

Re-Thinking CGIAR's Governance and Structure

Partial Draft Report of Working Group 3

TABLE OF CONTENTS

	Executive Summary	1
1.	Introduction	3
	1.1 Purpose	
	1.2 Approach	
	1.3 Organization of the Paper	
2.	Governance and Structure Issues Faced by the CGIAR	5
	2.1 Problems Affecting Effectiveness	
	2.2 Problems Affecting Efficiency	
	2.3 Problems Affecting Accountability	
	2.4 Problems Affecting Legitimacy	
3.	Some Higher Order Questions	13
	3.1 Formal vs. Informal	
	3.1 Program Support vs. Institution Support	
	3.3. Alternative Governance Relationships	
4.	Governance Options	20
	4.1 Option 1: Present Model—Much Improved	
	4.2 Option 2: Corporate Model	
	4.3 Option 3: Performance Contract Model	
	4.4 Other Options	
	4.5 Commentary on the Options	
	4.6 Comparison of the Options (<i>to come later</i>)	
5.	Structure Options	36
	5.1 Background	
	5.2 What Worked in the Past and Why	
	5.3 Structure Scenarios Proposed in the Past	
	5.4 Two Approaches to Restructuring	
	A New Organizational Architecture for the System	
	Center-by-Center Analysis	
	5.5 Conclusions on Structural Options	
6.	Conclusions and Recommendations (<i>to come later</i>)	48

Executive Summary

Working Group 1 has presented a convincing case that the global agricultural research framework has shifted dramatically. CGIAR remains a major player but alongside other well resourced national organizations and private-sector companies and foundations. It needs to reposition itself to maximize interactive synergies in this new global system. Working Group 1 has identified key strategic objectives, themes, and program opportunities for the new CGIAR.

This new CGIAR cannot be built on existing governance practices. By any test, the current governance framework requires significant reform. It is too complex with no clear lines of accountability; it has embedded conflicted interests and is too costly. Past reform efforts have tended to add to this complexity. This increasing complexity of CG governance is compounded by the trend towards more restricted funding – and the double accountability that this imposes on Centers.

Working Group 3 has been asked to propose a new governance framework at the System, Center and Program levels that is

- simple, transparent and cost effective
- promotes openness, inclusion, accountability and impact

In developing a new governance framework, Working Group 3 recognizes the paramount importance of a dynamic and challenging programmatic framework and strong institutional capacity to secure this agenda. One goes with the other but without a well articulated business agenda, the CGIAR will not be supported by key partners. Equally, the CG Centers need to demonstrate that they are preferred employers for dedicated, high quality scientists.

Working Group 3 recognizes that there is no one “right” governance model. Governance needs to be tailored to the agenda and circumstances. In a sense, it is the tool supporting desired outcomes in cost-effective ways. It needs to strike the right balance between centralized and decentralized interventions. And it requires incentive mechanisms for continuous self adjustment.

At the system level, WG3 examined three governance options and the governance scenario preferred by the Alliance. The three options suggested for consideration by the WG are the following:

- Improving current arrangements but without significantly challenging dominant CG principles of donor sovereignty, center autonomy, consensus decision-making and independent technical advice.
- Incorporating the CGIAR as a formal legal entity with a Board, Corporate Office and with the centers as subsidiaries reporting to the Board. Under this option the Centers would not be autonomous legal entities but part of a larger international entity.

- Establishing a new legal funding entity with its own Board that would operationalize CG strategic objectives and opportunities into a set of programs that it would fund. It would identify institutions or consortia best equipped to carry out each priority program. It would be supported by a restructured Science Council. The CG Centers would remain autonomous either as clusters or single institutions. Instead of being subsidiaries they would be linked to the funding entity through performance contracts. There would be scope for some institutional support as well—in order to ensure that the CGIAR operates as a “system.”

The relative strengths of these options are set out by the Working Group. It concludes that much of the ambiguity and complexity is inherent to a system based on donor sovereignty, center autonomy and consensus decision making. All three principles will need to be fettered by a commitment to collective decision making, particularly by the funders, and a new understanding (or a new *compact*) between funders and the providers of science outputs. On balance, the Working Group favors..... **(to come after Brussels)**

In its terms of reference Working Group 3 was asked to consider organizational options at the Center level. There is unanimity in the Working Group that, if you were starting today, you would not establish 15 Centers. It would be a smaller number with less overlap and with clearer mandates. Working Group 3 recognizes that Host Country arrangements represent a significant impediment to change at the Center level. It considers that use of clusters would address this impediment better than outright mergers of Centers. In any event, high-level dialogues with host countries would be necessary before initiating any change.

In reflecting in the current Centers and their mandates, Working Group 3 considers that there is substantial merit in considering whether the CGIAR should have two types of Center – those which are producing global public goods and those that are regional, much closer to partner countries and institutions and the development assistance agendas. The roles of global and regional centers would be different and these differences have been articulated, along with some very preliminary thinking on possible structural configurations. These are offered not as a recommendation, but as inputs to follow-up work by the CGIAR on organizational structure.

1. Introduction

1.1. Purpose

This paper reflects the work-in-progress by Working Group 3 of the CGIAR Change Management Initiative. It is intended as an initial contribution of ideas from WG3 to the other working groups and the Change Steering Team. The paper will be revised following further internal discussions within the WG, in view of ideas on other aspects of change in the CGIAR emerging from the other working groups.

WG3 was formed to focus on the needs for change in the CGIAR's governance and structure. Its terms-of-reference was defined as follows:

Propose governance and organizational structure options for the CGIAR, covering the System-, Center- and program-levels, that are simple, transparent and cost effective and promote openness, inclusion, accountability, and impact, being mindful of the trade-offs that will be needed to incorporate all of these characteristics. The recommended governance and organizational structure option would be defined in full consideration of ideas and suggestions emerging from the other three WGs.

1.2. Approach

The Working Group approached its task by, *first*, reviewing and extracting lessons from previous governance and structure reform proposals considered by the CGIAR. These are reflected in two background papers.¹ The following conclusions have emerged from this analysis:

- CGIAR has not had a fundamental change in its *governance* since it was established. The basic principles of governance that defined its governance at the time of its establishment are still the dominant principles now. These include *donor sovereignty, center autonomy, consensus decision-making, and independent technical advice*. However, over time there have been significant changes in its business practices and internal structure within the overall boundaries of its governing principles. The CGIAR has been reluctant to consider fundamental changes of its governance—until now.
- There have been few changes made to the *organizational structure* of the operating arm of the System, such as mergers of some Centers and closure of one. These were done in a top-down manner and were backed with strong rationale. There were no successful bottom-up mergers or reorganizations that changed the CGIAR's power structure—even when incentives were offered. Like in the case of its governance, the System has been reluctant to embark on fundamental structural change.
- There have been significant improvements in *center governance* since 1971, alongside some failures. The Center Boards are more mature and more aware of

¹ References to two Ozgediz papers.

their broad responsibilities and a few have undertaken fundamental reforms that bring their practices in line with the best practice in non-profit governance globally. The governance of Challenge Programs is in a flux, partly from lack of clarity of accountabilities.

Second, the WG examined governance and organizational structure practices in other organizations that are either in a similar business (research) or operate a global program.² Examples include national research networks like National Institutes of Health (NIH) in the U.S., Grain Research and Development Corporation (GRDC) in Australia, Biotechnology and Biological Sciences Research Council (BBSRC) in the U.K and international networks like Global Forum for Health Research, Global Development Network, European Distributed Institute of Taxonomy, Global Environment Facility, and the WHO Special Program for Research and Training in Tropical Diseases.

As expected, this review showed that, like the CGIAR, each of these organizations had a unique governance and organizational structure that evolved over time. None of them could serve as an exemplary overall model for the CGIAR. However, there are some specific aspects of each model that could serve as a useful practice for the CGIAR. For example, five percent of the NIH's close to \$30 billion funding is reserved for addressing fundamental knowledge gaps, developing transformative tools and fostering innovative approaches to complex problems. Another is NIH's dual peer review system. A third is GRDC's 9-person Board (as compared with TDR's 34- and GFHR's 25-member governing bodies.)

Third, the WG brainstormed about CGIAR's governance and structure concerns most notably during its Ottawa meeting, in the light of the lessons from the CGIAR's past and those from other organizations. The Ottawa retreat also offered a welcomed opportunity to interact with the other working groups. These discussions led to the emergence of the ideas and options summarized in this paper.

1.3. Organization of the Paper

The two main sections of the paper are on *governance options* (Section 4) and *structure options* (Section 5). These are preceded by a discussion of governance and structure problems faced by the CGIAR (Section 2) and a discussion of a few higher order questions (Section 3). The problems identified in Section 2 reflect the Working Group's diagnosis of the issues. The three higher order questions addressed in Section 3 serve as building blocks to discussion of governance options in Section 4.

² References to papers by Sophia, Inge and Guido.

2. Governance and Structure Issues Faced by the CGIAR

Organizations exist to deliver results that will lead to desired outcomes. Governance and structure are patterns and tools used in generating results. The CGIAR has been quite successful in its 37-year history in delivering results. So, why is the CGIAR considering tinkering with its governance and structure? Is there something broken that should be fixed? If so, how come the System is generating good results year after year?

The simple answer to these questions is that the CGIAR needs a renewal, first, because the world around it has changed significantly over the last few decades, as described by Working Group 1 on Vision:

“The world of agricultural research has shifted dramatically. A global agricultural research and knowledge system is emerging, in which the CGIAR is only one player...The entry of strong new actors, including private-sector companies and well resourced national or regional organizations, into international agricultural research challenges the role of the CGIAR as a major player in the field. The varied and changing expectations of the national agricultural research programs...will require a new modus operandi and a more strategic approach to the nurturing of partnerships...Thus, unless it changes, the CGIAR risks no longer being perceived as a key provider of solutions to the problems associated with agricultural productivity and natural resource management.”

The new *modus operandi* will require examination of the current organization of the CGIAR. For example, if the CGIAR is to play a stronger stewardship role in the use of the technologies its institutions and their partners have created, one needs to question whether the current organizational set-up would allow it to do so effectively.

Second, good governance requires foresight. Any investment in research today will have an impact 10-15 years from now, which means that the CGIAR needs to adjust its governance and structure to best cope with a changing world.

