primarily to address instances of over- and underfunding of Window 2 subaccounts (Mega Programs), and net of any previous commitments to the Consortium or Centers, to (a) move a specific amount of funds from one Window 2 subaccount to another Window 2 subaccount, (b) move a specific amount of funds from a Window 2 subaccount to Window 1, and (c) close a Window 2 subaccount, in which case funds contributed thereto and any receivables are transferred by the Trustee to Window 1.

## ***Part B – Organizational Structure***

### **6. Fund Council Composition**

6.1 Fund Council Members are selected from Fund Donors eligible to participate in the Fund Council, either through their constituencies or by their institutions, depending on the nature of their seat.

6.2 For Fund Council participation in 2010 through 2012, donor eligibility is calculated as the average annual total contribution during 2007 and 2008 by each donor to all Centers and programs (including through the World Bank-administered multi-donor trust fund), based on a list confirmed by the CGIAR Business Meeting on December 8, 2009. As of 2013, to be calculated once at the beginning of every three-year term, Fund Donors that make an average annual minimum funding commitment to the CGIAR Fund through a Contribution Agreement of US\$ 500,000 (or equivalent at the time of commitment) during the prior two years are eligible for representation on the Fund Council.

6.3 The Fund Council seeks to maintain a North-South balance in its membership. Membership from the South involves representatives from donor countries as grouped into the following regional constituencies: (i) Sub-Saharan Africa, (ii) Asia, (iii) Pacific, (iv) Central, West Asia and North Africa, and (v) Latin America and Caribbean, as well as representatives from the regional fora of agricultural research constituted by countries in each of the above regions. Membership from the North involves representatives from donor countries of the Development Assistance Committee of the Organization for Economic Cooperation and Development as grouped into the following regional constituencies: (i) Europe, (ii) North America, (iii) Asia, and (iv) Pacific. Additional representatives may be drawn from multilateral donor organizations, a constituency of donor foundations, and the Global Forum on Agricultural Research.

6.4 Fund Council Members are expected to maintain their Fund Council participation for a three-year term based on calendar years. For constituencies with rotating representation, the term of representation

is three calendar years, unless otherwise agreed by the constituency. Constituencies rotate their seats according to their own rules, which are shared for information (not decision) purposes with the Fund Council. Regional constituencies are expected to strive for balanced rotations in their membership succession.

6.5 In the event a Southern constituency does not have an eligible Fund Donor, the respective regional organization is asked to manage a process to decide on a Fund Council representative to serve until an eligible Fund Donor emerges.

## **7. Fund Council Roles and Responsibilities**

7.1 The Fund Council is the CGIAR Fund's decision-making body, representing all Fund Donors. Decisions are made by consensus. All Fund Donors rely on the judgment of the Fund Council for collective decisions on their behalf, including MP approvals and Window 1 fund allocations. Fund Donors rely, to the extent possible and except as specified in the Contribution Agreements, on the Fund Council for the collective exercise of rights and remedies on their behalf with respect to CGIAR Fund recipients.

7.2 The Chair of the Fund Council is a Vice President of the World Bank. A Co-chair can be chosen by the Fund Council from among the Fund Council Members for individual Fund Council meetings.

7.3 On funding decisions, the Fund Council has the following roles and responsibilities:

- (i) Being responsible for an aligned provision of CGIAR Fund resources to support the generation of research outputs, as agreed contractually between the Fund Council and the Consortium.
- (ii) Approving MPs and other SRF research based on proposals submitted by the Consortium and reviewed by the ISPC.
- (iii) Supporting the continued existence of mission critical items for the CGIAR that may fall outside of MPs, such as gene banks and essential capital improvements.
- (iv) Entering into results-based contractual arrangements with the Consortium for the use of funds from the CGIAR Fund to operationalize the SRF.
- (v) Developing the Common Operational Framework in agreement with the Consortium.
- (vi) Ascertaining that any recipients of funds from the CGIAR Fund, including the Consortium, have in place effective accounting and control systems and processes to ensure, prior to disbursements, that such funds are used for their intended purposes.
- (vii) Providing an overview of the use of funds from Window 1 and Window 2 of the CGIAR Fund, based in part on reports, audits and other assurances from the Consortium.
- (viii) Allocating Window 1 funds.
- (ix) Allocating Window 2 funds based on designations by contributing Fund Donors.
- (x) Approving the annual work programs and budgets of the Trustee and Fund Office and fully funding Fund Costs through the CGIAR Fund.
- (xi) Approving the System Costs Structure and Cost Sharing Modality for endorsement by the Funders Forum.
- (xii) Reconciling funding supply and demand with respect to CGIAR Fund resources, based in part on information provided by the Consortium, including in relation to Bilateral Funds.

