

CGIAR Integrated Partnership: Risk Management and Internal Controls Framework

Introduction

- In CGIAR's Integrated Partnership (IP), taking and managing risks—as well as implementing appropriate internal controls—is an inherent part of delivering on our collective mission and strategy. As an innovation-driven partnership, CGIAR IP recognizes that success requires embracing risks and pursuing opportunities in a structured and responsible manner, supported by sound controls and a **combined assurance** approach that brings together risk, compliance, internal audit, and other assurance functions to provide a cohesive view to governance bodies.
- Effective risk management is fundamental to enabling collaborative decision-making, safeguarding CGIAR IP objectives, and ensuring that risks are managed within an integrated framework. It is not a standalone process but an embedded practice that enhances organizational agility, resilience, and accountability across the partnership—while reinforcing **combined assurance** as a guiding principle for coordinated oversight and strategic alignment.

Purpose

- The CGIAR IP Risk management and Internal Controls Framework provide a common set of principles and concepts to ensure that risk management and internal controls are systematically managed and overseen¹ within the partnership's activities, and decision-making structures.
- Risk management is defined as “the set of coordinated activities that can be followed to direct and control an organization with regard to risk”.²
- In the context of CGIAR IP's multiple stakeholder environment, effective risk management provides these stakeholders with adequate assurance that:
 - a. Strategic opportunities are pursued responsibly, leveraging our capabilities and strengths, while maintaining awareness of the potential trade-offs.
 - b. Where risk cannot be fully mitigated, CGIAR IP remains proactive in monitoring, adapting, and continually evolving our actions to minimize potential adverse impacts.
- This framework envisions establishing control standards, integrating risk management practices, and promoting transparency, oversight, and

¹ Adapted from ISO 31000 International Standard, Risk management guidelines

² ISO 31000 International Standard, Risk management guidelines

accountability. Aligned with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework, the Risk and Internal Controls Framework enhances operational effectiveness by embedding risk management into key business processes. This framework also promotes consistent approach to internal control across CGIAR IP, supporting sound decision-making, safeguarding assets, and maintaining the integrity of operations.

Risk management and internal controls approach

- CGIAR's IP risk management approach is designed to assist the partnership in preserving and creating value, ensuring compliance, and strengthening CGIAR's ability to drive sustainable innovation and impact.

Risk management at CGIAR IP:

- **Enhance decision-making and accountability**, ensuring that risk considerations are an integral part of strategic planning, performance evaluation, and operational execution.
- **Encourages innovation and agility**, balancing risk-taking with responsible governance to drive transformational change.
- **Strengthens risk culture**, fostering behaviors, attitudes, and decision-making practices that support responsible risk-taking and proactive risk mitigation.

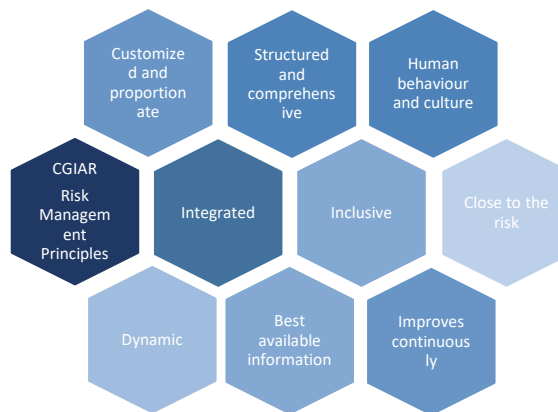
Aligns with the COSO definition of internal control, which is described as:

"A process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance."

This framework emphasizes the structured and systematic nature of internal control, ensuring that governance, risk management, and compliance measures are integrated into the organization's operations. By adhering to COSO principles, Centers/ SO of the IP can enhance accountability, mitigate risks, and improve decision-making processes.

CGIAR's partnership risk management and internal controls principles

- To be effective within an integrated partnership framework, CGIAR IP's risk management approach adheres to the following principles adapted from the ISO 31000:2018 International Standard on Risk Management.



- **Integrated in CGIAR's IP organizational activities**
 - Risk management is integrated within CGIAR'S IP performance management and decision-making processes, rather than operating in a standalone mode.
 - Decisions on opportunities and risks are guided by the CGIAR IP defined risk appetite, balancing the need for innovation with responsible risk mitigation.
 - Risk management is aligned with other CGIAR's governance functions.
- **Follows a structured and comprehensive approach**
 - A common risk management methodology across CGIAR IP to ensure consistent and comparable risk information.
 - This approach is supported by a shared CGIAR IP risk appetite, ensuring alignment across all stakeholders.
- **Customized and proportionate to the organization's internal and external environment**
 - Risk Management resources, processes, and tools are designed to be proportional to CGIAR IP 's objectives, risk landscape, size and budget.
- **Engages stakeholders timely, efficiently, and effectively**
 - Recognizing that efficient management of risk requires joint efforts rather than actions in silos.
 - Management across Centers, SO, must collaborate to ensure risk information is shared, understood, and acted upon across the entire System and mitigating actions set accordingly in a timely manner.
- **Performed closest to the risk**

