



System Council decisions on the CGIAR System Transitional Arrangements

Purpose:

This document sets out the decision required to move the functions of the Fund Council to the System Council in relation to the existing CGIAR agreements for current CGIAR Research Programs and system costs after the establishment of the System Council and the CGIAR System Organization with its two component parts, the System Management Board and System Management Office.

The material relates directly to the decision that the Fund Council was requested to make on a no-objection basis, with such objections, if any, to be sent to the Fund Office by 29 June 2016.

Distribution notice:

This document may be distributed without restriction.

Background:

1. By email dated 16 June 2016, the Fund Office requested that Fund Council members approve, on a no-objection basis and by 29 June 2016, certain decisions pertaining to the implementation of the transition. Appendix 1 to this paper sets out that communication for ease of reference, including the full text of the proposed draft decisions.
2. For the transitional arrangements approved by the Fund Council on a no-objection basis to take effect, both the System Council and the System Management Board must also take relevant decisions. The System Management Board of the CGIAR System Organization (“System Organization”) will, at its 11 and 13 July 2016 meeting, consider, and if thought appropriate, approve decisions that are required to move the functions of the Fund Office to the System Management Office in relation to the existing CGIAR agreements for current CGIAR Research Programs and system costs after the establishment of the System Council and the System Organization.
3. The System Management Office is proposing the following decision for System Council review, and if considered appropriate, approval:

The System Council

Agrees to:

- (i) assume the functions of the Fund Council as transferred to it under the Joint Agreement, CPAs and Fund Use Agreements; provided that the Joint Agreement, CPAs and Fund Use Agreements will be terminated as indicated in paragraphs 1.1 to 1.3 of Appendix 1 to this Board paper; and
 - (ii) assume the functions of the Fund Council as transferred to it under the Contribution Agreements as indicated in paragraph 5 of Appendix 1 to this Board paper.
4. Appendix 2 sets out a record of the agreements and understandings of the System Council should it take the decision proposed above.

Appendix 1
Decisions requested of the Fund Council by 29 June 2016
on a no-objection basis

From: CGIAR Fund [<mailto:cgiafund@worldbank.org>]
Sent: jeudi 16 juin 2016 00:10
To: Fundcouncil <fundcouncil@cgiafund.org>
Cc: lynnhaight01@gmail.com; Rijsberman, Frank (CGIAR Consortium) <f.rijsberman@cgiar.org>; Rachel Bedouin (Rachel.Bedouin@fao.org) <Rachel.Bedouin@fao.org>; leslie.lipper@fao.org; m.gill@abdn.ac.uk; Powell, Wayne (CGIAR Consortium) <w.powell@cgiar.org>; Darius M. Stangu <dstangu@worldbank.org>; Lewam Afework Nerayo <lnerayo@worldbank.org>
Subject: DECISION ON THE FC15 MEETING SUMMARY; DECISIONS ON TRANSITIONAL ARRANGEMENTS (FC-13-0615-2016)

Dear Fund Council Members:

The following items are for your information and action.

- 1. Decision on FC15 Summary:** In the FC letter of May 29, 2016, the FC members were asked to approve the FC15 meeting summary (*Attachment 1 FC15 Final Meeting Summary*) on a no-objection basis. No objections were received and therefore the minutes are approved.
- 2. Decisions on transitional arrangements:** As indicated in the "Next Steps" paper circulated by the Transition Team for the June 6-8 Funders and Centers meeting a number of decisions pertaining to the implementation of the transition are to be approved by electronic means on a no-objection basis (*Attachment 2 CGIAR FC Meeting May 2016 Draft Decisions on Transitional Arrangement (06-15-16).docx*). FC members are invited to review and approve on a no-objection basis the attached decision. Objections, if any, should be sent to the Fund Office at cgiafund@worldbank.org by June 29, 2016.
- 3. Decision on extension of date for transition budget, at no additional cost, to September 30, 2016:** In approving the transition plan in September 30, 2015, the Fund Council also approved an associated budget to cover the cost of the transition until June 30, 2016. The Fund Council is requested to agree to the extension of the period in which the budget may be used until September 30, 2016, to allow for the completion and payment of all activities foreseen in the approved transition plan. This request will require no additional resources. Fund Council members are invited to approve this extension of the date on a no-objection basis. Objections, if any, should be sent to the Fund Office at cgiafund@worldbank.org by June 29, 2016.

