

Trustee Provisions for the CGIAR Fund

Adopted by the Fund Council as an annex to the Contribution Agreement (April 5, 2011)

ANNEX 2 of Contribution Agreement

Trustee Provisions for the CGIAR Fund

This Annex shall be applicable to and form an integral part of each Contribution Agreement and Contribution Arrangement entered into between the World Bank as Trustee, acting not for its own account, but solely in its capacity as trustee of the CGIAR Fund, and each Fund Donor with respect to its respective Contribution to the CGIAR Fund.

A. General Terms

1. Role of the Trustee

1.1 The Trustee shall be responsible only for performing those functions specifically set forth in the Contribution Agreements and Arrangements and any Fund Use Agreements to which it is a signatory and shall not be subject to any other duties or responsibilities to the Fund Donors, the Consortium or any other CGIAR participant, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in the Contribution Agreements and Arrangements shall be considered a waiver of any privileges or immunities of the World Bank's Articles of Agreement or any applicable law, all of which are expressly reserved.

2. Administration of the Contributions

2.1 Contributions to the CGIAR Fund may be received from an entity approved by the Fund Council that enters into a Contribution Agreement or Contribution Arrangement, as the case may be, with the Trustee, consistent with the Trustee's policies and procedures and the Contribution Agreements and Arrangements, each a Fund Donor. The Trustee shall periodically update the Fund Council on new Contribution Agreements and Arrangements and new funds deposited into the CGIAR Fund.

2.2 Contributions may be provided to the Trustee for deposit into the CGIAR Fund in the originally stated currency (as per the Contribution Agreement or Contribution Arrangement) or in an equivalent amount of a freely convertible currency (as "freely convertible" is determined by the Trustee). With respect to each Contribution, funds provided to the Trustee in a currency other than an Operational Currency shall be promptly converted to United States dollars. Neither the Trustee nor any Fund Donor shall bear any responsibility for additional financing as a result of exchange rate fluctuations.

2.3 Fund Donors may make Contributions to the CGIAR Fund by means of payment in cash, including as a cash reimbursement, or, with agreement of the Trustee, by the delivery to the Trustee of instruments payable on demand or similar obligations in a form acceptable to the Trustee; provided that such payment terms shall be specified in the respective Contribution Agreement or Contribution Arrangement. Contributions may be paid in one lump sum or in installments on the terms agreed with the Trustee and specified in the respective Contribution Agreement or Contribution Arrangement.

2.4 Fund Donors may specify designations for their Contributions to Window 2 on the basis of Fund Council approvals of CRPs proposed by the Consortium and approved by the Fund Council as eligible to receive Window 2 subaccount funding (subaccount-eligible CRPs) and the Trustee's establishment of such CRPs as eligible subaccounts of Window 2. The Trustee shall maintain a list of eligible Window 2 designations and their respective levels of funding based on Fund Council approvals.

2.5 Subject to paragraph 2.6 of this Annex below, when Fund Donors specify designations for their Contributions, the Trustee assigns the specified designated amount to the respective account or subaccount, such as Window 1, a subaccount-eligible CRP under Window 2, Window 3, or the Provisional Account. Once Contributions have been designated by the Fund Donor and assigned by the Trustee to the respective account or subaccount, those designations cannot be changed by an individual Fund Donor, except that (i) a Fund Donor may designate the total amount of its contribution, in whole or in multiple parts through one or more notices, of the Provisional Account to Window 1, subaccount-eligible CRPs under Window 2 and / or Centers under Window 3 through a written notice from the Fund Donor Contact to the Trustee Contact, and (ii) a Fund Donor may terminate its participation in the CGIAR Fund and receive its Fund Donor Share in accordance with paragraph 7.2 of this Annex below, except as such termination right may have been waived by such Fund Donor. Each Fund Donor shall have an interest in the CGIAR Fund equal to its Fund Donor Share, except to the extent waived by the Fund Donor in its respective Contribution Agreement or Contribution Arrangement.

