Delivering on the System Management Board
role of effective governance and oversight

Purpose

The issues set out in this paper were identified by System Management Board members through virtual communication as priority areas of work for 2016-2017.

The objective of this session is to discuss each item and identify an approach to resolving the concern during the tenure of the first System Management Board, including a prioritization of the issues and the possible establishment of working groups.

A number of the topics arising in this paper are also discussed in the handover materials from the Consortium Board to the System Management Board (Document 8B).

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Topics for discussion

Suggested questions to guide the discussion follow each point in italics.

1. **Terms and composition of System Management Board membership**

   a. **Development of Terms of Reference for System Management Board ("Board") members and the length of terms.**
   What will be the process and criteria that the General Assembly of the Centers for nominating new members and establishing their TORs?
   When and how will the rotation and staggering of members envisaged in Article 7.9 of the Charter be put in place?

   b. **Remuneration levels for Board members.**
   Should a formal benchmarking of Board member remuneration/honorarium be conducted? What will be the interim solution until that can be carried out? Can the former Consortium Board honorarium policy be followed, at least for Center representatives, in the interim?

   c. **Determining the composition of Center representatives to the Board**. *Will the composition of the 7 Center representatives on the Board have fixed quotas for DG and for Center Board members or should the composition be allowed to fluctuate?*
   Should a formal review process be established on an annual basis?

   d. **Managing conflicts of interest for Board members**.
   Should a formal conflict of interest policy be developed?
   Does the Board require external advising on this matter?

2. **Board leadership**

   a. **Development of a formal process for appointing the (independent) Chair of the Board.**
   Shall the Board have a standing nominations committee?
   Will the Chair be confirmed by a simple majority vote of all members?

   b. **Establishment of a Co-Chair for the Board**. *Should a Co-Chair role be established? What would be the process for nominating the Co-Chair? Must the Co-Chair also be an independent member? Could the Co-Chair be the incoming Chair?*

3. **Board operations**

a. **Timing and approach for System Management Board committee formation**. *Should the Board identify the committees needed and their operational aspects (preferred size, work programs, number of meetings) now in Paris, for approval and official committee formation at its second meeting (e.g. the Audit & Risk Committee, or, Strategic Impact, Monitoring & Evaluation Committee set out in the Charter)? Or can some of these committees be established now?*

b. **Audit and finance committee.** *Will the Board audit or audit and finance committee have a linking mechanism to the Internal Audit Function of the System Council? How should this work?*

c. **Develop annual timetable for meetings**. *How many times will the Board meet per year, and how many times in person? Should the Board meet more often in its first year? Where should the Board meet in person?*

d. **Addressing Board performance and effectiveness?**
When would be optimal for the Board to undertake a review of its performance, and through which mechanism (e.g. external and self-evaluation, on some form of rotational basis?) and based on which criteria? Are there elements of the Board Orientation Program that can be drawn upon?

4. **Workplan and objectives of the Board**

a. **Appointment of a working group to draft the annual workplan and objectives of the Board.** *Will the Board develop its workplan, or will the System Management Office develop the workplan which the Board will approve? What should be the core elements of this workplan? Should it also develop a multi-year workplan?*

b. **Annual cycle of financial reporting**.
What would be a more optimal schedule for reporting/disbursing funds? Should the fiscal year be shifted for all centers uniformly? What information is needed from Centers to create a proposal? Should a review be conducted of reporting to facilitate standardization and ensure reporting is on impacts, not processes?

c. **Policy review schedule.**
Should a working group be established on policy review? How will it prioritize policies to be reviewed? Should compliance manuals be created for any of the existing policies?

5. **Board relationship with System Council**

a. **Formal mechanisms.**
Should there be a formal mechanism for engagement? Are there different topics that will benefit from a different approach?

b. **Expectations of cross-membership**.
What is the role of Board observers on the System Council? How should input be given in advance of System Council meetings, and how should feedback filter back?

6. **Board relationship with CRP leaders and Portfolio process.**

a. **Mechanisms for including CRP leaders in the Board.**
How will CRP leaders determine who to appoint as their active observer?
Should the Board reconsider full membership for a CRP leader in the future?

b. **Developing a feedback mechanism for the Board and CRP process.**
What mechanism can be established to ensure reporting on the CRP process to the Board? Should the Board develop a proposal to the System Council for eliminating the dual review by both ISPC and System Council?

7. **Resource mobilization for the CGIAR system**

a. **Resource Mobilization at the system-level**. *What will be the roles of the Board and Executive Director vis-à-vis the Centers and CRPs and System Council? Should a prioritization process be established for determining what areas of work to mobilize resources for? Should professional services be taken on to help mitigate potential conflicts of interest for Center representatives?*

b. **Resource mobilization at the CRP level.**
How will this be organized and institutionalized across CRPs?

c. **Impacts of the global economic downturn in summer 2016 and its projected effects.**
Can a stabilization plan be created, given the likely decline in W1 and W2? Should a plan and/ or policy be developed to diversify funding beyond traditional sources? Does the System require a policy on how to generate resources from the commercial sector while maintaining independence?

d. **Decision making on bilateral funding.** *Who should make the decision on whether a bilateral project is formally aligned to a CRP or Platform (donor or the program)? Should a system-wide policy be developed? What type of information and inputs will be required from Centers and System Management Office in order to properly inform this process?*

8. <u>**Increasing efficiency at the system-level**</u>
   a. **Shared services among centers operating in the same or geographically close sites**.
      Should a working group on shared services be created to identify opportunities for cost-savings where multiple Centers operate in the same site?

   b. **Implementing the IFRS accounting standard across all Centers, particularly in relation to infrastructure and depreciation.** *Should all centers use IFRS provisions to help enable more investment, given the difficulty of attracting funding for infrastructure?*

9. <u>**Board relationship to the System Management Office**</u>
   a. **System Management Office responsibilities**.
      What will be the additional responsibilities for the System Management Office taken on from the Fund Office? What are potential areas for reflection during 2016 and 2017?

   b. **Transparency of communication**. *What mechanisms can be put in place to ensure open and transparent communication between Centers, the Board, the System Council and the System Management Office?*

10. <u>**Other**</u>
   a. **Addressing Center performance.**
      What will be the criteria and approach for the Board with regards to any corrective actions towards Centers?
      What standards have been used for measuring performance and behavior in the past? Should a separate committee be formed to review these standards and propose an approach?