7.4 On resource mobilization, the Fund Council has the following roles and responsibilities:

- (i) Contributing to the development and implementation of a joint resource mobilization strategy for the CGIAR Fund in support of the Consortium Board's core responsibility for resource mobilization.

- (ii) Seeking to provide adequate and predictable funding for MPs.
- (iii) Keeping track of future funding prospects for the CGIAR Fund.
- (iv) Informing the Funders Forum about funding imbalances relative to the CGIAR Fund.

7.5 On governance, the Fund Council has the following roles and responsibilities:

- (i) Adopting its own rules of procedure.
- (ii) Appointing the Chair of the Fund Council based on World Bank proposals and proposing arrangements for the post-2010 Chair of the Funders Forum.
- (iii) Appointing the Chair and members of the ISPC and approving the ISPC's terms of reference.
- (iv) Developing terms and guidance as appropriate for Fund Council business, including rules of procedure and conflict of interest guidelines.

7.6 On monitoring and evaluation, the Fund Council has the following roles and responsibilities:

- (i) Appraising the performance of the Consortium on a regular basis in meeting its contractual obligations under agreements to receive funds from the CGIAR Fund, in part based on regular progress reports provided by the Consortium, and taking corrective actions as necessary or appropriate under such agreements.
- (ii) Commissioning periodic independent evaluations of MPs, which may include validating findings from external evaluations undertaken by the Consortium.
- (iii) Monitoring its own performance, including with respect to the efficacy of its fund allocation mechanisms.
- (iv) Monitoring the performance of the ISPC.
- (v) Providing feedback to the World Bank on the performance of the Fund Office and Trustee.
- (vi) Reporting to the Funders Forum on funding issues and receiving Funders Forum feedback.

7.7 In discharging its responsibilities, the Fund Council provides an overview of the CGIAR's strategic impact, quality and relevance of programmatic performance, managerial and governance performance, financial performance and resource mobilization, based primarily on information from the Consortium.

## **8. Fund Office Roles and Responsibilities**

8.1 The Fund Office is the support unit of the Funders Forum, the Fund Council, and their respective Chairs.

8.2 On support to the Fund Council, the Fund Office assists the Fund Council and its Chair in the conduct of the Fund Council's business. These include:

- (i) Managing relations with Fund Donors.
- (ii) Drafting background notes and papers as requested by the Fund Council.
- (iii) Setting up and maintaining data bases.
- (iv) Developing draft Fund Council procedures and guidelines.
- (v) Analyzing the Consortium's compliance with performance agreements, based on information submitted by the Consortium.
- (vi) Support to the Fund Council in resource mobilization efforts, in close collaboration with the Consortium.

8.3 On support to Funders Forum, the Fund Office assists the Chair of the Funders Forum in organizing the Funders Forum.



8.4 In acting as a liaison to the Trustee, the Consortium, the ISPC and the IEA, the Fund Office assists the Fund Council in maintaining its business relations and dialogue with the Trustee, the Consortium, the ISPC and the IEA on day-to-day operational matters. The Fund Office also collaborates with the Trustee as needed to enable the Trustee to carry out its responsibilities.

