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Based on Fund Council discussion, as adopted on 11/2/10

## **CGIAR Fund Governance Framework**

**As adopted on November 2, 2010**

*Capitalized terms are used as defined in the Glossary as such term is defined in Schedule 1 attached hereto.*

### **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 stated in the CGIAR Principles:

- (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.

2.2 The CGIAR Funders and the CGIAR Doers have resolved to:

- a) Harmonize their approach to increasing and stabilizing 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 CRPs that derive from the SRF;
- c) Work to 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.

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### **3. CGIAR Structure**

3.1 The CGIAR is characterized by two reinforcing pillars: (i) on the CGIAR Funders side coordinated through the CGIAR Fund, and (ii) on the CGIAR 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 CGIAR Doers side, the CGIAR Fund structure is complemented by the following entities responsible for management and implementation of SRF research:

- (i) Consortium, governed by a Board of Directors, and
- (ii) Centers.

3.3 The dual 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) CGIAR Principles,
- (viii) 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
- (ix) Common dispute resolution mechanism for the CGIAR.

### **4. CGIAR Fund**

4.1 The CGIAR Fund finances CRPs, primarily through CRPs proposed by the Consortium and approved by the Fund Council as eligible to receive Window 2 subaccount funding, and other activities conducted by the Centers and their partner institutions to implement the SRF. 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 be responsible for the intended use of funds) and programmatic responsibility (i.e., to be responsible for implementation by Centers and partners and confirm their achievement of results) for funds transferred 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.

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4.4 In participating in the CGIAR Fund, Fund Donors agree to work with each other to harmonize and align their respective policies and resources 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 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 below; and (y) 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.

5.2 Notwithstanding any other statements in this Governance Framework, 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

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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 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 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.

5.3 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.

5.4 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.

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

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

### **6. Fund Council Membership**

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 members on December 8, 2009. As of 2013, to be calculated once at the beginning of every three-year term, any Fund Donor that paid funds into the CGIAR Fund through a Contribution Agreement or Contribution Arrangement totaling an average annual minimum of US\$ 500,000 during the prior two years is eligible for representation on the Fund Council. The Fund Council expects to review Window 3 prior to the donor eligibility calculations for the 2013-2015 term in part to ascertain whether such minimum funding commitment includes amounts in Window 3.

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-Sahara 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 will be drawn from

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multilateral 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, unless otherwise agreed by the constituency. Within each constituency, rotation is determined by the constituency's 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 CRP approvals and Window 1 fund allocations. Fund Donors rely, to the extent possible and except as specified in the Contribution Agreements and Arrangements, 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) Aligning CGIAR Fund resources to support the generation of research outputs, as agreed contractually between the Fund Council and the Consortium.
- (ii) Approving and funding CRPs based on proposals submitted by the Consortium and reviewed by the ISPC.
- (iii) Interacting with the Consortium during development of CRPs and proposals for other activities.
- (iv) Supporting the continued existence of mission critical items for the CGIAR, such as gene banks and essential capital improvements.
- (v) Entering into Fund Use Agreements with the Consortium for the use of funds from the CGIAR Fund to operationalize the SRF.
- (vi) Developing the Common Operational Framework as agreed with the Consortium.
- (vii) Ascertaining, prior to fund transfers, that any recipients of funds from the CGIAR Fund, including the Consortium as the point of fiduciary responsibility, have in place effective accounting and control systems and processes to confirm that such funds are used for their intended purposes.
- (viii) Maintaining an overview for its own purposes 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 and other recipients of System Costs.
- (ix) Allocating Window 1 funds in consultation with the Consortium.
- (x) Allocating Window 2 funds based on designations by contributing Fund Donors and in consultation with the Consortium.
- (xi) Approving the annual work programs and budgets of the Trustee and Fund Office and fully funding their costs through the CGIAR Fund.