2.6 Designations specified by Fund Donors for their Contributions shall be subject to the following terms:

- (i) With respect to Window 2 designations, if the funds contributed to a specific Window 2 subaccount for a CRP exceed Fund Council-Allocated Component of the Total Budget for that CRP, those excess funds shall be transferred by the Trustee into Window 1 on a pro rata basis for each Fund Donor that has contributed funds to that subaccount, except to the extent a Fund Donor specifies in its respective Contribution Agreement or Contribution Arrangement that its pro rata amount be returned. To avoid such redesignations prior to a deposit of funds by a Fund Donor, such Fund Donor may amend its designation of funds in its Contribution Agreement or Contribution Arrangement, as the case may be, provided that such amendment shall not reduce the total amount previously agreed to be provided by such Fund Donor.
- (ii) With respect to Window 3 designations, any amounts contributed to Window 3 may be received by the Trustee only for the time period during which Window 3 remains open, as may be determined at any time by the Fund Council, in consultation with the Consortium, such that any Window 3 commitments made under a Contribution Agreement or Contribution Arrangement shall not be valid after such time period.

2.7 Subject to the availability of applicable funds held in Window 1 and Window 2 of the CGIAR Fund as determined by the Trustee, and subject to paragraph 2.6 of this Annex 2, the Trustee may commit, transfer or use such funds for any purpose approved and in the amounts allocated by the Fund Council in accordance with the terms of the Contribution Agreements and Arrangements, the Governance Framework and the relevant Fund Use Agreements; provided that funds assigned to a designated subaccount-eligible CRP may be committed or transferred only with respect to the specified CRP designation.

2.8 With respect to funds held in Window 3 of the CGIAR Fund as determined by the Trustee, the Trustee shall provide a signed W3 Transfer Agreement substantially in the form of Annex 3 attached hereto to each designated recipient Center, as instructed by the contributing Fund Donor under its Contribution Agreement or Contribution Arrangement, as the case may be. Upon countersignature by such Center and receipt by the Trustee of such countersigned W3 Transfer Agreement, the Trustee shall transfer funds in accordance with the terms of such Contribution Agreement or Contribution Arrangement and W3 Transfer Agreement.

2.9 The Fund Donors acknowledge and agree that neither the Trustee nor the Fund Office, nor any part of the World Bank, has responsibility under the Contribution Agreements and Arrangements

or otherwise for (i) confirming that funds from the CGIAR Fund were used for intended purposes; (ii) implementing, monitoring, supervising, evaluating, or providing quality assurance for activities funded by the CGIAR Fund; (iii) providing Fund Donors with financial, progress, results or impact reporting for activities funded by the CGIAR Fund; or (iv) any misuse or misprocurement by any entity other than the World Bank with respect to funds from the CGIAR Fund. The Fund Donors further acknowledge and agree that the Trustee shall transfer funds requested by the Consortium or other recipients for implementation of activities under the SRF on the basis of documented approvals by the Fund Council and proper fund transfer requests, as specified in relevant agreements, without requiring pre- or post-fund transfer review by the Trustee of any funding proposals submitted to the Fund Council or any activities implemented thereunder. The Trustee shall have no responsibility for reviewing the appropriateness of any decision by the Fund Council or fund transfer requests, including depository information, and shall at all times be entitled to rely thereon. The Fund Donors acknowledge and agree that the Fund Council shall have full responsibility for ensuring that any terms provided in the Contribution Agreements and Arrangements applicable to the Consortium or any other recipients to whom the Trustee shall be directed to transfer funds from Windows 1 and 2 are included in the relevant Fund Use Agreements entered into by the World Bank on behalf of the Fund Council.

3. Commingling, Exchange and Investment of the Contributions

3.1 The Contributions shall be accounted for as a single trust fund and kept separate and apart from the funds of the World Bank. The Contributions may be commingled with other trust fund assets maintained by the World Bank.

3.2 The Contributions may be freely exchanged by the Trustee into other currencies as may facilitate their transfer.

3.3 The World Bank shall invest and reinvest the funds in the CGIAR Fund pending their transfer in accordance with the World Bank's applicable policies and procedures for the investment of trust funds administered by the World Bank. The Trustee shall credit all income from such investment to Window 1 of the CGIAR Fund.

4. Costs

4.1 Costs incurred by the Trustee, including hiring consultants and providing other support services, shall at all times be covered in their entirety by the CGIAR Fund. The Fund Donors acknowledge and agree that the Trustee's annual budget amounts approved by the Fund Council shall be adjusted as necessary at the end of each calendar year based on actual costs incurred for activities performed in accordance with the Trustee's role and responsibilities.

4.2 System Costs shall be paid from Window 1 and may go to the Trustee, the Fund Office, the ISPC, the Consortium and any other entity whose proposed annual budget and work plan has been approved by the Fund Council. The Trustee shall, upon verification of Fund Council approval, transfer the relevant budget amount to the respective entity following entry by the World Bank, on behalf of the Fund Council, into a proper Fund Use Agreement (or internal documentation in case of the Fund Office). Such entity shall return any funds remaining unused at the end of its budget year to the Trustee for deposit into Window 1 to the extent actual costs incurred were lower than the transferred budget amount.