8.5 On support to meetings and communications, the Fund Office:

- (i) Organizes and backstops the regular meetings of the Funders Forum and the Fund Council.
- (ii) Coordinates the Funders Forum's and the Fund Council's nomination and election processes (such as for ISPC).
- (iii) Coordinates communications on behalf of the Fund Council and its Chair.
- (iv) Maintains the CGIAR Fund's archives and manages its information activities.

8.6 Notwithstanding the roles and responsibilities of the Fund Office described herein:

- (i) The World Bank does not envision the Fund Office, as a support function, encroaching on the authority and prerogatives the Fund Council sets for itself. The Fund Council remains responsible and accountable for the substance and content of its decision making.
- (ii) The World Bank as a whole supports the limited fiduciary role of the Trustee. Fund Office support is not expected to supplement or act counter to this limited role. The World Bank seeks to position its inputs into decisions about the use, allocation and oversight of funds as a Fund Council Member, rather than through its Trustee or Fund Office functions.

8.7 The Fund Office is located in the World Bank headquarters and its staff are employed by the World Bank. The Executive Secretary of the Fund Council leads the Fund Office and is appointed by the World Bank, following consultation with the Fund Council. The Fund Office staff has expertise in the areas of responsibility of the Fund Office. The annual work program and operating budget of the Fund Office are subject to approval by the Fund Council and are financed through the CGIAR Fund. The Fund Office operates under World Bank policies and procedures.

## **9. Trustee Roles and Responsibilities**

9.1 The World Bank serves as Trustee of the CGIAR Fund. The annual work program and operating budget of the Trustee are financed through the CGIAR Fund. The Trustee operates under World Bank policies and procedures.

9.2 Fund Donors contribute funds to the CGIAR Fund by entering into Contribution Agreements with the Trustee that include common provisions with respect to the funds in the CGIAR Fund for all Fund Donors. The Trustee has fiduciary responsibility for funds contributed to the CGIAR Fund until their transfer from the CGIAR Fund. The Trustee records notations and commitments of CGIAR Fund funds based on Fund Council approvals and disburses available committed funds based on proper fund transfer requests from the Consortium, the ISPC and other approved recipients.

9.3 The Trustee's responsibilities arise with respect to funds only during the time they are held by the Trustee and are limited to keeping tracking of Fund Donor indications of contributions to the CGIAR Fund, collecting, holding and managing contributions, financial risk management, implementation of foreign exchange transactions, investment management, recording notations for Fund Council approvals, tracking of commitments from signed agreements, making cash transfers, accounting, recordkeeping, reporting on financial status, and arranging the audit of the CGIAR Fund. The Trustee has no responsibility for (i) confirming the use of funds from the CGIAR Fund; (ii) implementing, monitoring,

supervising, evaluating, or providing quality assurance for activities funded by the CGIAR Fund; (iii) providing financial, progress, results or impact reporting for activities funded by the CGIAR Fund; (iv) any misuse or misprocurement with respect to funds from the CGIAR Fund; or (v) pursuing any Fund Donor interests or Consortium undertakings with respect to funds from the CGIAR Fund.

9.4 The Trustee collaborates with the Fund Office as needed to enable the Fund Office to carry out its responsibilities.

## **10. Funders Forum**

10.1 The Funders Forum is a biennial event providing a platform through which the participants:

- (i) discuss and exchange views about the CGIAR;
- (ii) endorse the SRF proposed by the Consortium every six years;
- (iii) endorse the System Costs Structure and Cost Sharing Modality of the CGIAR;
- (iv) provide feedback to the Consortium and the Fund Council on the implementation of the SRF based on progress reports received from the Consortium and on the mid-term independent evaluations of the SRF;
- (v) provide feedback to the Fund Council on funding issues based on reports from the Fund Council;
- (vi) review of a financing plan for CGIAR prepared by the Fund Office in consultation with the Trustee and the Consortium following establishment of the CGIAR Fund; and
- (vii) review shortfalls or imbalances in resources available for Mega Programs, so that individual funders may consider adjusting or augmenting their allocations.