Third, current challenges such as food prices, climate change and biofuels demand timely attention from the CGIAR System. Addressing them may require new partnerships or alliances with actors in sectors like energy or health and agility to respond to changes in the environment (as a system) rapidly.

Finally, even though the CGIAR has been generating good results, could it generate more results if it were governed and organized differently? The conventional wisdom is that organizational reform can re-energize an institution, rally it around a new vision and strategy, increase efficiency, and promote more cohesive action towards organizational goals. The WG is of the opinion that the internally-driven needs for organizational reform of the CGIAR are at least as great as the reform needs that are externally driven, as illustrated in this section.

The WG has used four lenses to diagnose governance and structure issues faced by the CGIAR:

- **effectiveness** (the extent to which CGIAR’s current governance and structure promotes achievement of measurable and relevant results in relation to its strategic objectives)
- **efficiency** (the extent to which resources are used to generate maximum possible results)
- **accountability** (the extent to which giving account is defined, accepted and exercised by all actors/components within the System)
- **legitimacy** (the extent to which exercise of authority in the System takes into account the views of those with a legitimate interest, e.g., partners/clients and beneficiaries)

2.1 Effectiveness

Notwithstanding its illustrious track record of achievement, the CGIAR System’s overall effectiveness is being hampered by at least four challenges:

- operating as a “system”
- partnerships with the “other 94 percent”
- alignment of activities with strategic objectives and priorities
- attracting and retaining best scientists.

Operating as a “system.” The Charter of the CGIAR defines the *CGIAR System* as “a regularly interacting and interdependent network of independent institutions that form a complex whole and are committed to a common cause. The primary institutions in the System are the Consultative Group, an independent Science Council and the international agricultural research Centers.”³ The Charter definition reflects *exclusivity*, which has prompted some observers to regard the CGIAR as a “club” because it does not explicitly consider client and partner organizations as integral components of the CGIAR System.

Taking the Charter definition as given, the question is whether “the System” has been able to act as a system? The answer is “rarely”—despite the efforts made by the CGIAR (through the 2001 Reform Program) and the Centers (through the Alliance). Reasons: the incentives for cooperation among the Centers are weak; there is unhealthy competition between centers for the attention of donors and engagement with R&D partners; inefficient duplication in activities between centers; insufficient complementary behaviour among donors; inadequate value added cooperation (most value added is through individual institutions, not through intra-System partnerships); limited capacity of “the System” to speak with one voice in regional and global forums, especially on agenda setting; etc.⁴ Regarding the latter point, had the System been able to speak with one voice, it would have responded to the recent food price crisis, as a system, much

³ CGIAR Charter p. vi

⁴ This does not negate the need for some Centers being the most appropriate spokespersons for the CGIAR in some specialized forums (e.g., sectoral forums on forestry, fisheries, etc.)

sooner. While some of the individual Centers did act quickly, the response from the System was quite slow.

During this Change Management process the CGIAR needs to decide whether it would want to operate as a “system” in the future or act as independent actors. If the CGIAR is to work as a “system” the relationships among its components should generate a whole that is greater than the sum of its components. This means that the roles, responsibilities and accountabilities of each actor *vis-à-vis* all other actors would need to clear, including the accountabilities of the Centers, as well as those of the donors.

If, on the other hand, the CGIAR decides not to operate as a “system,” the Consultative Group would essentially become a financing mechanism, with no responsibility for any institution, including the Centers. This means that there would be no institutional boundaries to the operations financed by the CG, and therefore no “exclusivity.”

Partnerships with “the other 96 percent.” This gets into the domain of our colleagues in Working Group 2 who are addressing partnership issues in much greater depth. Our general observation is that the initiation of Challenge Programs has indeed increased the number of purposive partnerships with other actors. At the more macro level, however, the CGIAR’s capacity and role in contributing to the setting of an international agricultural research for development (IAR4D) agenda and in helping mobilize complementary partner efforts at regional and global levels have been weak, as illustrated by the CGIAR Task Forces on SSA. Even though several Centers have aligned their programs to regional priorities, program themes, objectives and roles across CGIAR institutions are not aligned optimally with the strategic priorities and work plans of authoritative regional bodies. A CGIAR Center’s engagement and partnership in a target region is ultimately decided by each Center—not the System’s governance mechanisms. As a result, the comparative advantages of the CGIAR as a whole in partnering with the authoritative regional bodies are not adequately captured (notwithstanding the Alliance’s efforts to facilitate system-level dialogue with the regional bodies in program planning.)

Alignment of activities with strategic objectives and priorities. The Centers have made significant advances in improving their strategic and operational planning. However, at the System level there is less clarity on priorities. During the latest priority setting exercise the CGIAR agreed on five broad priority areas and 20 sub-areas, which have been used as yardsticks in assessing Center proposals on programs. The general impression within the System is that the 20 areas cover practically all activities carried out by the Centers, making it difficult to decide which of these activities are more important than others.

The current Change Management initiative is likely to bring greater clarity to CGIAR’s strategic objectives. The CM exercise will need to be followed with further drilling down to identify priorities for the System. Next, the Centers’ outputs (goods, services, material, information, and knowledge) will need to be linked with the System’s priorities in order to assess their alignment.

Attracting and retaining best scientists. As a science system, the effectiveness of the CGIAR depends on the quality of the science practiced at the Centers. In its early years the CGIAR Centers were the institutions of choice by the best scientists around the world (evidenced by the scientific awards received.) It is not clear if the CGIAR can make the same claim now. Its benefits packages are less competitive, in part because of the financial difficulties arising from unreliable program funding. Financial difficulties are also forcing Centers to place less attention on improving facilities and equipment. The 15 Centers have 15 different HR systems and policies, making it difficult to plan one's career in a large research enterprise. Topping them off, uncertain tenure and the impression that scientists in the CGIAR spend a lot of time in bureaucratic activities (like reviews and MTPs) make it increasingly difficult for Centers to attract and retain the best scientists globally.

2.2. Efficiency

During the first two decades of the CGIAR inefficiencies at the Center level arose mainly from the weakness or inadequacy of management systems and processes. Over time the Centers have installed highly efficient financial, administrative, procurement, information technology and other systems. As a result, several have received certifications from international business practice audit firms. In terms of best practice there are continuing problem areas in some centers (such as in center governance), but, by-and-large, the Centers are using modern business practices in managing their operations.

Efficiency issues faced by the CGIAR are mainly at the System level:

- organizational complexity
- resource allocation
- decision making and follow-up.

Organizational complexity. This is one of the areas requiring urgent reform. Over time, the CGIAR has grown to an organization with many levels, units, committees and other bodies, some of which exhibit redundancies. There are complex web of reporting and accountability relationships that are difficult to understand, limiting transparency and engendering lack of confidence and trust. Partner organizations face even greater difficulty because they face the CGIAR at many different points of entry. Some centers work in areas in which they may not be the most cost efficient service provider. Split responsibilities among Centers (e.g., three Centers with some responsibility in rice, two in wheat, two in cassava, etc.) create difficulties in integration of efforts. These complexities, some of which result from the informal nature of the CGIAR, lead to high transaction costs, as do conflicting recommendations made to Centers from evaluation teams from the CGIAR versus bilateral donors.

Resource allocation. While donor sovereignty may have made the CGIAR an attractive investment opportunity for development assistance agencies, it has also provided freedom to donors to enter into bilateral agreements with the Centers for projects that could divert focus from high priority activities for the System. As a result, resources are not necessarily focused on activities with the greatest impact.

About 10 percent of the CGIAR resources (the \$50 m/year contribution from the World Bank) are unrestricted to the System. The rest are unrestricted to a Center or restricted to a program or project. The decisions on these restrictions are made separately and independently by individual donors. While their policy priorities may agree in many instances with the System's priorities, actual support rarely considers advice from the Science Council, the results of the Performance Measurement System or recommendations of EPMRs. Instead, donors' own reviews have taken precedence over the System's and the Centers' own review mechanisms, adding to transaction costs.

Decision making and follow-up. The 2001 Reform Program has brought several improvements to decision-making in the CGIAR—most notably the formation of ExCo and the streamlining of the meetings of the CGIAR. However, in the final analysis, the Centers are autonomous and the decisions of the CGIAR do not go beyond requests and suggestions from an informal group. As a result, the system's ability to take and enforce critical decisions is weak, including decisions on Centers based on recommendations of EPMRs or on evidence from the Performance Measurement System (as illustrated by the recent CIAT case).

With regard to consensus decision making, it reduces agreements to the lowest common denominator; thus the System's ability to set, monitor and enforce strong standards is limited. In addition, taking decisions by consensus reduces the System's flexibility and nimbleness to take advantage of opportunities in a timely manner.

2.3. Accountability

Over time, the CGIAR has built a strong accountability framework, with various kinds of external reviews, an annual performance measurement system, reviews of Center programs and budgets, a systemwide internal audit framework, guidelines on finance and governance, etc. These are in addition to the internal accountability tools used by the Centers themselves and the review and reporting requirements of bilateral donors funding special projects. As a result, the CGIAR may have gone overboard in building its accountability mechanisms—perhaps as a reaction to lack of clear accountability of the Centers to the CGIAR. As autonomous institutions, the Centers are accountable to their ultimate beneficiaries (the poor in developing countries), their partners, host countries, staff, individual donors, and the Consultative Group. When an institution is accountable to so many, one begs a question whether it is accountable to any!

The WG considers that at least three areas require attention during the change management initiative:

- mutual accountabilities of Centers and donors
- governance of Centers and CPs
- the M&E system.

Mutual accountability of Centers and donors. While essentially all project obligations are documented by individual contracts, there is no system-wide *compact* between donors

and Centers showing obligations and accountabilities to each other. As a result, some donors resist covering the full cost of the projects they are financing and request that core resources be used to complement project funding and the Centers sometimes resist saying “no” to taking on projects that are secondary to the mission of the institute.

Perhaps more important, the shift of Centers’ funding from mainly unrestricted to mainly restricted funding has elevated the visibility of a *double accountability* phenomenon faced by the Centers. Briefly, the CGIAR demands accountability for 100 percent of a Center’s program (through its EPMRs and MTPs), while providing only 36 percent of its funding (as unrestricted resources). At the same time the Centers face a parallel demand for accountability from those who fund the special projects (the 64 percent.)