4.3 As direct contributions from Window 2 and Window 3 to System Costs paid through Window 1, the Trustee shall be entitled to deduct from amounts contributed to Windows 2 and 3 the relevant percentages for transfer to Window 1 to equitably defray the System Costs in accordance with the CGIAR System Cost Financing.

4.4 Fund Donors agree that any arrangements they enter into for the provision of Bilateral Funding shall take into account the obligation of the Consortium and the Centers to provide the CSP for such funding to the Trustee.

5. Use of Funds

5.1 Subject to the availability of applicable funds held in the CGIAR Fund as determined by the Trustee, the Trustee shall commit, transfer or use the funds from the CGIAR Fund for any purpose approved and in the amount allocated by the Fund Council in accordance with the terms of this Contribution Agreement or Contribution Arrangement, as the case may be, including the Governance Framework and this Annex 2.

5.2 Any and all activities financed by the CGIAR Fund shall be within the scope of the SRF and for purposes of implementing the SRF. In the event questions of interpretation regarding research and related activities to implement the SRF arise, decisions about what constitutes an activity within the scope of the SRF and for purposes of implementing the SRF are expected to be made by the Consortium in consultation with the Fund Council. Funds from the CGIAR Fund may finance:

- (i) CRPs as defined by proposals submitted by the Consortium and approved by the Fund Council; provided that (a) use of Window 1 funds for CRPs shall be as allocated by the Fund Council in consultation with the Consortium, (b) use of Window 2 funds for subaccount-eligible CRPs shall be as designated by each contributing Fund Donor and allocated by the Fund Council in consultation with the Consortium, and (c) use of Window 3 funds for CRPs shall not be in the discretion of the Fund Council or the contributing Fund Donor during the existence of Window 3.
- (ii) Funding requests for System Costs submitted by other bodies or entities for Fund Council approval; provided that such funding requests shall be paid through Window 1 as allocated in the discretion of the Fund Council and are expected to be funded equitably on a cost-sharing basis by all CGIAR Funders.

5.3 Funds from the CGIAR Fund shall not be used for payments for which corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Consortium or any other recipient of such funds.

5.4 Recognizing the obligations of countries that are members of the United Nations under various United Nations Security Council resolutions to take measures to prevent financing of terrorists, any recipient of funds from the CGIAR Fund shall be required to undertake to use reasonable efforts, consistent with its governing arrangements and policies, including those pertaining to combating financing for terrorists, to ensure that such funds are used for their intended purposes and are not diverted to terrorists or their agents. The relevant Fund Use Agreements for such funds shall include a provision that such recipient shall (i) not use such funds for the purpose of any payment to persons or entities, or for the import of goods, if such payment or import, to the recipient's knowledge or belief, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, including under United Nations Security Council Resolution 1373 and related resolutions, and (ii) include a corresponding provision in any sub-grant agreements that the recipient enters into with entities to which the recipient makes such funds available.

5.5 Any recipient of funds from the CGIAR Fund shall confirm that, given the activities to be funded by funds from the CGIAR Fund, it does not believe that such funds would be diverted in support of drug trafficking.

5.6 Funds from the CGIAR Fund shall be used in accordance with the Consortium's and other recipient's applicable policies and procedures (including those with respect to the procurement of

goods and services and reporting arrangements), except to the extent otherwise specified in any relevant Fund Use Agreements, including any proposal approved by the Fund Council which may be attached thereto. Funds from Window 1 and Window 2 of the CGIAR Fund shall be used by the recipient only in support of its funding request as approved by the Fund Council.

5.7 Investment income generated by any funds from the CGIAR Fund shall be used for the same purposes applicable to such funds under the relevant Fund Use Agreements or returned to the Trustee for deposit into Window 1 if not needed.

5.8 Neither the Fund Donors nor the Trustee or Fund Office shall be responsible for the activities of any person or third party engaged by a recipient with use of the funds from the CGIAR Fund or as a result of the Contribution Agreements and Arrangements, nor will the Fund Donors, the Trustee or Fund Office be liable for any costs incurred by such recipients in terminating the engagement of any such person.

5.9 The Contributions may be used by the recipient to retroactively pay for expenditures under a CRP or other proposal approved by the Fund Council that were incurred within the 6 months prior to Fund Council approval of such CRP or other proposal, unless otherwise specified in such CRP or other proposal or any relevant Fund Use Agreements.