10.2 All entities that are Fund Donors eligible for Fund Council representation, all non-donor entities that are Fund Council Members, all countries hosting the headquarters of a CGIAR Center, and all Bilateral Funders contributing at least US\$ 500,000 each of the previous two calendar years to fund implementation of the SRF may participate in the Funders Forum. The Chair of the Funders Forum may additionally invite participants from among CGIAR's internal and external stakeholders, including potential funders, to attend the Funders Forum.

10.3 The Funders Forum is convened every two years, in such a way as to allow feed-in of GCARD recommendations. In the off years, Bilateral Funders may be invited to interact with the Consortium and the Centers in events linked with Fund Council meetings, according to a format agreed by the Consortium and the Fund Council.

10.4 The first Funders Forum is chaired by the Chair of the Fund Council. The Fund Council will propose options for chairmanship of subsequent Funders Fora for decision at the first Funders Forum. The Chair provides leadership to the Funders Forum, interacts with the Fund Council, the Consortium, and Funders Forum participants, and coordinates with the Fund Office on Funders Forum planning and follow-up.

## ***Part C – Fund Operations***

### **11. Funding Requests**

11.1 Funding requests for activities undertaken by the Consortium and Centers are made to the Fund Council by the Consortium.

11.2 Each MP or other SRF proposal submitted to the Fund Council for funding may have only one Lead Center, as described in the proposal and approved by the Fund Council. Implementation of each

MP is expected to involve two or more Centers and their partners, with relevant management arrangements to be described in the proposal submitted to the Fund Council.

11.3 The Fund Council has no authority to make changes to Consortium or other recipient proposals prior to approval, but may always recommend changes and resubmission.

11.4 The format for and other aspects of MPs and other SRF research proposals are as agreed between the Fund Council and the Consortium. It is expected that each such proposal, among other aspects, include a program content description and financing plan, including identification of Window 3 funding, Bilateral Funding and any other funding to be used for implementation of the proposal (including investment income earned on funds from the CGIAR Fund, which, in the case of all recipients, are to be used for the same purposes as for the original fund transfer or returned if not needed). The Fund Council may develop procedures for the review of such proposals.

11.5 All MPs and other SRF research proposals are expected to receive review and comment from the ISPC on scientific merit and partnership aspects prior to any Fund Council approval of the proposal.

11.6 At the time an MP or other SRF research proposal is being considered for approval, the Fund Council is expected to have the following information available: (i) from the Consortium, specific identification of all funds from all funding sources expected to finance the proposal, (ii) from the Fund Office, information about prospects for future contributions to the CGIAR Fund and future tranches committed through Contribution Agreements, (iii) from the Trustee, cash balances in the CGIAR Fund, and (iv) from the ISPC, advice and comment on the proposal. The Fund Council decides (i) whether to approve the proposal, and (ii) if so, from what combination of Window 1 and 2 funds to finance the approved funding commitment to the Consortium, as applicable.

11.7 The Fund Council may at any time commission additional expert reviews for any funding proposals presented for its approval.

## **12. Fund Outflows**

12.1 All fund transfers undertaken by the Trustee from Windows 1 and 2 are based on (i) allocations and releases, respectively, approved by the Fund Council; (ii) legal commitments made to the recipient through an effective agreement; (iii) fund transfer requests received from the recipient; and (iv) the availability of funds. In the event of (i), the Trustee enters notations indicating the approved amounts. In the event of (ii), the Trustee records commitments against available cash or instruments payable on demand for amounts due to the recipient. In the event of (iii), fund transfer requests will be in the Operational Currency specified in the approved proposal.

12.2 Without affecting the Consortium's fiduciary, programmatic and other responsibilities, the recipient of funds from the CGIAR Fund for each MP or other activity to implement the SRF is the Lead Center described in the proposal, approved by the Fund Council and reflected in agreements between the Fund Council and the Consortium.

## **13. Costs**

13.1 Contributions from Fund Donors cover the Fund Costs and the Fund Portion of System Costs in accordance with the Contribution Agreements and other relevant procedures agreed by the Fund Council. All Fund Donors are expected to share equally (proportionally) in the Fund Costs and the Fund Portion of System Costs.