Governance of Centers and CPs. As noted earlier, Center governance has improved significantly over the last two decades and some Centers are quite advanced in terms of using best global practice. The same cannot be said about governance of CPs, which, in most cases, has become overly complex. In addition, there is weak accountability of the CPs to the CGIAR. In theory, CPs are accountable to the CGIAR through ExCo. In practice, ExCo has been quite passive in reinforcing this accountability. As a result, the CPs have become as autonomous (if not more autonomous) than the Centers.

The M&E system. One of the Center’s complaints is that they are over-reviewed, in part as a result of the double accountability phenomenon noted above. There is also the demand from the System for the Centers to conduct Center-Commissioned External Reviews (CCERs) as inputs to CGIAR external reviews. One possible result of this is that Centers see reviews more as a bureaucratic necessity, rather than a learning tool for organizational improvement. An overhaul of the M&E system from its commissioning to its follow-up seems to be in order.

2.4. Legitimacy

The CGIAR has been deeply concerned about questions of legitimacy from its very beginning, when it decided to invite representatives of developing countries to participate in the deliberations of the Consultative Group (which was then made up only of developed country, foundation and international organization members.) The practice was discontinued when several developing members joined the CG as fully fledged Members. Similarly, the compositions of TAC/SC and the Center Boards have always been decided with full attention to regional and South/North balances. The WG is aware of and applauds these sensitivities. Nevertheless, it has identified two issues that require further attention during the change management initiative:

- voices of partners/clients and beneficiaries
- conflicts of interest.

Voices of partners/clients and beneficiaries. The CGIAR’s major clients (developing country agricultural research institutions) have the opportunity to participate in the CGIAR’s decision-making forums (like AGM and ExCo), but, except for a few, their voices are not heard strongly in these forums. Their rates of attendance at CGIAR and

ExCo meetings are low, as is their participation in the discussions. There is also an uneven distribution among paying CGIAR Members, with very few Members from Sub-Saharan African countries that are the beneficiaries of half of the work of the System.

An additional concern relates to System and Center-level planning. Regional planning bodies are unevenly and inconsistently included in program planning.

*Conflicts of interest*⁵. There is a perception among some stakeholders that the CGIAR is a “conflicted system.” Practices that give rise to this concern include the following:

- The inclusion of donor and client representatives on center boards and the hiring of former donor representatives into leadership positions in the Centers create real or perceived conflicts of interest, complicating decision making and reducing credibility of Board decisions.
- The inclusion of a center representative as voting member on ExCo and other CGIAR governance structures creates a similar conflict of interest, reducing the credibility of system level decision making.
- The participation of the SC in system level decision making creates conflict of interest in making decisions on matters recommended by the SC.

In most of these cases the potential conflicts could be managed by adopting appropriate procedures. However, this does not fully eliminate the perceptions of conflict of interest that may exist in the minds of many.

⁵ “P has a conflict of interest if, and only if, (1) P is in a relationship with another requiring P to exercise judgment on the other’s behalf and (2) P has a (special) interest tending to interfere with the proper exercise of judgment in that relationship ... an interest is any influence, loyalty, concern, emotion, or other feature of a situation tending to make P’s judgment (in that situation) less reliable than it would normally be, without rendering P incompetent.” (Davis, M and Stark, A (eds) (2001) *Conflict of interest in the professions*, New York: Oxford.)

“A conflict of interest can occur when one’s ability to exercise judgment in one role is impaired by one’s obligations in another role or by the existence of an interest.” Sophia Drewnowski, *Identifying and Addressing Partnership Conflict of Interest in Global Programs and Partnerships* , World Bank 2007.

“Conflicts of interest can cause problems in three main ways:

1. The exercise of good judgment is an integral part of the role of any professional. Since conflicts of interest tend to affect the judgment of those in the conflict of interest situation, they are thus a problem for professionals.
2. A person whose judgment is clouded by a conflict of interest may be led into inappropriate or even illegal conduct.
3. The existence of a conflict of interest tends to create the appearance of bias even if the person with the conflict of interest acts completely impartially. If the person with a conflict of interest is the holder of a position of public trust, then the mere appearance of bias is a problem, since any holder of the public trust ought to appear to be (and indeed ought to *actually be*) strictly impartial in the discharge of their duties to the community.” Stephen Coleman, “*When conflicts of interest are an unavoidable problem*” Australian Association for Professional and Applied Ethics 12th Annual Conference, 28–30 September 2005, Adelaide.

Conclusions on Governance and Structure Issues

The issues identified above reflect a comparison of current CGIAR practice and arrangements against a *perfect* organization that is highly effective, efficient, accountable and legitimate. It may be unrealistic to expect the CGIAR to solve *all* of the problems noted. In fact, our review of the practices of the seven programs mentioned in Section 1 shows that they each suffer from some or other ills associated with effectiveness, efficiency, accountability or legitimacy.

The problem areas identified, therefore, serve more as goal posts for the CGIAR. As such, they can also serve as criteria in assessing options in governance or structure. This is the approach the Working Group took in comparing governance option in Section 4.6.

3. CGIAR Governance: Higher Order Questions

A key question needs to be answered before exploring options for CGIAR’s governance: *will there be a pooled, central fund that would need to be managed by or on behalf of the CGIAR and will this centrally managed fund represent a disproportionate share of total resources contributed by donors towards the System’s strategic objectives?* Absence of such a fund would imply that donors will continue to act independently, which will limit coordinated action in the direction of agreed goals—regardless of the governance model being used. Such a scenario will likely eliminate consideration of radical approaches to reform, in favor of making needed adjustments to the present governance model.

Our colleagues in WG4 (on funding) are proposing the establishment of such a fund:

“Working Group 4 proposes the development of a CGIAR Funding Facility that would offer a range of mechanisms to CGIAR donors wishing to support the work of the system. For unrestricted and attributed funding, a Cooperative Fund in support of CGIAR research (CF-CGIAR) is proposed to consolidate and allocate contributions to CGIAR System activities.”

With this in mind, three additional “higher order” questions on governance will need to be addressed before we can study options:

1. Should the CG governance mechanism remain as an informal body or should it be established as a formal, international non-profit organization?
2. In the future should the CGIAR funding go to programs or institutions or both (i.e., should the CGIAR’s “operating arm” be made up primarily of a set of institutions or programs, or both)?
3. What type of governance relationship should the CG governance mechanism have with its “operating arm?”

These questions are illustrated in Figure 1. We discuss below the key arguments on both sides of these choices.

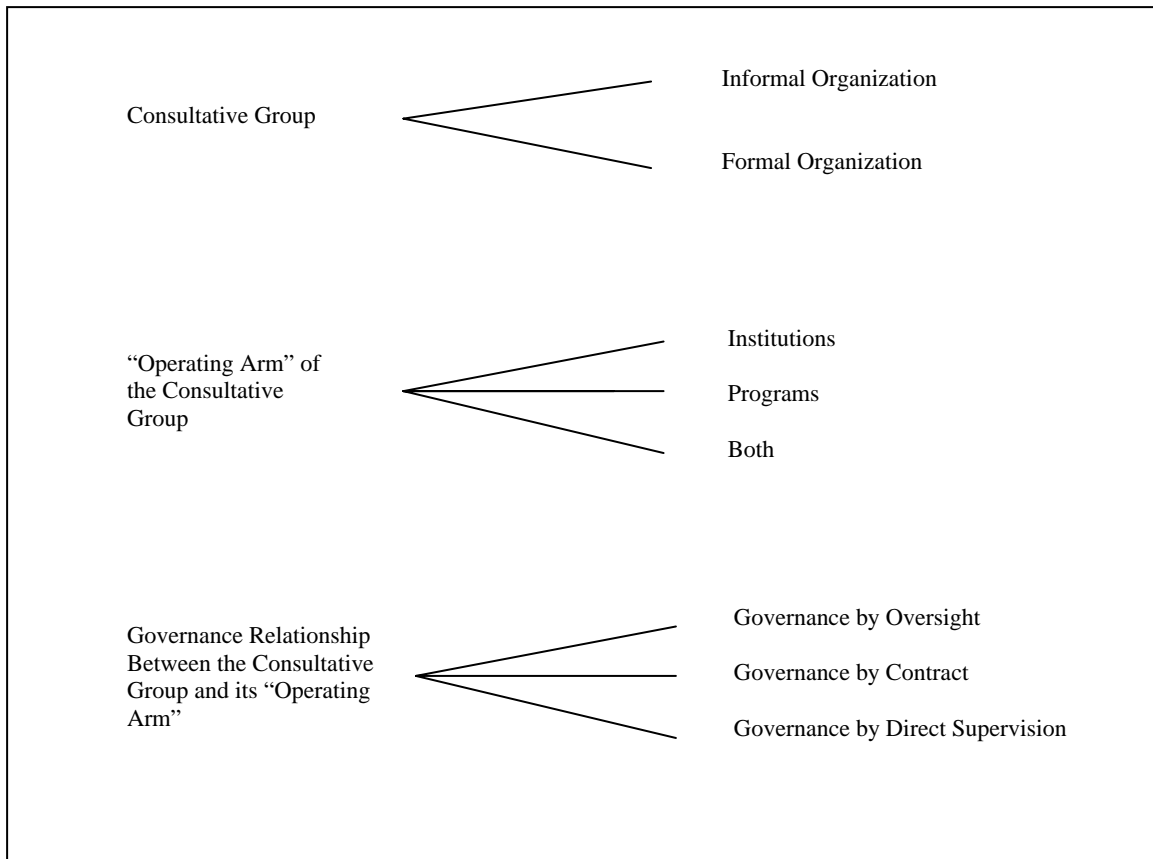
3.1. Formal vs. Informal

The Consultative Group was initially established as an informal organization when the size and complexity of the Group was relatively small. As the mission of the CGIAR broadened and the number of centers and donors multiplied, the efficiency and effectiveness of system’s informal operations came into question. The issue of formalizing the organization was raised time and time again during the last 20 years, with the conclusion of maintaining its informal nature. During the last 10 years two external evaluations (the Third System Review and the OED Meta Evaluation) recommended formalizing the CGIAR as a legally constituted entity. Both were rejected by the CGIAR. This reluctance to formalize the organization stemmed, in part, from the fear that the CG would lose its flexibility and turn into a formality-ridden international bureaucracy like some others. The issue needs a new examination because of increasing

evidence of inefficiency, changing sentiments in the donor community and the new demands being placed on the global international agricultural research system.