5.10 In the event any funds from the CGIAR Fund are returned to the Trustee, such as unused funds or refunds under the terms of the relevant Fund Use Agreements, the Trustee shall credit those funds to Window 1, except as may be agreed with the Trustee and specified in the respective Contribution Agreement or Contribution Arrangement, as the case may be, for any Fund Donor that requires the return of its pro rata share under specific circumstances.

5.11 The Consortium, the Centers and other recipients of funds from the CGIAR Fund shall use their best efforts, to the extent allowed by applicable agreements, such as those with host governments, and other applicable laws, to ensure that the use of funds from the CGIAR Fund is free from any taxation or fees imposed under local laws. Fund Donors who are sovereign states shall, to the extent relevant and feasible, seek to assist the Consortium, the Centers and such other recipients in strengthening and adjusting any such applicable agreements to which such Fund Donors are a party.

5.12 Except as specified in the relevant Fund Use Agreements, including the Joint Agreement and any attached approved proposals, the Consortium and other recipients of funds from the CGIAR Fund shall seek approval from the Fund Council to make material revisions to the CRP or other proposal approved by the Fund Council, as the case may be, including for the following reasons: (i) to change the scope or the objectives of the approved proposal or to add any new activity; and (ii) to revise any budget line item of such approved proposal's total approved budget amount by more than 10 percent or US\$500,000, whichever is lower; and (iii) to request additional funding.

5.13 Neither the Fund Council, nor any individual Fund Donor, the Trustee or the Fund Office shall be obligated to reimburse any recipients of funds from the CGIAR Fund for costs incurred in excess of the total amount committed in the relevant Fund Use Agreements. The recipients shall not be obligated to continue performance under such Fund Use Agreements or otherwise incur costs in excess of the amounts committed in the relevant Fund Use Agreements, unless and until such amounts have been increased through amendments specifying the new committed amounts.

5.14 The Consortium and other recipients of funds from the CGIAR Fund may use such funds for costs incurred in carrying out the CRP or relevant proposal approved by the Fund Council, as the case may be, that are reasonable, allocable, and allowable, where the following meanings apply:

- (1) "Reasonable" means those costs that do not exceed those that would ordinarily be incurred by a prudent person in the conduct of normal business.
- (2) "Allocable" means those costs that are necessary to the approved proposal.

(3) “Allowable” means those costs that are reasonable and allocable, and that conform to any limitations set forth in the approved proposal.

5.15 The Consortium and other recipients of funds from the CGIAR Fund shall maintain books, records, documents, and other evidence in accordance with their respective usual accounting procedures to sufficiently substantiate the use of such funds.

5.16 If a Fund Donor wishes to request, on an exceptional basis, a review or evaluation of any activities financed by funds from the CGIAR Fund, and such a request is approved by the Fund Council, a designated representative of the Fund Council and the recipient of such funds (meaning the Consortium in the case of CRPs) shall agree on the most appropriate scope and terms of reference of such review or evaluation. Following agreement on the scope and terms of reference, such designated representative shall arrange for such review or evaluation. The costs of any such review or evaluation, including the internal costs of the recipient with respect to such review or evaluation, shall be paid by the requesting Fund Donor. In the event such a request is not approved by the Fund Council in a manner satisfactory to the Fund Donor, and the requesting Fund Donor has a statutory, regulatory or policy environment requiring such Fund Donor’s ability to make such a request unilaterally, such Fund Donor may proceed with the terms set forth above by agreeing with the recipient directly on the most appropriate scope and terms of reference, with the costs of any such review or evaluation, including the internal costs of the recipient with respect to such review or evaluation, to be paid by such Fund Donor.

5.17 The Consortium and other recipients of funds from the CGIAR Fund shall carry out all regulated research activities under high standards set with reference to internationally accepted practices (to be described in the context of the Common Operational Framework) and in accordance with applicable laws and regulations. The Fund Council shall seek indemnification from the Consortium for any damages arising from such activities financed by funds from the CGIAR Fund. In the event any amounts are received by the Fund Council under such indemnification, the Fund Council shall determine the allocation or distribution of such amounts.

5.18 The Consortium and other recipients of funds from the CGIAR Fund shall provide appropriate attribution for all Fund Donors for any CRP that is funded with Window 1 or Window 2 Funds.