13.2 Contributions to the CGIAR Fund together with all Bilateral Funds cover the System Costs on the basis of the System Costs Structure and Cost Sharing Modality. All CGIAR Funders are expected to share equally (proportionally) in the System Costs.

#### ***Part D - General***

### **14. Monitoring and Evaluation**

14.1 The CGIAR's M&E Framework is intended to support successful execution of the SRF and translate the CGIAR's vision into tangible results.

14.2 Under the CGIAR's M&E Framework, including as may be specified as part of the Common Operational Framework, periodic objective assessments are expected to be conducted on the extent to which MPs and other aspects of the CGIAR are likely to or have achieved their stated objectives, as articulated in the SRF and the Joint Declaration.

14.3 The Fund Council monitors the performance of its support units, including the Trustee, Fund Office and ISPC. Such performance is monitored in the following four areas of accountability, as relevant: (i) strategic impact, (ii) quality and relevance of programmatic performance, (iii) managerial and governance performance, and (iv) financial performance and resource mobilization.

### **15. Privileges and Immunities**

15.1 Nothing in this Governance Framework is intended to be a waiver of, or impair or limit, any privileges or immunities of any Fund Council Member or Fund Donor under its respective Articles of Agreement or equivalent documents, or any applicable law, all of which are expressly reserved.

### **16. Status of this Governance Framework**

16.1 This Governance Framework becomes effective on the date of its adoption by consensus of the Fund Council. This Governance Framework may thereafter be amended either by consensus of the Fund Council on the basis of proposed amendment text that was properly tabled for decision at a Fund Council meeting or electronically by affirmative written consent of each Fund Council Member, a decision by no objection not being sufficient. The Fund Office maintains and distributes the record of any amendments to this Governance Framework.

16.2 This Governance Framework is expected to be incorporated by reference into the Contribution Agreements. The Contribution Agreements may specify that any amendments to this Governance Framework are directly applicable to the Contribution Agreements and take effect through Fund Council decisions without further need to amend the Contribution Agreements, provided that such amendments do not conflict with other terms of the Contribution Agreements or World Bank policies and procedures. In the event of conflict, the other parts of the Contribution Agreements prevail over this Governance Framework.

16.3 In the event of conflict, this Governance Framework prevails over the Fund Council's Rules of Procedure.

16.4 The World Bank may disclose this Governance Framework and information related to the CGIAR Fund in accordance with the World Bank's policy on access to information in effect at the time of such disclosure. By adopting this Governance Framework, the Fund Council consents to disclosure of this Governance Framework and non-confidential, non-deliberative information and documents of the CGIAR

Fund, the Fund Council and the Fund Office. This provision shall continue in full force and effect following completion of all CGIAR Fund transfers and any termination of the CGIAR Fund.

DRAFT

**Schedule 1****Glossary**

“Bilateral Funders” means funders of the CGIAR that provide their funding directly to the Centers.

“Bilateral Funding” means funding that flows directly from Bilateral Funders to Centers.

“Bilateral Portion of System Costs” means the Bilateral Funders’ portion of the System Costs.

“CGIAR” means the reformed global research-for-development partnership consisting of the Consortium of Centers and its funders working with partners to implement the SRF based on the aspirations expressed in the Joint Declaration.

“CGIAR Funders” means all Fund Donors and all Bilateral Funders.

“CGIAR Fund” means the multi-donor trust fund administered by the World Bank, as Trustee, and governed by the Fund Council.

“Centers” means the international agricultural and natural resources research centers that are members of the Consortium.

“Common Operational Framework” means the common framework agreed between the Fund Council and the Consortium Board on processes, reporting, monitoring, evaluation and other operational aspects that applies to all funding and implementation aspects of the SRF, regardless of funding source or implementing entity.

“Consortium” means the consortium of the Centers established on [\_\_\_], 2010 to manage and implement the SRF, including as the Consortium is initially hosted by one of the Centers.

“Consortium Board” means the Board of the Consortium as defined by the Constitution.