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- (xii) Ensuring that System Costs approved by the Fund Council are fully funded on an equitable basis by amounts taken from Contributions to the CGIAR Fund and from Bilateral Funding, on the basis of full transparency of Bilateral Funding.
- (xiii) Approving proposed approaches for System Costs and cost sharing modalities for endorsement by the Funders Forum and agreeing on a specific plan of implementation with the Consortium.
- (xiv) Reconciling funding supply and demand with respect to CGIAR Fund resources, based in part on information provided by the Consortium, including information regarding Bilateral Funding.

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 raising funds 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 CRPs.
- (iii) Informing the Funders Forum about funding imbalances relative to the CGIAR Fund.
- (iv) Compiling and disclosing to the Consortium, 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, as part of the Fund Council – Consortium dialogue.
- (v) Annually providing the Consortium 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.

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 chairmanship 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 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 CRPs, 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 other CGIAR Fund-related business 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.

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## **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 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.

8.3 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.

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 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.

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- (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.

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 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.

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 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.

## **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 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.

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 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

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transferred 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 an approach to address cost sharing of System Costs;
- (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 CRPs, 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 Co-chairs 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 years where no Funders Forum is convened, 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 was chaired by the Chair of the Fund Council and chose co-chairmanship for subsequent Funders Fora. The co-chairs provide leadership to the Funders Forum, interact with the Fund Council, the Consortium, and Funders Forum participants, and coordinate with the Fund Office on Funders Forum planning and follow-up.

## ***Part C – Fund Operations***

### **11. Funding Requests**

11.1 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.

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11.2 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.

11.3 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.

11.4 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.

11.5 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 total target budget in United States dollars, which will be divided into a CGIAR Fund Budget and a Bilateral Funds Budget. The Fund Council may develop procedures for the review of such proposals.

11.6 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.

11.7 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, which will be divided into a CGIAR Fund Budget and a Bilateral Funds Budget, (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 target budget and the CGIAR Fund Budget, 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.

11.8 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.

## **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 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.

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12.2 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.

### **13. Costs**

13.1 Contributions from Fund Donors fund the System Costs in accordance with the Contribution Agreements and Arrangements and the CGIAR System Cost Financing.

13.2 Contributions to the CGIAR Fund together with all Bilateral Funding cover the System Costs on the basis of the CGIAR System Cost Financing. 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 CRPs and other aspects of the CGIAR are likely to or have achieved their stated objectives, as articulated in the SRF, the CGIAR Principles and the Joint Declaration.

14.3 Fund Donors are, to the extent not otherwise required by their respective statutory, regulatory or policy environments, expected to manage their monitoring and evaluation needs and responsibilities with respect to the CGIAR Fund and their Bilateral Funding, if any, collectively through the Common Operational Framework, thereby refraining from additional, duplicative evaluations.

14.4 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 the Fund Council adopts it by consensus. 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 Consortium Observer is expected to facilitate consultation and coordination with respect to the Consortium interests pertaining to Governance Framework amendments.

16.2 The Fund Office maintains and distributes the record of any amendments to this Governance Framework.

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16.3 This Governance Framework is expected to be incorporated by reference into the Contribution Agreements and Arrangements. The Contribution Agreements and Arrangements may specify that any amendments to this Governance Framework are directly applicable to the Contribution Agreements and Arrangements and take effect through Fund Council decisions without further need to amend the Contribution Agreements and Arrangements, provided that any such amendment does not conflict with other terms of the Contribution Agreements and Arrangements or World Bank policies and procedures applicable to trust funds; and provided further that any such amendment that imposes duties or obligations on, or infringes on the rights of, the Consortium or the Centers will not be effective or carried out 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 the 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). However, the Consortium's objection to amendments required by a Fund Donor's statutory, regulatory or policy environment may affect funding. In the event of conflict, the other parts of the Contribution Agreements and Arrangements prevail over this Governance Framework.

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

16.5 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.

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Based on Fund Council discussion, as adopted on 11/2/10

## Schedule 1

### Defined Terms

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

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

“Bilateral Funds Budget” means the portion of the budget appearing in each CRP proposal and CRP to be funded with Bilateral Funding or other contributions (excluding funds from the CGIAR Fund).