5.19 The Consortium and other recipients of funds from the CGIAR Fund shall not discriminate against persons with disabilities in the implementation of activities financed by funds from the CGIAR Fund, and shall make every effort to respect the principles of the UN Convention on the Rights of Persons with Disabilities in performing such activities. To that end, and to the extent this goal can be accomplished within the scope of the objectives of a given CRP, each recipient of funds from the CGIAR Fund involved in an activity financed by such funds should demonstrate a comprehensive and consistent approach for including men, women and children with disabilities consistent with such principles: (1) respect for inherent dignity, individual autonomy including the freedom to make one's own choices, and independence of persons; (2) non-discrimination; (3) full and effective participation and inclusion in society; (4) respect for difference and acceptance of persons with disabilities as part of human diversity and humanity; (5) equality of opportunity; (6) accessibility; (7) equality between men and women; and (8) respect for the evolving capacities of children with disabilities. The full text of the UN Convention on the Rights of Persons with Disabilities can be found at the following website: <http://www.un.org/disabilities/documents/convention/convoptprot-e.pdf>.

5.20 Any terms specified herein as applicable to the Consortium or other recipients shall be subject to Fund Council discretion to the extent it has responsibility for the approval of Fund Use Agreements to which the Fund Council becomes a party. Approval by the Fund Council of a Fund Use Agreement, or a form or template thereof, that does not include any such specified terms shall still be considered valid.

6. Accounting and Financial Reporting

6.1 The Trustee shall maintain separate records and ledger accounts with respect to the Contributions deposited in the CGIAR Fund and transfers made therefrom. The Trustee shall maintain books, records, documents, and other evidence in accordance with the Trustee's usual accounting procedures to sufficiently substantiate the management of funds in the CGIAR Fund.

6.2 The Trustee shall report to the Fund Council and all the Fund Donors annually, unless otherwise agreed with the Trustee, on the status of the CGIAR Fund.

6.3 The World Bank shall provide to the Fund Donors, within six (6) months following the end of each World Bank fiscal year, an annual single audit report, comprising (i) a management assertion together with an attestation from the World Bank's external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds as a whole; and (ii) a combined financial statement for all cash-based trust funds together with the World Bank's external auditors' opinion thereon. The cost of the single audit shall be borne by the World Bank.

6.4 The financial statements of the CGIAR Fund shall be prepared in accordance with the cash basis of accounting, modified to record investments at fair value. On an annual basis, the financial statements of the CGIAR Fund will be audited by an independent external auditor contracted by the World Bank. The cost of such audits, including the costs of the Trustee with respect to such audit, shall be included in the Trustee's budget. The Trustee shall provide to the Fund Council and all the Fund Donors a copy of such audited financial statements and auditors' reports as soon as practicable.

6.5 The Fund Donors acknowledge and agree that the provision of any financial statements with respect to the use of funds from the CGIAR Fund is the responsibility of the recipient of such funds.

7. End Date; Termination

7.1 It is expected that no new disbursements will be made from the CGIAR Fund by the Trustee after November 1, 2018 (the "End Disbursement Date"). The Trustee may disburse Contributions to the CGIAR Fund after such date only with the approval of the Fund Council.

7.2 Any Fund Donor may, upon 180 days' prior written notice, withdraw all or part of its Fund Donor Share of any balance remaining in the CGIAR Fund that has not been allocated by the Fund Council prior to the end of the notice period. In the event of such withdrawal, the Trustee shall return to such Fund Donor the amount of its Fund Donor Share by transferring the funds directly to (i) such Fund Donor, (ii) such Fund Donor's donor balance account held by the World Bank or (iii) another trust fund administered by the World Bank, as instructed in writing by the Fund Donor Contact except to the extent the Fund Donor Share may have been waived by such Fund Donor, in which case the relevant amount shall proportionally augment the other Fund Donor Shares. Following transfer of such Fund Donor Share, such Fund Donor shall be considered to have withdrawn from the CGIAR Fund.

7.3 In the event the Trustee determines that circumstances have arisen that lead it to conclude it should no longer carry out its duties hereunder, the Trustee (i) shall promptly so notify all Fund Donors, the Fund Council, the Consortium and any other then-current recipients of funds from the CGIAR Fund, and (ii) may suspend fund transfers from the remaining balance of the CGIAR Fund upon notice to the same entities. Thereafter, the Trustee shall forthwith consult with the Fund Council and the Consortium to determine the subsequent measures to be taken with respect to the CGIAR Fund; provided that such measures will be completed within 90 days of the date after the notice was provided, thus enabling the Trustee's termination at the end of such 90-day period, unless the Trustee agrees in writing to extend the period or resume its duties hereunder.