Best wishes
Jonathan

CGIAR Fund Office
1818 H Street, NW, MSN IS 8-800
Washington, DC 20433 USA
1.202.473.8951 / www.cgiafund.org

DRAFT DECISION OF CGIAR FUND COUNCIL
(FOR DECISION BY ELECTRONIC MEANS)

Transitional Issues

Proposed decision on the Revised Proposed Approach to Existing CGIAR Agreements for Current CRPs and 2016 System Costs:

1. The Fund Council, recognizing the agreement of the CGIAR Centers and Funders to establish a new governance structure as described in the CGIAR System Framework and the Charter of the CGIAR System Organization, and having reviewed the paper, *Revised proposed approach to existing CGIAR agreements for current CRPs and 2016 system costs* (circulated to all Fund Council members on June 1, 2016, as a document for the Third Meeting of Centers and Funders on the CGIAR System), and, subject to paragraph 2 below, approves the following decisions to implement the transitional arrangement:

1.1 the Fund Council agrees to have the functions of the Fund Council and the Fund Office under the Joint Agreement (Joint Agreement) between the Consortium of International Agricultural Research Centers (Consortium) and the Fund Council, represented by the International Bank for Reconstruction and Development (IBRD), transferred to the System Council and the System Management Office, respectively, upon establishment; provided that the Joint Agreement will be terminated upon the closing of the CGIAR Fund;

1.2 the Fund Council agrees to have the functions of the Fund Council and the Fund Office under the all Consortium Performance Agreements (CPAs) between the Consortium and the Fund Council, represented by IBRD, transferred to the System Council and the System Management Office, respectively, upon establishment; provided that the CPAs will be terminated upon the completion of the relevant CRP;

1.3 the Fund Council agrees to have the functions of the Fund Council and Fund Office under (i) the Fund Use Agreement (FAO Fund Use Agreement) among FAO for itself, ISPC, IEA and GFAR, the Fund Council, represented by IBRD, and the Trustee, and (ii) the Fund Use Agreement (Consortium Fund Use Agreement) among the Consortium, the Fund Council, represented by IBRD, and the Trustee (FAO Fund Use Agreement, and together with Consortium Fund Use Agreement, referred to as the Fund Use Agreements), transferred to the System Council and the System Management Office, respectively, upon establishment; provided that the Fund Use Agreements will be terminated upon the closing of the CGIAR Fund.

1.3 the Fund Council agrees to terminate the CGIAR Fund Governance Framework;

1.5 the Fund Council agrees to the modifications to Annex 2 to the Contribution Agreements to provide for the transitional arrangements, as described in paragraph 5 below; and

1.6 the Fund Council agrees to the dissolution of the Fund Council and the Fund Office.

2. The Fund Council further agrees that the decisions in paragraphs 1.1-1.6 above shall only become effective upon the adoption of decisions by the System Council and System Organization to agree to the following:

2.1 the System Council shall adopt decisions, at its first meeting in July 2016, to agree to the following:

2.1.1 the System Council will assume the functions of the Fund Council as transferred to it under the Joint Agreement, CPAs and Fund Use Agreements; provided that the Joint Agreement, CPAs and Fund Use Agreements will be terminated as indicated in paragraphs 1.1 to 1.3 above; and

2.1.2 the System Council will assume the functions of the Fund Council as transferred to it under the Contribution Agreements as indicated in paragraph 5 below; and

2.2 the System Organization shall adopt decisions, at the first meeting of the System Management Board in July 2016, to agree to the following:

2.2.1 the System Management Office will assume the functions of the Fund Office as transferred to it under the Joint Agreement, CPAs and Fund Use Agreements; provided that the Joint Agreement, CPAs and the Fund Use Agreements will be terminated as indicated in paragraphs 1.1 to 1.3 above; and

2.2.2 the System Management Office will assume the functions of the Fund Office as transferred to it under the Contribution Agreements as indicated in paragraph 5 below.

3. With respect to the FAO Fund Use Agreement, the Fund Council agrees to propose to the FAO and the Trustee to add the following paragraphs as new Section E to the FAO Fund Use Agreement, to become effective, notwithstanding Section D.8 of the FAO Fund Use Agreement, upon (i) signatures of written agreement by FAO and the Trustee, and (ii) effectiveness of the Fund Council's decision in paragraph 1.3 above:

“E. Transitional Arrangement

E.1 Should there be any situation which requires actions of the Fund Council and/or the Fund Office under this Agreement upon the dissolution of the Fund Council and the Fund Office, the System Council and the System Management Office (each, as defined in the CGIAR System Framework) will act in place of the Fund Council and Fund Office, respectively, and all references in this Agreement to (i) Fund Council will be construed as meaning System Council and (ii) Fund Office will be construed as meaning System Management Office.