- Risk management should be identified, assessed, and managed at the level closest to where the risk arises, ensuring effective action.
 - Key risks may require oversight by multiple stakeholders.
- **Dynamic to anticipate and address timely any changes in the risk landscape**
 - Risk Management must be flexible and adaptive to keep pace with evolving challenges.
 - A dynamic risk assessment and review process will be conducted
 - periodically to revisit our formerly agreed risk appetite and formulate strategies to address significant risks as they arise.
- **Based on the best available information**
 - Decisions should be based on clear, transparent, and timely communications to avoid missing opportunities, or unmanaged risks.
 - Accounting for limitations and uncertainties, using data driven insight and current information or future expectations
- **Account for human behavior and culture**
 - Recognize and account that the risk management process at any stage and level may be affected by human behavior and culture.
 - Fosters a **risk-aware culture**, ensuring that risk considerations are embedded in daily operations and leadership behaviors.
- **Committed to Continuous Improvement**
 - Uses ongoing learning, feedback, and experience to further improve the risk management process.
 - Embeds a **culture of iterative improvement**, ensuring CGIAR IP's risk framework remains relevant and effective.

The framework incorporates key internal control principles, ensuring that controls are:

- **Objective-driven**

Designed to support CGIAR IP's operational, reporting, and compliance objectives, ensuring alignment with strategic goals and fostering accountability at all levels.
- **Integrated and continuous**
 - Embedded within daily operations, governance structures, and decision-making processes, rather than functioning as a periodic or isolated activity.
- **People-centric and responsibility-focused**
 - Recognizing that effective internal control depends on the actions and commitment of individuals at all levels, from leadership to frontline staff, fostering a culture of accountability and ethical conduct.
- **Risk-based and adaptable**

- Tailored to address CGIAR IP's evolving risk landscape, balancing the need for robust controls with operational flexibility to accommodate diverse environments and changing circumstances.
- **Preventative, detective, and corrective**
 - Designed to proactively mitigate risks, identify irregularities or weaknesses in real-time, and implement timely corrective actions to enhance resilience and organizational effectiveness.

This approach ensures that internal controls serve as enablers of operational excellence, safeguarding CGIAR IP's assets, reputation, and mission while supporting informed decision-making and long-term sustainability.

Implementation of the risk management and internal controls framework

- To operationalize this framework, CGIAR IP will develop a comprehensive guidelines aligned with the COSO ERM framework outlining:
 - Risk assessment methodologies (analysis, mitigation, monitoring, and reporting).
 - Risk response strategies (avoid, mitigate, transfer, or accept).
 - Key Risk Indicators (KRIs) to monitor critical risks.
 - Escalation procedures, and internal controls to ensure effective risk management.
- Recognizing the importance of comprehensive minimum controls, the framework mandates mapping significant business processes that impact business operation including financial reporting to identify key risks and corresponding controls, thereby informing the development of Minimum Control Standards.
- These standards, which cover essential areas such as governance, compliance, fixed assets, revenue, HR, inventory, expenditure, IT, accounting, consolidation, tax, treasury, and sustainability, provide each Center/SO with clear, adaptable guidance to meet its unique operational objectives.
- As the framework matures, Centers/SO are expected to integrate self-assessment tools—such as checklists, dashboards, and scorecards—to facilitate the ongoing evaluation of control efficiency and effectiveness. This will ensure that internal controls remain dynamic, proactive, and continuously enhanced through regular training, robust communication, and benchmarking against industry best practices.
- This guide document will ensure that risk management is not just a **theoretical process** but a **practical, action-oriented approach** that strengthens CGIAR's ability to manage risk effectively.

Roles and responsibilities

- Global Leadership & Governance Oversight
 - The Global Leadership Team (GLT), Center/SO Management, and oversight bodies (IP Board, System Council, Center Boards and their Committees) must ensure that risk management is integrated into organizational activities and should demonstrate leadership and commitment.
 - GLT and Center Management are accountable for managing risk while oversight bodies are accountable for oversight.
- **Center-own risks and top risks for CGIAR IP**
 - Center specific risks remain fully in the mandate of each Center's Board and Management.
 - However, to ensure partnership-wide oversight, Centers and SO must share key risks promoting a transparent and a collaborative risk management approach.

The roles and responsibilities for risk management and internal controls at CGIAR are set out in the CGIAR Risk Management and internal controls Policy document.

Relevant documents

- CGIAR Integrated Partnership: Risk Appetite
- CGIAR Integrated Partnership: Risk Management Policy
- Integrated Partnership Risk & Oversight Plan
- TORs Risk Management Function