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

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

“CGIAR” means the global scientific research-for-development partnership consisting of the Consortium, Centers, CGIAR Funders, Partners and other CGIAR Participants to implement the SRF based on the goals expressed in the CGIAR Principles and the aspirations expressed in the Joint Declaration.

“CGIAR Doers” means the Consortium and Program Participants.

“CGIAR Fund” means the multi-donor trust fund, MTO 069018, administered by the World Bank, as Trustee, and governed by the Fund Council.

“CGIAR Fund Budget” means the portion of the budget appearing in each CRP proposal and CRP to be funded with funds from the CGIAR Fund (i.e., from all three Windows).

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

“CGIAR System Cost Financing” means the operational details pertaining to equitable distribution of all System Costs among all CGIAR Funders approved by the Fund Council and the Consortium as part of the Common Operational Framework, reflecting the decision of the Funders Forum on July 15, 2010.

“CGIAR Participants” means all CGIAR Doers and CGIAR Funders.

“CGIAR Principles” means the CGIAR Principles adopted by the Fund Council and the Consortium.

“CRP” or “CGIAR Research Program” means a research program for coordinated implementation of the SRF by the Centers and other CGIAR Doers submitted by the Consortium that has been approved by the Fund Council, most of which are expected to be proposed by the Consortium and approved by the Fund Council as eligible to receive Window 2 subaccount funding (formerly MPs).

“Common Operational Framework” or “COF” means the common framework agreed between the Fund Council and the Consortium on common processes, which may include reporting, CRP selection criteria, CRP proposal preparation guidelines, financial guidelines, monitoring, evaluation, conflict of interest, intellectual property, communications plan, resource mobilization plan, System Cost modalities and other operational aspects that apply to all funding and implementation aspects of the SRF (including CRPs), regardless of funding source or implementing entity.

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“Consortium” means the consortium of the Centers, managed by the Consortium Board, established on April 29, 2010 to manage and implement the SRF (including CRPs), including as the Consortium is initially operated under a memorandum of understanding with one of the Centers.

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

“Consortium Observer” means the Chair and / or CEO of the Consortium, who are invited to participate in Fund Council meetings in accordance with the Rules of Procedure.

“Consortium Performance Agreement” means each agreement between the Consortium and the Fund Council consisting of specific results-based terms applicable to a particular CRP, including principally the relevant CRP proposal approved by the Fund Council and incorporating the terms of the Joint Agreement, and together the “Consortium Performance Agreements”.

“Constitution” means the primary governing document of the Consortium as adopted by the Centers on April 29, 2010, establishing the Consortium and setting forth the relationship between the Consortium and the Centers.

“Contribution” means, with respect to each Contribution Agreement or Contribution Arrangement, as the case may be, the total amount of funds expressed as the respective Fund Donor’s contribution to the CGIAR Fund in paragraph 1 of such Contribution Agreement or Contribution Arrangement, as such amount of funds may be supplemented through amendments to such Contribution Agreement or Contribution Arrangement from time to time; and together from all Fund Donors, the “Contributions”.

“Contribution Agreement” or “Contribution Arrangement” means the agreement or arrangement, as the case may be, entered into between the Trustee and a Fund Donor in respect of the Fund Donor’s contribution to the CGIAR Fund; and together for all Fund Donors, the “Contribution Agreements and Arrangements”.

“CSF” means the cost-sharing formula set by the Funders Forum designed to cover System Costs through equitable apportionment across all CGIAR Funders.

“CSP” means the annual cost-sharing percentage determined by the Fund Office on the basis of the CSF, which will be charged to all funds contributed to Window 2, Window 3 and the Provisional Account and all Bilateral Funding as a proportional reimbursement to Window 1, from which all System Costs are paid.

“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 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 contributes to the CGIAR Fund through a Contribution Agreement or Contribution Arrangement, either directly or indirectly, and together for all Contributions the “Fund Donors”.