E.2 Notwithstanding Section C.5 of this Agreement, this Agreement shall be terminated upon closure of the CGIAR Fund and the course of action specified under Section C.5 following any termination event shall apply accordingly.”

4. With respect to the Consortium Fund Use Agreement, the Fund Council agrees to propose to the Consortium and the Trustee, to add the following paragraphs as new Section 22 to the Consortium Fund Use Agreement, to become effective, notwithstanding Section 18 of the Consortium Fund Use Agreement, upon (i) signatures of written agreement by the Consortium (or the CGIAR System Organization that will operate with effect from July 1, 2016 based on the legal personality of the CGIAR Consortium) and the Trustee and (ii) effectiveness of the Fund Council's decision in paragraph 1.3 above:

“22. (i) Should there be any situation which requires actions of the Fund Council and/or the Fund Office under this Agreement upon the dissolution of the Fund Council and the Fund Office, the System Council and the System Management Office (each, as defined in the CGIAR System Framework) will act in place of the Fund Council and Fund Office, respectively, and all references in this Agreement to (a) Fund Council will be construed as meaning System Council and (b) Fund Office will be construed as meaning System Management Office.

(ii) Notwithstanding Section 17 of this Agreement, this Agreement shall be terminated upon closure of the CGIAR Fund and the course of action specified under Section 17 following any termination event shall apply accordingly.”

5. Pursuant to paragraph 8.2 of Section A of Annex 2 to the Contribution Agreements and Contribution Arrangements (collectively, Contribution Agreements) between the Fund Donors and the Trustee, the Fund Council, in its representative capacity for all Fund Donors, agrees to add the following paragraphs as paragraph 10 of Section A of Annex 2 to the Contribution Agreements:

“10. Transitional Arrangement

10.1 Should there be any situation which requires actions of the Fund Council and/or the Fund Office under the Contribution Agreements and Arrangements upon the dissolution of the Fund Council and the Fund Office, the System Council and the System Management Office (each, as defined in the CGIAR System Framework) will act in place of the Fund Council and Fund Office, respectively, and all references in the Contribution Agreements and Arrangements to (i) Fund Council will be construed as meaning System Council and (ii) Fund Office will be construed as meaning System Management Office.

10.2 Notwithstanding paragraph 7.2 of Section A of this Annex, any withdrawal by the Fund Donor of all or part of its Fund Donor Share following the establishment of a new trust fund by the Trustee to replace the CGIAR Fund may be made with the prior written notice of less than 180 days if such shorter period is agreed with the Trustee.”

Appendix 2

Effect of System Council decision to approve the decision proposed in this paper

Should the System Council approve the decision proposed by the System Management Office above, **the System Council**, recognizing the agreement of the CGIAR Centers and Funders to establish a new governance structure as described in the CGIAR System Framework and the Charter of the CGIAR System Organization, and having reviewed the paper, *Revised proposed approach to existing CGIAR agreements for current CRPs and 2016 system costs* (circulated to all Fund Council members on June 1, 2016, as a document for the Third Meeting of Centers and Funders on the CGIAR System) will be:

A. Agreeing the following with respect to the transition:

1. to assume the functions of the Fund Council under the Joint Agreement (Joint Agreement) between the Consortium of International Agricultural Research Centers (Consortium) and the Fund Council, represented by the International Bank for Reconstruction and Development (IBRD); provided that the Joint Agreement will be terminated upon the closing of the CGIAR Fund;
2. to assume the functions of the Fund Council under all the Consortium Performance Agreements (CPAs) between the Consortium and the Fund Council, represented by IBRD; provided that the CPAs will be terminated upon the completion of the relevant CRP;
3. to assume the functions of the Fund Council under (i) the Fund Use Agreement (FAO Fund Use Agreement) among FAO for itself, ISPC, IEA and GFAR, the Fund Council, represented by IBRD, and the Trustee, and (ii) the Fund Use Agreement (Consortium Fund Use Agreement) among the Consortium, the Fund Council, represented by IBRD, and the Trustee (FAO Fund Use Agreement, and together with Consortium Fund Use Agreement, referred to as the Fund Use Agreements); provided that the Fund Use Agreements will be terminated upon the closing of the CGIAR Fund.
4. to the modifications to Annex 2 to the Contribution Agreements to provide for the transitional arrangements, as described in paragraph B.8 below; and
5. that the decisions in paragraphs A.1 – A.4 above shall only become effective upon the adoption of decisions by the Fund Council and System Organization to agree to the following:
 - 5.1 the Fund Council shall adopt decisions to agree to the following:

- 5.1.1 to have the functions of the Fund Council and the Fund Office under the Joint Agreement, CPAs and Fund Use Agreements transferred to the System Council and the System Management Office, respectively; provided that the Joint Agreement, CPAs and Fund Use Agreements will be terminated as indicated in paragraphs A.1 - A.3 above; and
- 5.1.2 to the modifications to Annex 2 to the Contribution Agreements to provide for the transitional arrangements, as described in paragraph B.8 below; and
- 5.2 the System Management Board shall adopt decisions, at the first meeting of the System Management Board in July 2016, to agree to the following:
 - 5.2.1 to assume the functions of the Fund Office as transferred to it under the Joint Agreement, CPAs and Fund Use Agreements; provided that the Joint Agreement, CPAs and the Fund Use Agreements will be terminated as indicated in paragraphs A.1 – A.3 above; and
 - 5.2.2 to assume the functions of the Fund Office as transferred to it under the Contribution Agreements as indicated in paragraph B.8 below.

B. Taking note of the following with respect to the transition:

- 6. that with respect to the FAO Fund Use Agreement, the System Council intends to propose to the FAO and the Trustee to add the following paragraphs as new Section E to the FAO Fund Use Agreement, to become effective, notwithstanding Section D.8 of the FAO Fund Use Agreement, upon (i) signatures of written agreement by FAO and the Trustee, and (ii) effectiveness of the System Council's decision in paragraph 3 above:

“E. Transitional Arrangement

E.1 Should there be any situation which requires actions of the Fund Council and/or the Fund Office under this Agreement upon the dissolution of the Fund Council and the Fund Office, the System Council and the System Management Office (each, as defined in the CGIAR System Framework) will act in place of the Fund Council and Fund Office, respectively, and all references in this Agreement to (i) Fund Council will be construed as meaning System Council and

(ii) Fund Office will be construed as meaning System Management Office.

E.2 Notwithstanding Section C.5 of this Agreement, this Agreement shall be terminated upon closure of the CGIAR Fund and the course of action specified under Section C.5 following any termination event shall apply accordingly.”

7. that with respect to the Consortium Fund Use Agreement, the Fund Council intends to propose to the Consortium and the Trustee, to add the following paragraphs as new Section 22 to the Consortium Fund Use Agreement, to become effective, notwithstanding Section 18 of the Consortium Fund Use Agreement, upon (i) signatures of written agreement by the Consortium (or the CGIAR System Organization that will operate with effect from 1 July 2016 based on the legal personality of the CGIAR Consortium) and the Trustee and (ii) effectiveness of the Fund Council’s decision in paragraph 3 above:

“22. (i) Should there be any situation which requires actions of the Fund Council and/or the Fund Office under this Agreement upon the dissolution of the Fund Council and the Fund Office, the System Council and the System Management Office (each, as defined in the CGIAR System Framework) will act in place of the Fund Council and Fund Office, respectively, and all references in this Agreement to (a) Fund Council will be construed as meaning System Council and (b) Fund Office will be construed as meaning System Management Office.

(ii) Notwithstanding Section 17 of this Agreement, this Agreement shall be terminated upon closure of the CGIAR Fund and the course of action specified under Section 17 following any termination event shall apply accordingly.”

8. that pursuant to paragraph 8.2 of Section A of Annex 2 to the Contribution Agreements and Contribution Arrangements (collectively, Contribution Agreements) between the Fund Donors and the Trustee, the Fund Council, in its representative capacity for all Fund Donors, intends to add the following paragraphs as paragraph 10 of Section A of Annex 2 to the Contribution Agreements:

“10. Transitional Arrangement

10.1 Should there be any situation which requires actions of the Fund Council and/or the Fund Office under the Contribution Agreements and Arrangements upon the dissolution of the Fund Council and the Fund Office, the System Council and the System

Management Office (each, as defined in the CGIAR System Framework) will act in place of the Fund Council and Fund Office, respectively, and all references in the Contribution Agreements and Arrangements to (i) Fund Council will be construed as meaning System Council and (ii) Fund Office will be construed as meaning System Management Office.

10.2 Notwithstanding paragraph 7.2 of Section A of this Annex, any withdrawal by the Fund Donor of all or part of its Fund Donor Share following the establishment of a new trust fund by the Trustee to replace the CGIAR Fund may be made with the prior written notice of less than 180 days if such shorter period is agreed with the Trustee.”