“Constitution” means the primary governing document of the Consortium as adopted by the Centers on [\_\_\_], 2010.

“Contribution Agreement” means the agreement entered into between the Trustee and a Fund Donor in respect of the Fund Donor’s contribution to the CGIAR Fund.

“Fund Costs” means the costs of supporting the CGIAR Fund, including those of the Trustee and the Fund Office.

“Fund Portion of System Costs” means the Fund Donors’ portion of the System Costs.

“Fund Council” means the CGIAR Fund’s decision making body representing all Fund Donors.

“Fund Council Members” means the representatives of the specific entities designated to participate in Fund Council meetings by the respective regional constituencies of Fund Donors, in addition to certain representatives designated to participate in Fund Council meetings from other specified CGIAR stakeholders.

“Fund Donor” means any entity that provides a minimum contribution of US\$ 100,000 to the CGIAR Fund through a Contribution Agreement.

“Fund Office” means the support unit of the Funders Forum, the Fund Council, and their respective Chairs.

“Fund Use Agreements” means any agreements entered into between the Consortium or the Centers, on the one hand, and the World Bank, whether in the World Bank’s capacity as Trustee or on behalf of the Fund Council, on the other hand, for the receipt of Funds by the Consortium or the Centers, as the case may be.

“Funders Forum” means the biennial event that brings together Fund Donors and Bilateral Funders.

“GCARD” means the biennial Global Conference on Agricultural Research for Development, which is a forum to engage stakeholders in the design of the SRF and MPs so the CGIAR can avail itself of GCARD recommendations, including the identification of opportunities for partnerships and demand-driven research for development.

“IEA” means the independent evaluation arrangement under the M&E Framework for (a) regular independent evaluations of MPs commissioned by the Fund Council, and (b) periodic independent evaluations of the CGIAR as a whole commissioned by a special purpose body jointly established by the Fund Council and the Consortium.

“ISPC” means the Independent Science and Partnership Council, which is an independent standing panel established by the Fund Council to provide independent advice and expertise as part of its assessment of MPs and other SRF research proposals submitted by the Consortium and serves as an intellectual bridge between the Fund Council and the Consortium.

“Investment Income” means the aggregate amount of any income earned from the investment of CGIAR funds.

“Joint Declaration” means the document approved by the CGIAR Business Meeting on December 8, 2009, which sets forth mutual aspirations and expectations for the CGIAR.

“Lead Center” means the Center assigned by the Consortium to coordinate the implementation of activities and receive fund transfers from the CGIAR Fund with respect to a Mega Program or other SRF research proposal from the Consortium.

“M&E Framework” means the monitoring and evaluation framework approved by the CGIAR Business Meeting on December 8, 2009, which provides a coordinated approach for assessing the implementation of the SRF, as a means to promote both institutional learning and accountability, as such framework may be incorporated into the Common Operational Framework or otherwise revised through agreement of the Fund Council and the Consortium.

“MPs” means the research proposals submitted by the Consortium and approved by the Fund Council for coordinated implementation of the SRF by the Centers and their partners, which become subaccounts of Window 2 of the CGIAR Fund to which Fund Donors can designate their funding.

“Operational Currencies” means the currencies offered by the Trustee and approved by the Fund Council in which the funds in the CGIAR Fund may be held, i.e., United States dollars and Euros.

“Provisional Subaccount” means the subaccount of the CGIAR Fund to which Fund Donors may contribute funds without initially specifying any designations.

“SRF” means the Strategy and Results Framework approved by the Funders Forum on [July 15], 2010, which sets forth common goals (in terms of development impacts), strategic objectives and results (in terms of outputs and outcomes) to be jointly achieved by the CGIAR Fund, the Consortium and Bilateral Funders within a specified timeframe.

"System Costs" means non-research costs incurred for coordinating governance and business processes at the overall system level that are carried out for the benefit of the CGIAR as a whole, as specified in the System Costs Structure and Cost Sharing Modality.