7.4 Following the End Disbursement Date, the Fund Council, in consultation with the Consortium, is expected to allocate any remaining balance in the CGIAR Fund or decide to cease making allocations. Following the date when all commitments made by the Trustee regarding allocations made by the Fund Council have been fully transferred, or upon earlier termination by the Trustee, the Trustee shall return to each Fund Donor the amount of its respective Fund Donor Share by transferring the funds directly to (i) such Fund Donor, (ii) such Fund Donor's donor balance account held by the World Bank or (iii) another trust fund administered by the World Bank, as instructed in writing by the Fund Donor Contact, except to the extent a Fund Donor Share may have been waived by a Fund Donor, in which case the relevant amount shall proportionally augment the other Fund Donor Shares.

7.5 Fund Donors acknowledge and agree that any enforcement of Fund Donor remedies or pursuit of Fund Donor rights with respect to funds from the CGIAR Fund shall be undertaken to the extent approved by the Fund Council and shall not require involvement of the Trustee; provided that in the event a Fund Donor wishes to enforce a remedy or pursue a right that is not approved by the Fund Council, and such Fund Donor has a statutory, regulatory or policy environment requiring such Fund Donor's ability to act unilaterally, such Fund Donor may enforce such remedy or pursue such right on its own behalf. Enforcement of Fund Donors' rights and obligations shall occur in accordance with the terms of the relevant Fund Use Agreements.

8. Amendments; Status

8.1 No offer, gift or payment, consideration or benefit of any kind, which constitutes an illegal or corrupt practice, was or shall be made to anyone, either directly or indirectly, as an inducement or reward for the execution of any Contribution Agreement or Contribution Arrangement.

8.2 Annexes 1, 2 and 3 to the Contribution Agreements and Arrangements may be amended by agreement of the Trustee and a decision of the Fund Council, in its representative capacity for all Fund Donors, either (i) by consensus of the Fund Council on the basis of proposed amendment text that is properly tabled for decision at a Fund Council meeting or (ii) electronically by affirmative written consent of each Fund Council Member, a decision by no objection not being sufficient; provided, however, that no Fund Donor shall be obligated to make any additional contributions under any such amendment, unless it expressly agrees to do so; provided further that any such amendment does not conflict with World Bank policies and procedures applicable to trust funds; and provided further still that any such amendment that imposes duties or obligations on, or infringes on the rights of, the Consortium or the Centers shall not be effective as to the Consortium or the Centers, and shall not override any provision of an agreement entered into by the Consortium and the Fund Council or Trustee, if the Consortium Observer objects to such amendment at or before the time it is considered by the Fund Council (following a two-week period for Consortium review of such amendment, including by the Consortium Observer, unless such period is waived by the Consortium). The Trustee shall provide all Fund Donors and the Consortium with notice of any amendment to such Annexes 1, 2 and 3.

8.3 The CGIAR Principles, the Contribution Agreements and Arrangements and the Governance Framework are, or will be, consistent. In the event of unexpected conflict between the CGIAR Principles and the Contribution Agreements or Contribution Arrangements, Annex 2 and the cover agreements or arrangements of such Contribution Agreements or Contribution Arrangements shall control. In the event of a conflict between (i) the Governance Framework and (ii) other parts of the Contribution Agreements and Arrangements, (ii) shall control.

9. Disclosure

9.1 The World Bank may disclose the Contribution Agreements and Arrangements and information on the CGIAR Fund in accordance with the World Bank's policy on access to and disclosure of information in effect at the time of such disclosure. By agreeing to these terms, each

Fund Donor consents to such disclosure of its Contribution Agreement or Contribution Arrangement, as the case may be, and information on the CGIAR Fund. This provision shall continue in full force and effect following completion of all CGIAR Fund transfers and any termination of the Contribution Agreements and Arrangements or the CGIAR Fund.