The case for maintaining CG as an informal organization. The term “consultative” in the name of the Group indicates the intention of its members, i.e., to consult with one another so that each can make its decisions in light of the views of others. Consensus decision making has enabled the Group to move forward, or at least maintain cohesiveness, even when it faced contentious issues. Donors have sovereignty in making their own decisions.

Figure 1: Exploring Governance Options -- A



At the same time there is a strong culture of cooperation in the Group, which has been established and nurtured over time, and enforced through moral suasion exercised by the chair. This means that a member usually goes along with the consensus view even when that differs somewhat from its own view. Consensus behavior is weakest regarding the use of donor funding.

Although the CG is informal, it operates quite formally in carrying out its operations. It has a Charter and has adopted procedures similar to those used by formal organizations. Despite its inability to sign contracts, the CG is able to conduct its business through its organs like ExCo, the Science Council, Secretariat, etc. Besides, its Secretariat has legal

status as a department of the World Bank and can act on behalf of the CG in a formal capacity through the CGIAR Chairman and Director.

As far as allocating funds from a central fund is concerned, an informal CG can do that through its existing committee structure (ExCo *ad hoc* Committee on Finance). The decisions of the Committee can be carried out (in a pure bank disbursement sense) through the World Bank Trust Fund. Clearly, this trust fund cannot be held accountable to donors for program performance under its current constitution. However, trust fund arrangements like this are not uncommon. There are several other global programs that operate in a similar fashion, without a formal oversight body (e.g., GEF).

The case for establishing the CG as a formal organization. The informal organization model has served the CG well in its initial years, when the CG's objectives were more limited, its organization less complex and when there were fewer actors in the international agricultural research scene. Now the CGIAR is close to a half-a-billion dollar enterprise, poised to become a billion dollar operation in the near-to-medium term. An operation this size requires a rule-based, transparent, and rigorously accountable formal body that can:

- act authoritatively in making and implementing decisions and reinforcing accountabilities, with less reliance on “the power of persuasion;”
- enter into and enforce contracts;
- delegate management authority to a professional group, instead of handling it through its own membership; and,
- have strong presence and be able to speak with one voice in global fora.

Formalizing its organization would enable the CG to elevate the voice of the System's clients, beneficiaries and stakeholders in its governance. “Partner/client and beneficiary voice” has been a missing element in the governance principles of the CGIAR, which have instead placed premium on “donor sovereignty” and “Center autonomy.” A new CGIAR governance mechanism can compensate for this weakness by building a stronger voice for these important stakeholders in formal policy-making.

Full formalization would require establishment of the CGIAR as an international non-profit organization (just like many of the Centers). This would require a formal agreement (treaty) between countries and/or international organizations that would define the purposes, activities, organs, etc. of the entity being created. Once it is created, the new entity would need to enter into an agreement with a host country or a host institution in order to operate. If the operating elements of the entity were to be housed in an institution (World Bank, FAO, UN and the like), they would benefit from the immunities and privileges that have been granted by the host country to that institution. If the operating elements were to be housed independently in a country, a separate host country agreement would be required.

Since the most important need for the CGIAR is its ability to operate independently (i.e., sign contracts, receive and disburse funds, hire and fire staff, etc), the agreement with the host country or the host institution is the most critical legal instrument. If the operating

elements of the new CGIAR entity were to be hosted by an existing international organization, full formalization of the CGIAR as described above may not be necessary—so long as the host international organization would be willing to enter into an agreement with an informal CGIAR. However, if the operating elements (offices and the like) were to function independently from any other organization in a country, full formalization as described above would be highly desirable (if not for any other reason, to provide an international personality to the new entity over and above what is granted by the host country.)

Alongside its advantages, there are also several disadvantages of setting up CGIAR as a formal organization, including loss of flexibility, creeping up of bureaucratic tendencies and rigidities, difficulty of catering to needs of diverse stakeholders scattered around the globe, etc.) These will need to be considered in weighing alternative governance options.

3.2. Program Support vs. Institution Support

Clearly, this is not an “either-or” question, as the CGIAR currently supports both institutions and programs. However, the arguments for supporting institutions versus programs need to be stated in order to understand the implications of future funding modalities on CGIAR governance. Simply put, the main question is whether donors should allocate their funds directly to institutions as implementing agencies (either through core or special project funding), or instead channel them directly to programs, which would be implemented by institutions using agreed criteria and principles.

The case for supporting institutions. The origin of the CGIAR is based on the belief that the best way of conducting science to solve challenging problems is through institutions that have the competencies needed to address such problems. Thus, IRRI and CIMMYT were established with the motto that one should assemble a team, a critical mass, made up of the best scientists to solve a problem, provide them with the resources they need to carry out their task, and leave them alone to do their job! Being under the same roof creates synergy that is hard to create through inter-institutional linkages. The experience has shown that one needs a long-term relationship with partners, both in developing and developed country research institutions, institutional memory that will allow work on problems that can take 10 – 20 years to solve, and a framework in which to ask questions about the long-term sustainability of practices (such as that of intensive irrigated rice systems in Asia or maize systems in Africa.) Program-based approaches usually do not allow such a long-term perspective.

Scientists need an institutional base to carry out their work. The Center system has enabled the CGIAR to remain an informal organization (and not own any assets or assume fiduciary responsibility) while “delegating” management of research to autonomous Centers that have separate legal personality. Over time, each Center has built competencies that are needed in the international agricultural research community and are hard to replicate. In many ways, they are *global assets* for agricultural development. In addition, each has become a *national asset* for the countries in which they are headquartered.

Most problems being tackled by the CGIAR require a long-term, on-site research effort, which is more efficient to implement through a separate institute dedicated to each class of problem. In fact, the research center is nothing more than an *anchor* for a set of programs. Therefore, when you support institutions, you are actually supporting a set of centre-related programs.

The case for supporting programs. Programs provide the most concrete and direct means of operationalizing CGIAR's strategic objectives. They reinforce results orientation. Most funders find them attractive because they are interested in results and because funding programs is easier to justify than funding institutions.

Adopting a programmatic approach was first advocated by the Conway Panel 15 years ago. Eight years later the Change Design and Management Team recommended a gradual shift towards funding programs by initiating Challenge Programs and gradually increasing funding to CPs to about half of the CGIAR's overall funding. Thus, funding programs is not a new concept for the CGIAR, and indeed has been consistently recommended by reform initiatives over the past two decades.

Institutional funding was necessary during the early decades of the CGIAR because there were very few alternative sources of supply for the research to be conducted. The institutional landscape has changed dramatically over the last two decades. There are now many competent national, regional and international research institutions in both developing and developed countries with capabilities that rival those of the Centers. Adopting a program funding approach would enable the CGIAR to take advantage of the entire spectrum of research suppliers—not just the institutes under the CGIAR umbrella. At the same time, if managed properly, program funding could reduce significantly the negative practice of individual centers directly competing with each other for donor attention and resources. Having said this, even with program funding, some centers may well be provided institutional support if they are uniquely positioned in the global landscape to deliver cost-effective results central to the system's strategic objectives.

In reality, CGIAR's institutional (=unrestricted) funding constitutes, on the average, only 36 percent of each Center's resources. The remaining 64 percent is in the form of funding tied to a project or program and this percentage has been increasing. The latter is mostly directed to project activities according to donor preferences, but it also includes project grants through competitive and peer reviewed processes in line with center priorities. However, unless the Center refuses to take on projects that are outside or quite tangential to its CGIAR-agreed research agenda, project funding could distort the integrity and effectiveness of the overall program. A large share of the unrestricted funding goes currently to finance the overhead, which serves as a disincentive to project donors to pay full costs of projects (especially if they are also providing unrestricted funding). A shift to program funding could eliminate such disincentives. As this is likely to require a central funding mechanism directed to priority programs, the challenge would be to attract sufficient donor contributions to such a mechanism, which will undoubtedly compromise donor sovereignty. It would also require an agreement on

highest priority program areas that indeed will deliver System impacts, an area that has caused much controversy in the past.

3.3. Alternative Governance Relationships

The Consultative Group can be linked with its “operating arm” in at least three forms of governance relationship: (1) the CG could provide *oversight* to the programs or institutions that make up its operating arm; (2) it could have a *contractual relationship* with the institutions carrying out agreed activities; or, (3) it could *manage* or *supervise directly* the programs and/or institutions.

The case for governance by oversight. This is the governance modality currently practiced in the CGIAR. As the CGIAR is not a formal body it cannot enter into contractual or other binding agreements with institutions or programs it supports. However, it has two equally strong powers that enable it to influence institutes or programs: the power of the purse and the power of persuasion.

Management of science should be left to those who are close to the problem (through autonomous Centers). An oversight relationship enables the CGIAR to leave the institutes alone in managing their science, with the understanding that they would need to maintain their excellence in order to receive continued funding. Assessment of excellence would be done through credible and agreed monitoring tools focusing on both *ex-post* and *ex-ante* performance.

Oversight as a governance tool becomes effective when it adds true value (eg significant amount of added finances or much improved exploitation of synergies), is financially self-sustaining, when there is good flow of relevant information, when the monitoring exercises have high credibility and are respected by supporters and members, and when significant amount of resources can be allocated or removed based on performance. Over time, the CGIAR has developed systems to monitor performance which is generally effective to manage World Bank funds, but it would have to be much more widely adopted by other supporters who now use their own unique performance criteria in making funding decisions.

The case for governance by contract. By definition, the CG would need to be a formal organization in order to govern by contract (because as an informal organization it cannot enter into legally binding agreements.) Though somewhat weaker, an alternative would be for the central CGIAR office housed in an international organization (a legally constituted entity) to sign contracts on behalf of the CG organization.