“System Costs Structure and Cost Sharing Modality” means the structure for System Costs and the arrangement for equitable distribution of all System Costs among all CGIAR Funders, as developed by the Fund Office in conjunction with the Consortium and endorsed by the Funders Forum, as it may be amended from time to time by agreement of the Consortium Board and the Fund Council.

“Trustee” means the World Bank in its capacity as administrator of the CGIAR Fund.

“Window” means one of three accounts of the CGIAR Fund, where “Window 1” is for donor designations to the funding pool allocated by the Fund Council, “Window 2” is for donor designations to MP subaccounts, and “Window 3” is for donor designations to Centers.

“World Bank” means the International Bank for Reconstruction and Development.

DRAFT



***Supplemental Page (not part of the Governance Framework; draft proposal for separate consideration)*****Application of Cost Sharing Formulas for the Fund Costs and the Fund Portion of System Costs**

NB: See the Governance Framework Glossary for defined terms used but not defined herein.

1. In order to achieve full and equitable cost recovery and burden sharing among Fund Donors, the Trustee disburses amounts approved by the Fund Council under the Fund Costs and the Fund Portion of System Costs from Window 1 and applies two cost sharing formulas (CSFs), one CSF at the CGIAR Fund level and one CSF at the CGIAR-wide “system” level. The Consortium is expected to apply the CGIAR-wide level CSF to amounts received by Centers as Bilateral Funds.

2. In order to achieve full cost sharing among all Windows, the CSF at the CGIAR Fund level (CSFF) is applied operationally as follows:

- (i) The Trustee and the Fund Office have their annual budgets approved by the Fund Council prior to the start of the calendar year.
- (ii) The Trustee commits and transfers these approved budget amounts from Window 1.
- (iii) Based on a projection of expected contributions for the upcoming calendar year, the Fund Office determines and announces the CSFF percentage (CSFFP).
- (iv) Each Window 2 and Window 3 contribution is assessed the current CSFFP, and the amounts are transferred by the Trustee into Window 1 (as these two windows’ estimated share of the amount transferred from Window 1 earlier in the year into administrative accounts for Fund Office and the Trustee).
- (v) If the aggregate amount assessed during any fiscal year is less (or more) than the amount based on actual contributions (because of lower (higher) than projected contributions), then the following calendar year’s CSFFP will be adjusted accordingly to compensate for the shortfall (excess).

3. The CSF at CGIAR-wide system level (CSFS) is applied as follows:

- (i) All CGIAR-wide cost centers (ISPC, IEA, dispute resolution, Funders Forum, and the Consortium’s CGIAR-wide activities) have their annual budgets approved by the Fund Council prior to the start of the calendar year.
- (ii) The Trustee commits the approved budget amounts from Window 1.
- (iii) The Trustee disburses these amounts to the relevant entity based on approvals from the Fund Council.
- (iv) The Consortium provides the Fund Office with a projection of the Bilateral Funds expected to be contributed to the Centers during the upcoming calendar year.
- (v) Based on this projection from the Consortium and the Fund Office’s projection of expected contributions to the CGIAR Fund, the Fund Office determines and announces the CSFS percentage (CSFSP to be applied to CGIAR Fund contributions and Bilateral Funds during the year in question.
- (vi) The Consortium makes arrangements with the Centers for transferring to the Consortium their respective contributions of CGIAR-wide system costs using the CSFSP.
- (vii) The Consortium transfers the aggregate amount to the Trustee for partial reimbursement of CGIAR-wide system costs paid from Window 1 (or such amounts are netted against amounts due to the Consortium from the CGIAR Fund).
- (viii) Each Window 2 and Window 3 contribution is assessed the current CSFSP, and the amounts are transferred by the Trustee into Window 1 (as these two windows’ estimated share of the amounts paid for CGIAR-wide system costs).

- (ix) If the aggregate amount assessed during any fiscal year is less (or more) than the amount based on actual contributions by CGIAR Fund and Bilateral Funders (because of lower (higher) than estimated contributions) then the following calendar year's CSFSP will be adjusted accordingly to compensate for the shortfall (excess).

DRAFT