B. Additional Terms

1. Funding Windows

1.1 Fund Donors may designate use of the funds they contribute to the CGIAR Fund in three ways:

- (i) Window 1 – These funds may be allocated by the Fund Council, (x) in consultation with the Consortium, to (a) CRPs submitted by the Consortium and approved by the Fund Council on any aspect of SRF implementation, and (b) anything else within the scope of SRF implementation that the Fund Council approves to fulfill its responsibilities as set forth in Section 7 of the Governance Framework (Fund Council Roles and Responsibilities); and (y) to System Costs. All System Costs are paid out of Window 1 in their entirety based on a principle of equitable cost sharing under which Window 1 will be reimbursed proportionally by the CSP taken from all other (non-Window 1) funds contributed to the CGIAR Fund and Bilateral Funds. 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 the CGIAR Fund, (c) the CSP amounts from Windows 2 and 3 and the Provisional Account, and (d) the Bilateral Portion of System Costs.
- (ii) Window 2 – These funds are directed by Fund Donors to specific CRPs proposed by the Consortium and approved by the Fund Council as eligible to receive Window 2 subaccount funding. For each such CRP, funds received into Window 2 are limited to the total budget amount approved by the Fund Council for that CRP. Funds received for such a CRP 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 submitted by the Consortium. All Window 2 contributions are, at the time of contribution, adjusted by the CSP to equitably defray the System Costs, with the CSP amount deposited by the Trustee 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, although it is expected that their intended or actual use will be reported by each Center to the Consortium. 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 CSP to equitably defray the System Costs, with the CSP amount deposited by the Trustee into Window 1.

1.2 Notwithstanding any other statements in this Annex, the following terms additionally apply to Window 3. The Fund Council maintains an overview of Window 3 funds through regular reporting (i) by the Trustee on the flow of funds in and out of Window 3 and (ii) by the Consortium on the use of Window 3 funds; provided, however, that neither the Fund Council, Fund Office or Trustee, nor the Consortium, have fiduciary or programmatic responsibility for funds transferred from Window 3. Fund Donors to Window 3 have no specific rights of recourse under their Contribution Agreements and Arrangements or the Fund Use Agreements regarding the use of Window 3 funds, except that in

the event a Center fails to use funds transferred from 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 and within its 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 transferred from Window 3 arise, (i) decisions about what constitutes activities for implementing the SRF are made by the Consortium 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.

1.3 Eligible designations to which a Fund Donor may assign funds are based on the structure of the CGIAR Fund agreed between the Fund Council and the Trustee and: (i) specific CRPs proposed by the Consortium and approved by the Fund Council as eligible to receive Window 2 subaccount funding in the case of Window 2, and (ii) Centers as defined by the Consortium under the Constitution as “Member Centers” in the case of Window 3.

1.4 If Fund Donors wish to contribute funds to the CGIAR Fund prior to specifically designating those funds, funds may be directed to a provisional account of the CGIAR Fund. The Trustee holds such funds without any specific assignment until such time as a Fund Donor requests that a sum in the amount it contributed to the Provisional Account be assigned to one or more of the eligible designations. Funds in the Provisional Account are not available for allocation by the Fund Council or transfer to any recipients.

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

2. Fund Office Roles and Responsibilities

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

2.2 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 related to Fund Office business.
- (iv) Preparing draft Fund Council procedures and guidelines for Fund Council review and approval.
- (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.
- (vii) Compiling for the Fund Council, on a rolling three-year basis to be updated annually, all funding indications made by Fund Donors for contributions to the CGIAR Fund, including expected timing and amounts of contributions.
- (viii) Annually providing the Fund Council with a list of any Fund Donor’s funding indications that are not fulfilled by the dates or in the amounts set forth in the respective Contribution Agreement or Contribution Arrangement.
- (ix) Reviewing shortfalls, overflows and imbalances in CGIAR Fund resources available for CRPs.
- (x) Proactively identifying funding risks arising from funding forecasts and proposing mitigative measures to the Fund Council.

2.3 On support to Funders Forum, the Fund Office assists the Chair(s) of the Funders Forum in organizing the Funders Forum and realizing key objectives and functions of the Funders Forum, including:

- (i) Enabling the Funders Forum's review and endorsement of the SRF.
- (ii) Confirming that progress reports from the Consortium and mid-term external evaluations of the SRF from the Consortium are provided to the Funders Forum.
- (iii) Conveying reports on funding issues from the Fund Council.
- (iv) Preparing a financing plan for CGIAR in consultation with the Trustee and Consortium.
- (v) Providing information on shortfalls and imbalances in resources available for CRPs.

2.4 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.

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

- (i) Organizes and provides administrative support for 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, including maintaining and distributing amendments to this Governance Framework, and manages information activities related to Fund Council business.

2.6 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 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.

To further transparency, the World Bank makes reasonable efforts to indicate when it is acting in its capacity as Trustee, Fund Office or Fund Donor.