A contractual relationship clarifies mutual obligations and expectations, as well as rewards and sanctions, and brings transparency and clarity to a relationship. As the relationship is bounded by the contents of the contract, obligations do not extend beyond the contract’s scope. Its time-bound nature provides flexibility to both parties in terms of future association. Most important, contracts can reinforce performance as reaching certain performance targets can be made part of the contract, and can wield the allocation

or withholding of future funding as the carrot and stick to achieve compliance. When information flows are limited, the quality of monitoring and impact assessment is compromised by perverse incentives, and when the ability to rapidly reallocate resources among institutions based on performance is constrained by the perceived need to sustain institutions – conditions that align closely with the current CGIAR set up – contractual relationships become an attractive solution.

The case for governance by direct supervision. This is the most common governance form used in public and private organizations, where one institution is a direct subsidiary of another institution. In the case of the CG it is analogous to individual institutes in its operating arm to report directly to a CG Board. The relationship is hierarchical. The supervising entity has full legal control over the subsidiary entity, although in practice it might delegate some clearly defined decision powers to the management of these entities.

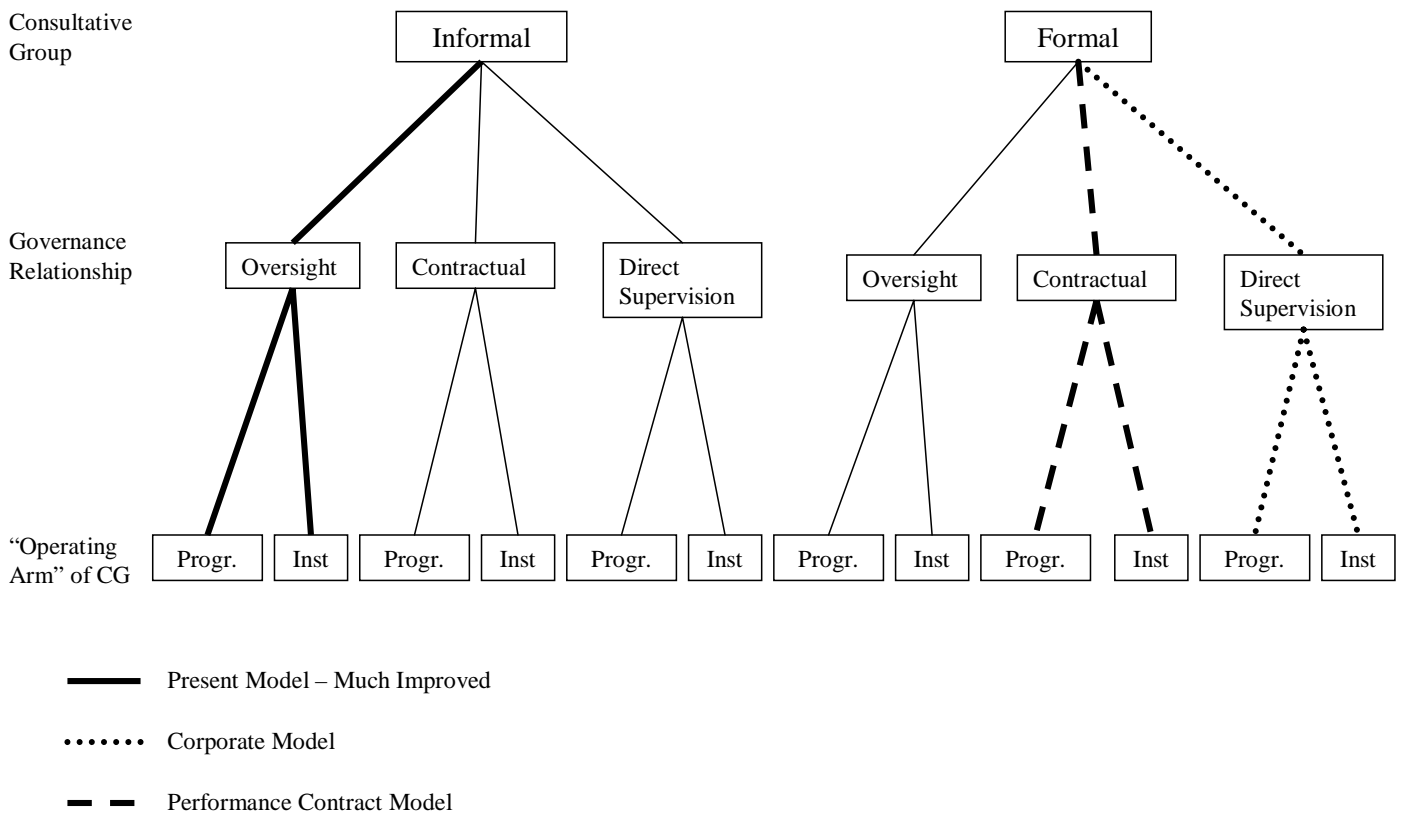
Also called “the corporate model,” governance by direct and empowered supervision provides the supervising entity full power to enact and implement policies and procedures that are applicable to all subsidiary bodies. An important implication of this is the opportunity to employ uniform policies in human resources, information and communication, administration, finance, etc. Another implication is the ability of the supervising entity to hire or fire the managers of the subsidiary units.

The fact that the supervising entity has control over subsidiary units does not mean that it would necessarily centralize all decision making, indeed this would very often prove counterproductive. The supervising body could delegate as much or as little authority to the subsidiary units. In the case of science organizations the likelihood is that the subsidiary institutes would maintain significant authority in managing science activities. At the same time, the supervising body could merge or otherwise bring under an integrated management a group of the subsidiary units when there is strong reason to do so, for example when there are strong economies of scale and/or when potential synergies are not being captured due to inadequate inter-institutional cooperation. This capability would facilitate restructuring the operating arm of the CGIAR through appropriate mergers or formation of *clusters* of institutes.

4. Governance Options

The three higher order questions considered above, plus the assumed availability of a significant centrally managed fund, provide a guide to the range of governance options that could be considered for the CGIAR. Simple juxtaposition of the choices on the three dimensions (informal vs. formal CG, funding programs vs. institutes, and alternative governance relationships) yields (2 x 2 x 3=) 12 theoretical governance options (Figure 2).

Figure 2: Exploring Governance Options -- B



Several of these are infeasible or unrealistic options, as illustrated by the following examples:

- An “informal” CGIAR would not be able to enter into contractual relationships, nor would it be empowered to provide direct supervision (because it would not have the legal authority to do so.)

- A “formal” CGIAR could use “oversight” as a means of governance, but it would probably achieve higher performance if it employed a stronger means (like “contractual”) and would have the ability to do so.
- By definition, a “formal” CGIAR could enter into contractual relationships only with institutions. It could employ a program funding approach only if the program was executed by one or more implementing institutions.

When the unrealistic or infeasible options are eliminated, three distinct types of options emerge:

Option 1: Present model—much improved

Option 2: Corporate model

Option 3: Performance contract model

Two clarifications are needed at this point. First, each of these generic models has variants that could be considered as sub-options under that model. For example, one could have 15 institutions or 4 or 5 clusters of institutions that make up the “operating arm” (see Section 5 on structural options). These sub-options have not been shown as different alternatives. Second, there are some options involving a different power sharing arrangement than the “pure” options noted above (such as the model preferred by the Alliance). These are discussed under “Other Options” in Section 4.4.

4.1. Option 1: Present Model—Much Improved

Under this option the basic elements of the present governance model would remain intact: the Consultative Group would remain an informal organization, the operating arm would be made up of a number of autonomous entities, governed by their respective Boards, and a set of Challenge Programs. The CG would continue to provide oversight to the CPs and the Centers.

The improvements to the model would aim at addressing specific governance and structure issues that were identified in Section 2 as factors limiting the CGIAR’s effectiveness. The WG considers the following changes as the most important for improving the current governance model.

1. ***Reducing the number of operating entities by forming clusters of Centers and/or through strategic mergers.*** There is wide agreement in the CGIAR community that having 15 autonomous units under the CGIAR umbrella creates inefficiency, limits integration of effort and reduces the CG’s effectiveness to work with partners. Previous attempts to encourage voluntary, bottom-up alignments of Center governance have failed.

When the voluntary, bottom-up strategy does not yield the desired result, the only option open to the CG is to use a top-down approach to generating structural change in the Center system. This could take two forms: (a) initiating mergers of Centers (in a manner similar to the ILCA-ILRAD merger to create ILRI); or (b) forming clusters of two or more Centers with complementary mandates. In either case, a clear and

compelling rationale needs to be developed that is based not only on efficiencies, but particularly on the effectiveness of the CGIAR to deliver impacts within the newly defined strategic objectives.

We address the question of structure in a preliminary manner in Section 5, including discussion of alternative approaches to restructuring the Center system and the advantages and disadvantages of forming clusters. Clearly, making final decisions on structure will require a more in-depth organizational study than what is possible in the current Change Management exercise. Although the WG is not in a position to make a specific restructuring recommendation, it is convinced that restructuring is necessary for enhancing the effectiveness and efficiency of the System. Otherwise the outcome of the Change Management initiative would be seen by many as “business as usual” in the CG. A reduction in the number of entities accountable to the CG would be seen as significant simplification.

Having clusters of Centers would also enable the CGIAR to delegate the oversight of Challenge Programs to appropriate cluster boards. For example, if one of the clusters was related to plant genetics, the Generation CP could be overseen by the Board of that cluster. The same would apply to the Water and Food CP if there was a cluster on research on natural resource management.

2. ***Allocating pooled CGIAR funds to support agreed strategic objectives and priority programs.*** Under this governance model the responsibility for allocating common CGIAR resources would reside with the *ad hoc* Finance Committee of ExCo composed of representatives of CGIAR Members. The effectiveness of ExCo and this committee would depend on the quality of the analysis, advice and support available. The SC would need to provide more specific advice on priorities among and within the strategic objectives, including greater resolution in both programmatic and geographical issues.
3. ***Redefining the Alliance and consolidating System support functions.*** The present Alliance model would need to be rethought under a reorganized Center system. As there would be fewer institutional entities, they may consider a different cooperative model than a federal structure. Whatever model is considered, the roles of the present CGIAR Secretariat, Alliance Office and other individual System Office units should be re-examined under the new System organizational arrangements and integrated or consolidated, as necessary, to improve synergy and increase cost-effectiveness. The SC Secretariat could also be made a part of a single support structure for the System depending on the future needs of the Science Council. To the extent that there is a concern, the Science Council, donor- and Center-support functions could be firewalled in order to avoid potential conflicts of interest when these functions are carried out in a unified, single support body.
4. ***A New Compact between the Members and the Centers.*** The mutual accountabilities of Centers and Members (to each other) will need to be drawn clearly and explicitly—both in regards to unrestricted and bilaterally-funded projects. This would

need to include Members agreeing to fund full costs of restricted projects. (See report of WG4) The *Compact* would also clarify what activities are appropriate for the Centers to engage in within the R to D continuum. Credible and politically acceptable means of monitoring and enforcing compliance would have to be developed.