“Fund Donor Share” means, with respect to each Fund Donor, an interest in the CGIAR Fund in an amount equal to the aggregate of the respective Fund Donor’s shares of the respective Fund Donor’s

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designations as credited by the Trustee, as further specified in the Contribution Agreements and Arrangements.

“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 from the CGIAR Fund by the Consortium or the Centers, as the case may be (such as (i) the Joint Agreement, (ii) the various Consortium Performance Agreements, and (iii) any additional agreements operationalizing Trustee transfers of funds, including W3 Transfer Agreements), as well as any agreements entered into by the World Bank in either capacity and another recipient for the receipt of System Costs from the CGIAR Fund (such as performance agreements between the recipient, including the Consortium, and the Fund Council as to specific budgets and work plans approved by the Fund Council).

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

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

“Glossary” means this Schedule 1 (Defined Terms) until such time as a glossary is approved by the Consortium and the Fund Council as part of the Common Operational Framework (the “Glossary”), in which case such Glossary shall replace this Schedule 1.

“Governance Framework” means these governance terms for the CGIAR Fund adopted by the Fund Council, as such document may be amended by the Fund Council from time to time in accordance with its terms.

“IEA” means the independent evaluation arrangement under the M&E Framework for (a) regular independent evaluations of CRPs 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” or “Independent Science and Partnership Council” means the independent standing panel established by the Fund Council to provide independent advice and expertise as part of its assessment of CRP 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 Agreement” means a type of Fund Use Agreement between the Consortium and the Fund Council that sets forth an umbrella set of terms and conditions that govern principally the submission and approval of CRP proposals and the transfer and use of funds from the CGIAR Fund for implementation of CRPs.

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

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“Lead Center” means the Center assigned by the Consortium to coordinate the implementation of activities and physically receive fund transfers from the CGIAR Fund with respect to a CRP under an effective Program Implementation Agreement.

“M&E Framework” or “Monitoring & Evaluation Framework” means the monitoring and evaluation framework approved by the CGIAR members 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.

“Operational Currencies” means the holding currencies of the CGIAR Fund, i.e., United States dollars and additionally Euros, as and when enabled by the Trustee’s systems; and each an “Operational Currency”.

“Partner” means any institution, other than the Consortium or the Centers, that receives funding from the CGIAR Fund for implementation of the SRF.

“Payment Request” means instructions provided to the Trustee by the Consortium and other recipients for the transfer of funds from the CGIAR Fund, as further specified in the relevant Fund Use Agreements.

“Program Implementation Agreement” means an agreement between the Consortium and the Lead Center for the use of funds from the CGIAR Fund for implementation of a CRP.

“Program Participants” means the Centers and any entity engaged in research activities for implementation of the SRF under the purview of the Consortium, whether through contractual arrangements emanating from the Consortium and Centers or otherwise, including such research partners as the national agricultural research centers, other public sector entities, private companies and other private sector entities.

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

“Rules of Procedure” means the rules of procedure adopted by the Fund Council for the management of its own business, as originally adopted on July 16, 2010 and amended from time to time.

“SRF” or “Strategy and Results Framework” means the document setting 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 Participants within a specified timeframe that for purposes of transfers for System Costs and from Window 3 was initially accepted by the Funders Forum on July 15, 2010, pending subsequent approval by the Funders Forum based on a revised proposal to be submitted by the Consortium.

“Subagreement” means a subgrant or subcontract between a Lead Center and a Partner for the implementation of a CRP.

“System Costs” means costs incurred for coordinating governance, administration 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 CGIAR System Cost Financing.

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

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*Based on Fund Council discussion, as adopted on 11/2/10*

“Window” means one of three accounts of the CGIAR Fund, as specified in the Contribution Agreements and Arrangements, including the Governance Framework, and together the “Windows”.

“Window 1 Funds” means funds disbursed from Window 1 of the CGIAR Fund.

“Window 2 Funds” means funds disbursed from Window 2 of the CGIAR Fund.

“Window 3 Funds” means funds disbursed from Window 3 of the CGIAR Fund.

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

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