2.7 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 selected and appointed by the World Bank in accordance with World Bank policies and procedures. The Fund Council participates in endorsing the position's terms of reference and is involved in shortlisting and interviewing candidates. 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.

3. Trustee Roles and Responsibilities

3.1 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.

3.2 Fund Donors contribute funds to the CGIAR Fund by concluding Contribution Agreements and making Contribution Arrangements with the Trustee, whether directly or indirectly, that include common provisions with respect to all Contributions to 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 transfers available committed funds based on proper fund transfer requests from the Consortium, the ISPC and other approved recipients.

3.3 The Trustee's responsibilities arise with respect to funds only during the time they are held by the Trustee and are limited to keeping track 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 after transfer 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 by any entity other than the World Bank with respect to funds transferred from the CGIAR Fund; or (v) pursuing any Fund Donor interests or Consortium undertakings with respect to funds from the CGIAR Fund.

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

4. Funding Requests

4.1 The Consortium seeks the approval of the Fund Council for research and other programs to implement the SRF by submitting CRP proposals to the Fund Council. The Fund Council and the Consortium are expected to determine and coordinate an appropriate degree of and approach for Fund Donor input into the development of CRP proposals. Descriptions in each CRP proposal and reporting by the Consortium on the use of funds received under the resulting CRP are expected to have sufficient granularity to demonstrate progress on activities funded in such program, with a focus on outputs, outcomes and impacts, highlighting the SRF and impact pathways.

4.2 In submitting a CRP proposal to the Fund Council for approval, the Consortium is understood to agree that such CRP proposal is within the scope of the SRF and that, following Fund Council approval, the ensuing CRP will be within the scope of the SRF for purposes of implementation. In approving a CRP proposal, the Fund Council is understood to agree that such CRP proposal is within the scope of the SRF.

4.3 Each CRP proposal submitted to the Fund Council for funding has one Lead Center, as described in the proposal. Implementation of each CRP 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.

4.4 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.

4.5 The format for and other aspects of CRP proposals are as agreed between the Fund Council and the Consortium. Each such proposal is expected to include, among other aspects, a program content description and financing plan with a Core Budget in United States dollars setting out the reasonably anticipated funding expected to be received from (i) Window 1 and Window 2 (i.e. the Fund Council-Allocated Component) and (ii) Window 3 and Bilateral Funders (i.e. the Window 3 and Bilateral Component) during the proposed life of the CRP. In addition to the Core Budget, each such proposal

may include a description of the activities that would be conducted, and the costs of each such activity, if additional, then-unanticipated Window 3 or Bilateral Funding financial resources become available during the proposed life of the CRP (i.e. the Expanded Funding Component). (The Fund Council-Allocated Component, the Window 3 and Bilateral Component and the Expanded Funding Component shall each be a Component and together constitute the Total Budget for the CRP.) The Fund Council may develop procedures for the review of such proposals.

4.6 All CRP proposals are expected to receive review and comment from the ISPC, consistent with the Fund Council's Rules of Procedure, on scientific merit and partnership aspects prior to any Fund Council approval of the proposal.

4.7 At the time the Fund Council is considering a CRP proposal 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, including the Fund Council-Allocated Component and the Window 3 and Bilateral Component, and possibly an Expanded Funding Component, (ii) from the Fund Office, information about prospects for future contributions to the CGIAR Fund and future amounts committed or indicated through Contribution Agreements and Arrangements, (iii) from the Trustee, cash balances in the CGIAR Fund, and (iv) from the ISPC, advice and comment on the proposal. The Fund Council, in consultation with the Consortium, decides (i) whether to approve the proposal, including the Total Budget and each Component thereof proposed by the Consortium, and (ii) if so, from what combination of Window 1 and 2 funds to finance the approved funding commitment to the Consortium, as applicable. The Fund Council may decide (i) and (ii) at different times.

4.8 The Fund Council may at any time commission additional expert reviews for any funding proposals presented for its approval. In doing so, the Fund Council seeks to balance its interest in receiving advice with the goal of limiting administrative burdens on the Consortium and Centers.

5. Fund Outflows

5.1 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 Fund Use 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 for amounts due to the recipient. In the event of (iii), fund transfer requests are made in an Operational Currency, provided that Euros are transferred only to the extent available in the CGIAR Fund, the remainder to be provided in United States dollars.

5.2 Without affecting the Consortium's fiduciary, programmatic and other responsibilities, the recipient of funds from the CGIAR Fund for each CRP is the Lead Center described in the CRP.