5. ***Streamlining and refocusing the advisory functions.*** Having a central fund will elevate the Finance Committee's need for credible analysis and evidence on program priorities. This means that SC will need to play a stronger role analyzing System and institution/cluster strategies and program priorities. This will undoubtedly include, among others, genetic resource policies. Having two separate advisory committees (SC and GRPC) have served the CGIAR well because of the importance of genetic resource issues. To reduce fragmentation of advisory functions, in the future GRPC's work could be integrated with that of SC, perhaps initially as a separate committee working more closely with SC and later as an *ad hoc* committee of SC.

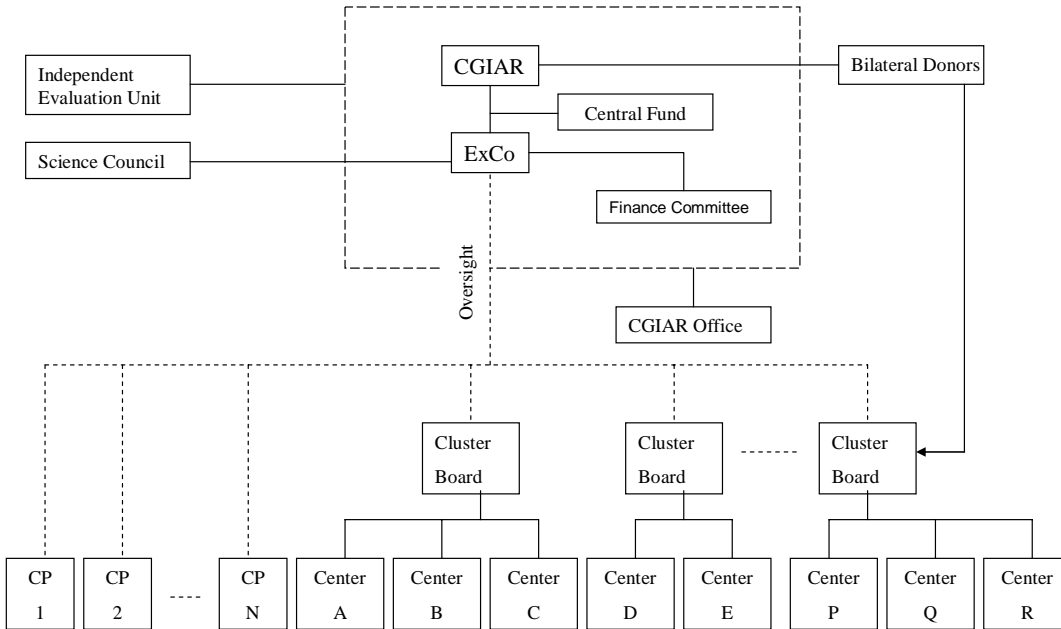
In the same vein, the CG should consider if the advisory committee format is the best way the System can help strengthen its relations with civil society and the private sector. Following the external review of partnership committees conducted in 2004 the CGIAR agreed to continue with the PSC for three more years and decide on further continuity based on the results of an evaluation. The WG suggests that the CG, in cooperation with PSC, conduct such an evaluation to develop a new strategy for strengthening research partnerships with the private sector.

Finally, the CG should consider separating *ex-ante* evaluation functions from *ex-post* evaluation. The cluster model and the common CGIAR fund will place new demands on the SC for analysis of future strategies and priorities. Separating the planning and oversight of the evaluation and impact assessment function from SC would free the Council from that management responsibility. In its place the CG could establish an *independent evaluation unit* responsible for all evaluations (including impact assessment) and performance assessments. This would enhance the professionalism of the evaluations conducted for the CG by having a dedicated group of experts perform the function. The SC would continue to be the first recipient of these evaluations. The experience of GEF, which recently established an independent evaluation unit, could be useful in this regard.

6. ***Reducing conflicts of interest and improving decision making and decision follow-up.*** The composition and procedures of CGIAR and ExCo will need to be examined to remove potential conflicts of interest and speed decision-making. Individuals in a conflict of interest situation should not have voting rights and, if they are needed in the Committee, should serve as non-voting members. ExCo has recently adopted new procedures for considering EPMRs which are in the direction of reducing bureaucracy. The same should be done for regular business matters requiring CGIAR's consideration.

(See Figure 3 for an illustration of Option 1.)

Option 1: Present Model with Improvements



4.2. Option 2: Corporate Model

Under this model, the CG would be incorporated as a formal body, with a Board and a Corporate Office (CGIAR Office) and with the Centers as subsidiaries reporting to the single Board. The Centers would no longer remain as fully autonomous institutions, as they would become part of a larger international entity. The model is illustrated in Figure 4 and the components are described below.

The new CGIAR would be incorporated as an international non-profit organization through an agreement between some of the Member countries and/or international organizations, using a procedure similar to that employed in the establishment or re-constitution of several CGIAR Centers. Whether it maintains its current name or not (the WG suggests that it doesn't), this new international entity would select a suitable headquarters location and negotiate/sign a headquarters agreement with the country hosting the headquarters. There would be some advantages in having the entity headquartered outside the USA, either in Europe or in a developing country. The principal organs of the new CGIAR would be the following:

1. *The Assembly*. This would be the highest decision forum (an *accountability forum*) of the CGIAR. It would be made up of Shareholder Members who meet a set of contribution criteria and a number of Invited Members who are appointed in order to expand the voice of the partners/clients and beneficiaries of CGIAR's products and

services. Regional and sub-regional organizations of national agricultural research systems should be given special consideration. The Assembly would hold an annual *global meeting* to review activities and finances, agree on future plans and policies, and to make appointments. The CGIAR could also organize *regional accountability forums*, perhaps on a biennial basis, and have their results feed into the global meeting.

2. *The Nominating Committee.* The Assembly would appoint a Nominating Committee to identify and recommend individuals to serve on the CGIAR Board. Board members would be appointed by the Assembly.
3. *The Board.* A professional Board would be empowered to carry out the CGIAR's business and would be accountable, individually and collectively, to the Assembly. It would be made up of 9-10 members, all appointed on the basis of their professional qualifications to manage a complex international enterprise like the CGIAR. Four of the Directors on the Board would be appointed on a full-time basis: a Chief Executive Officer and three Executive Directors who are part of the management team of the CGIAR. The remaining five Directors, including the Chair of the Board, would not be engaged with day-to-day management and would be appointed on a part-time basis (which could reach 25 percent for Directors and 50 percent for the Chair.) Each Executive Director would be assigned responsibility for overseeing a portfolio of programs or operations (such as CPs, regional operations, global centers, etc.)

The Board would have at least three standing committees: an Audit Committee, a Compensation Committee, whose members would be from among the non-executive members of the Board, and a Strategy Committee.

The Board would meet frequently (e.g., once a month) and would be responsible for the following:

- Developing/updating vision and strategy for the System;
 - Reviewing/approving unit strategies and business plans;
 - Developing CGIAR policies (some for approval by the Assembly);
 - Appointing/evaluating/replacing managers of CGIAR units;
 - Mobilizing resources and proposing allocation of pooled resources for approval by Shareholder Members;
 - Overseeing operations of the CGIAR and holding all CGIAR units accountable;
 - Representing the System.
4. *The Fund.* The central fund would be held in trust and would be administered by the World Bank (as a bank) or an alternative organization with the capacity to perform this function, based on instructions from the CGIAR Board.
 5. *The CGIAR Office.* The CGIAR System would be supported by a single "corporate office" headed by the CEO, who would be assisted by the Executive Directors. The functions of the central office would include providing support in the following:
 - corporate planning, priority setting and policy analysis;

- review of strategies, plans and budgets of operating units;
- monitoring the implementation of agreed operational plans;
- impact assessment and evaluation;
- corporate finance and resource mobilization:
- corporate communications;
- human resource policy and management;
- information and knowledge management
- legal
- meeting and administrative support.

6. *Science Advice and Independent Evaluation.* There would most likely be need for an advisory science committee that would assist the Board on science policy matters, before the Board takes decisions or makes proposals for approval by the Assembly. The specific functions of this science committee would depend on the strengths of the CGIAR Office in science matters and what could be done best in-house and the areas where the Board would need advice. In any event, the need is less likely to be in System management matters (such as review of program and budget plans) and more on issues of a strategic nature (such as program and geographic priorities). If the organization focuses on and is organized around major programmatic themes, there may also be the need for more specialized technical oversight committees constituted of world experts in the specific program areas. These technical committees would report to the advisory science committee which in turn would retain oversight of larger strategic issues such as thematic priority setting.

While the CGIAR Office could coordinate all evaluation activities (including external reviews and performance measurement), delegating these to an independent evaluation unit accountable to the Assembly would greatly enhance the credibility of the function.

7. *Operating Units.* What differentiates this option most from the other two options is the manner in which the operating units are linked with the Corporate Board. In the Corporate Model they are managed by the central Board as subsidiary units. The units would not have the same degree of autonomy as in the other two options. In fact, it is the authority of the central Board to supervise all operating units that would enhance the CGIAR's ability to operate as a *system* and enable integration and alignment among the Centers.

The transition to a full corporate structure would take time and would have to be carefully but purposively managed over an appropriate time frame, as each Center's legal status and circumstance is different and a workable solution will need to be found for each case. The process, however, would have to be transparent and conducted as expeditiously as possible so as to reduce uncertainty. For example, a Center like AfricaRice (WARDA) will present a particular challenge because of its intergovernmental nature. In any case, for the corporate model to work, each Center would need to become a division or subsidiary unit of the CGIAR. The CGIAR, through its Board, would exercise its authority to make key decisions about each unit,

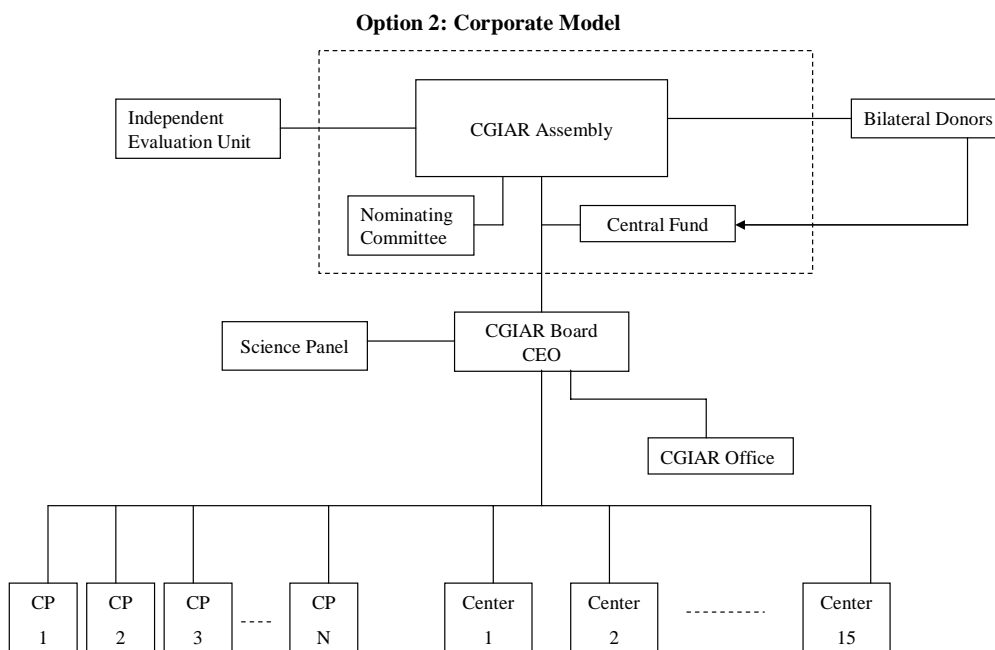
such as CEO appointments, executive salaries, HR, IPR, finance and other policies, forming clusters and mergers, etc. Using the principle of *subsidiarity*, each unit would have wide autonomy to manage its scientific operations, within the broad policy umbrella of the CGIAR, including planning, in consultation with partner institutions at the local and regional level.

The need for a separate Board for each Center would disappear, as the manager of each Center would be reporting directly to the Central Board. Instead, each Center could appoint a small team of external technical advisers to assist the manager in internal program matters. The managers of the operating units would meet frequently with the managing directors of the central Board as a collective *management group* of the CGIAR.

To repeat a comment made earlier in the report, the fact that the supervising entity has authority over subsidiary units does not mean that it would necessarily centralize all decision making, indeed this would prove counterproductive. In science organizations like the CGIAR, the subsidiary institutes would need to maintain significant (i.e., close to full) autonomy in managing science activities.

8. *Forming Clusters and Mergers.* The Corporate Model would enable the CGIAR to restructure its operating arm much more easily than in the other options. The Board would have first hand knowledge of the advantages and disadvantages of the assets under its control and would be able to make decisions on formation of clusters of institutes and on mergers or closures. In fact, the Managing Director arrangement would be a first step towards potential cluster formation—by having each Executive Director responsible for a portfolio made up of institutes that are strategically compatible.
9. *Challenge Programs.* Responsibility for supervision of the existing CPs would be with the central Board. CP coordinators would report directly to the Board (or the Managing Director responsible for the CPs). Alternatively, as noted under Option 1, supervision of a CP could be delegated to a cluster Board if the cluster's mandate encompasses the purpose of the CP. Governance and joint venture arrangements for future CPs could involve the CGIAR as a legal entity, including its operating units. Over time, the CP concept as currently practiced would be revisited by the Board, with the possibility of integrating CP operations more fully with the operations of subsidiary units.

(See Figure 4 for an illustration of Option 2.)



4.3. Option 3: Performance Contract Model

This option is essentially identical with Option 2 as far as the organization of the Consultative Group is concerned. It would have the same Assembly, a similar Board, central fund, advisory bodies, etc. There are two differences. First, the operating units are autonomous (like at present), either as clusters or single institutions. Second, instead of being its subsidiaries, the units are linked with the central Board through a performance contract.

The central Board would operationalize CG's strategic objectives and system priorities into a series of programs and targets that would need to be achieved in order to realize those objectives. It would then identify institutions or consortia that are best equipped to carry out each priority program, solicit proposals, and negotiate and sign performance contracts with these institutions. The current CGIAR Centers (or clusters of Centers) would be given priority consideration in implementing those programs that are most closely related to their core competencies and where more cost effective alternatives are not readily evident—at least during an initial transition period. However, even during the transition period, some contracts are likely to be given to non-CGIAR institutions based on their comparative advantages to perform the needed activities. Depending on the nature of the program, the Board may decide to use a competitive bidding scheme to identify the institution or consortium to be contracted to implement the program. The CGIAR would be essentially a global facility for supporting international agricultural

research programs through both a set of affiliated institutions (those that are part of the CGIAR System) and all other qualified institutions and consortia.

This model is essentially a program support model. Among these programs would be a set of core “heartland” programs requiring long-term support, which can best be carried out by a number of select Centers. The contracts with these institutions should make provision for institutional or exploratory research support that is over and above the support for the long-term program to be contracted with that Center. This is most likely where such a center occupies a unique, or uniquely strong, position in a critically important portion of the global research landscape for one or more of the CGIAR’s strategic objectives. In such cases, the rationale for institutional support would be to ensure continued viability of the Center to carry out the long-term program. Even those centers, however, would be encouraged to seek funding from non-CGIAR sources.

The Board, through its central CG Office, would be responsible for awarding the contracts and for monitoring their implementation. The terms of the contract would specify the performance targets to be reached by the implementing organization and the rewards and penalties associated with good and poor performance.

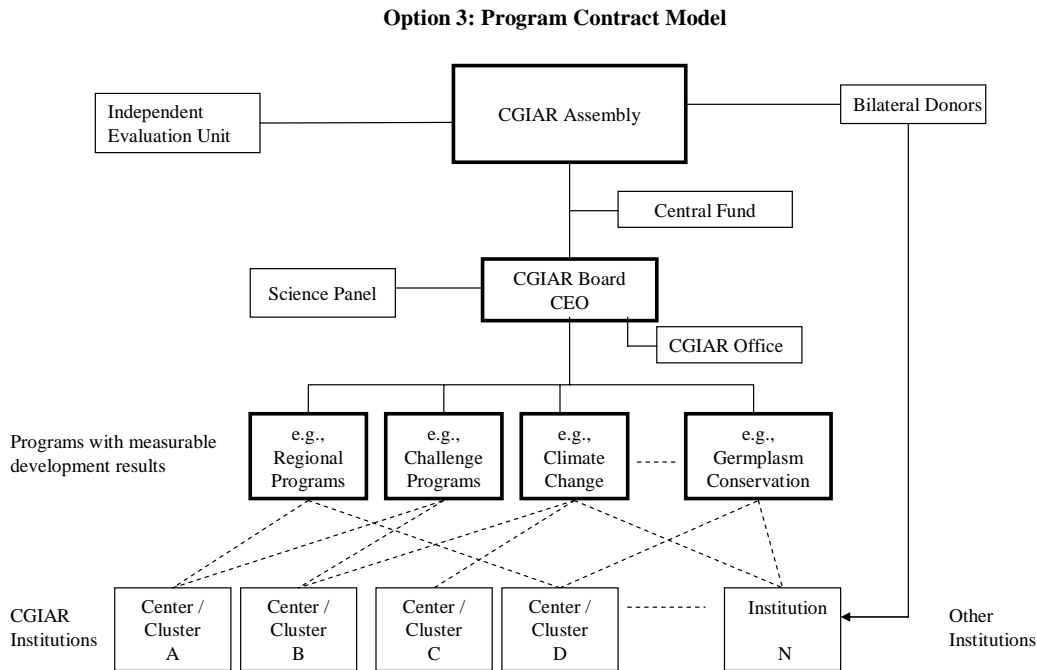
The functions of the *CGIAR Office* could be more limited than in Option 2. These would depend on the agreement reached with the Centers/ clusters that are part of the CGIAR System (i.e., those receiving institutional support over and above program support). Theoretically, the CGIAR would have no responsibility (or authority) to provide support services to ensure efficiency of individual centers’/clusters’ operations or administration. However, if the Centers/clusters and the CGIAR Board agree to have a unified support structure, an office similar to that in Option 2 could be created, with proper attention to the need for firewalls.

Centers/clusters would be free to take on other projects funded by CGIAR Members or other organizations. Their accountability to the CGIAR would be defined by the terms of the performance contract, which could include institutional performance targets as well as those for program performance. This would eliminate the potential for overlapping accountabilities. The mutual expectations would all be spelled out in the performance contract.

Challenge Programs would be supervised by the Board in the same manner as in Option 2. It is important to note is that this model is not simply an expansion of the Challenge Program approach. Challenge Programs have been created deliberately beyond the agendas of the CG centers and often rely on centers for their administration, in addition to their scientific contributions.

In many ways, Option 3 would enable the CGIAR to shift to a significant extent away from institutional support towards program support. It would also open the CG more fully towards becoming a more inclusive and pluralistic platform that could profoundly influence the greater international agricultural research community, while maintaining its “systemness.”

(See Figure 5 for an illustration of Option 3.)



4.4. Other Options

The Alliance has been discussing alternative options for the governance of the CGIAR system and has shared these with the Change Management team. The Alliance’s preferred option is described below (in the Working Group’s terms) and illustrated (as depicted by the Alliance) in Figure 6.

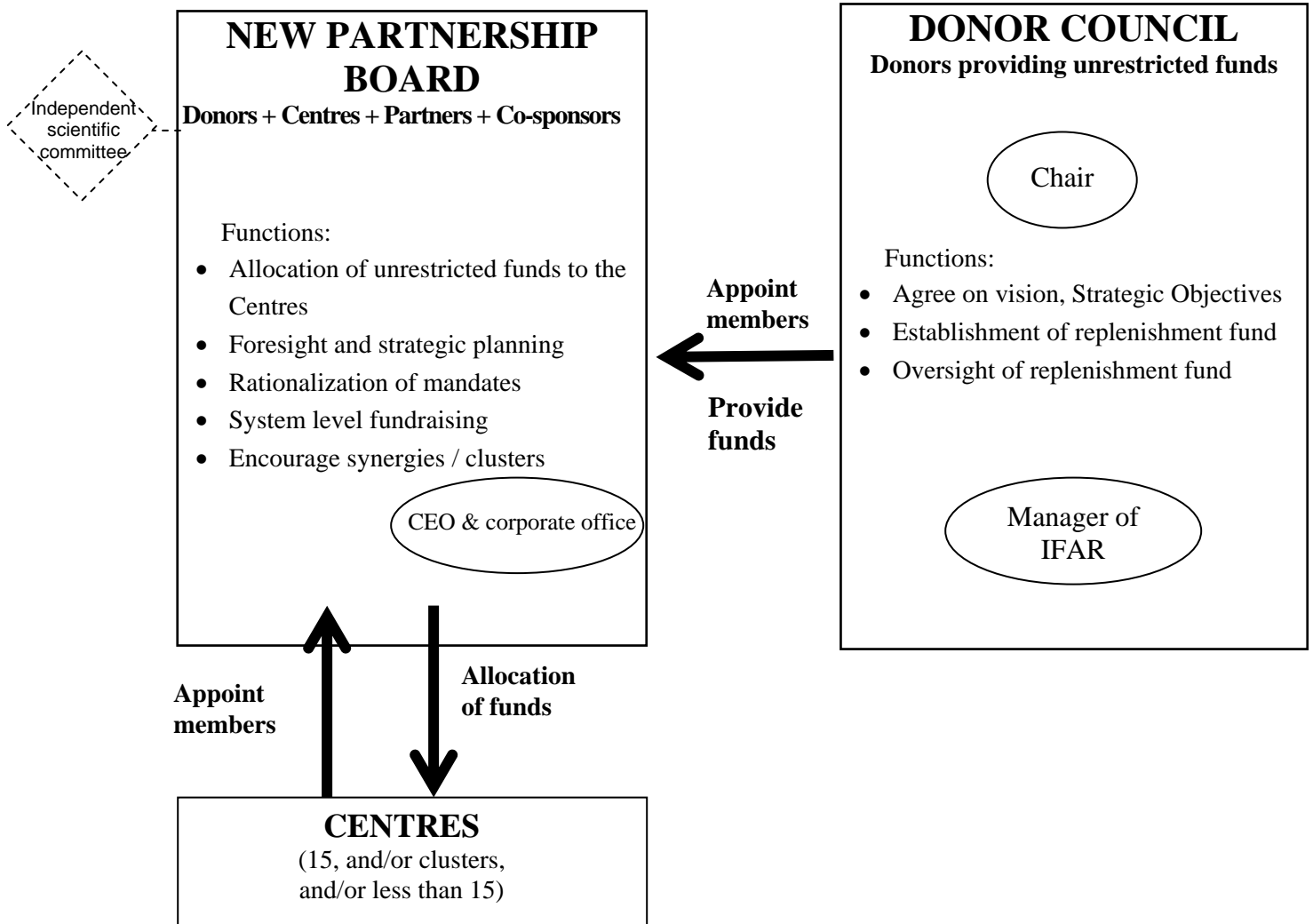
At first glance the *Alliance’s Preferred Scenario* has several features that are similar to the Corporate Model (Option 2 of the WG) described above:

- a collective fund
- a single board governing the operational arm of the CGIAR
- a single corporate office
- a science committee providing scientific advice
- Centers or clusters of Centers overseen by the Board.

There are, however, several major differences:

- There is no AGM. It is replaced by stakeholder consultations every three years.
- The Consultative Group is replaced by a Donor Council, the members of which contribute at least \$0.5m annually to the collective fund. Donors who contribute only restricted funds can attend the meetings of the Council as observers.

Figure 6. Governance Model Preferred by the Alliance



- The members of the Board are appointed by four groups: the Donor Council, the Centers, the Cosponsors and the partners. Re-appointment to a second term can be authorized only by the group that nominated the board member.
- The Board is accountable to donors, Centers and partners.
- The Board commissions all evaluations (instead of having them commissioned by a separate, independent evaluation unit)
- The Board appoints a CEO, who manages the corporate office.
- The Centers remain as autonomous international organizations (as in WG's Options 1 and 3) with their own individual governing boards. But these governing

boards delegate to the CG-level Board authority in two areas: setting of common policies and administration of common functions and services. (The Alliance document also mentions Centers delegating to the Board “issues regarding the rationalization of mandates.” As individual Centers themselves have no authority to rationalize other Center’s mandates, we assume the Alliance’s intent is to have all centers agree to abide by the decisions of the CG-level Board to re-allocate responsibilities among individual Centers.)

We comment on the Alliance’s preferred scenario as part of the comparison of all options in Section 4.6 below.

The Free Market Model was put out for discussion in the WG as the maximum “donor sovereignty” and “Center autonomy” arrangement. Under this model there would be no collective action by the donors and no CGIAR. Each donor would decide what to support individually. Similarly, each Center would have full freedom, without any restriction, to get engaged in any activity. The forces of the market would dictate who survives and what research is done. Mergers, alliances and consortia would all be formed based on market signals, both among the Centers and donors.

The WG did not favor this model because of it presents an anti-thesis of the objectives of the Change Management Initiative. The CM process was initiated with the assumption that the CGIAR would exist as a donor coordination mechanism; thus not having a CGIAR was not an alternative. Also, the free market model would eliminate all benefits gained from operating as a system.

Nevertheless, this model presents food for thought and could be useful in testing the more viable alternatives.

4.5 Commentary on the Options

The Working Group considers that all three principal options it identified are viable and present a marked improvement from the *status quo*. The comparison of the options, including the Alliance’s preferred scenario (in Section 4.6) shows how each addresses the most pressing governance problems faced by the CG at present.

In this section we provide a brief commentary on possible changes in CGIAR governance as a result of these reforms by addressing the following questions:

- What happens to *donor sovereignty*, *center autonomy*, *consensus decision-making*, and *independent technical advice* under the suggested options?
- How could the CG enter into a systematic dialogue with global actors in agricultural research that are not a part of the CGIAR community?
- What changes would be needed to improve Center governance if the System were to stay about the same?

CGIAR’s traditional governance principles. Table 1, below, summarizes the WG’s views on the implications of the governance options in terms of their consequences on the four principles that have dictated CGIAR governance since 1971.

Table 1. Implications of Governance Options on CGIAR’s Traditional Governance Principles

Principles	Option 1	Option 2	Option 3	Alliance’s Preferred Scenario
Donor sovereignty	Slightly reduced	Moderately reduced	Moderately reduced	Slightly reduced
Center autonomy	Remains same	Significantly reduced	Remains the same	Moderately reduced
Consensus decision making	Remains same	Replaced by new rules of the Assembly	Replaced by new rules of the Assembly	Not specified
Independent technical advice	New independent evaluation unit SC role same otherwise	New independent evaluation unit Science panel appointed by and reporting to new Board	New independent evaluation unit Science panel appointed by and reporting to new Board	Evaluations coordinated by new Board Independent science committee appointed by and reporting to new Board

A few observations: First, all options imply a reduction in donor sovereignty (because of delegation of resource allocation and oversight responsibilities to a board). Second, in the case of the Centers, three of the four options impose limits to their autonomy, with the Corporate Model presenting the ultimate reduction—although the real autonomy enjoyed would depend on how much is delegated to the institute level using the principle of subsidiarity. Third, consensus decision-making disappears in the two options that favor formalizing the organization of the CGIAR. Fourth, all options favor a separate arrangement for the evaluation function than maintaining it in the Science Council. The Science Council is replaced in all but one option by a panel or committee appointed by the Board. In these cases much of the scientific analysis is carried out by a strengthened corporate CGIAR office.

Need for a Supra-CG Forum on Agricultural R&D. The Working Group considers that there is a need for the CGIAR and other key actors in the global agricultural R&D scene to have a regular dialogue on the issues that confront them all. The CGIAR Assembly would, by definition, be primarily engaged with the CGIAR’s own business. Therefore,

the need would be for a *supra-CG* forum that would facilitate regular consultation among the leaders of major organizations engaged with agricultural R&D. These should include the Bill and Melinda Gates Foundation, other major global research networks (e.g., CIRAD, JIRCAS, NRI, etc.), major private sector and civil society organizations, and key developing country institutions such as Embrapa, CAAS (China), and ICAR (India). Such a *Consultative Forum on Agricultural R&D* could be facilitated by a renewed GFAR.

An alternative to a *supra-CG* forum would be regular bilateral dialogues between the CGIAR and other principal actors. Having a legally constituted CGIAR may lead to more fruitful engagements because of the existence of a renewed decision making authority.

Center/Cluster Governance. The Centers, individually or in clusters, would remain as autonomous international organizations under option 3. Under Option 1 they would enjoy a similar autonomy. In both these cases each Center/cluster would have a governing Board. The question is how different these boards would be from the current Boards in the CG System.

The answer to the question comes from the most recent reforms made (or about to be made in the case of CIAT) in the CGIAR. If each of the 15 Centers were to remain autonomous (Option 3), the directions of change made or being made by CIMMYT, WorldFish and CIAT could provide a recipe for the other Centers. The basic elements of reform in these Centers include the following:

- smaller boards (9 or less), with very few *ex-officio* and host country representatives;
- more strategic boards that can focus on all aspects of the institution, its health and future directions;
- strong expertise on financial and governance matters;
- reliance on advisory committees, if necessary, on specific program matters;
- more frequent meetings (including virtual meetings);
- more timely and relevant information; and,
- members who have no conflict of interest and who can devote the time needed to Board business.

These general rules would apply to Center as well as cluster boards. One major difference is that the oversight responsibility of the cluster boards would be bigger because of the size of the enterprise being managed. In this case a model similar to that suggested for the CGIAR Board may apply, i.e., a number of Executive Directors and a larger number of Non-Executive Directors. The latter would be expected to spend more than the current board members but less than what is recommended for the CGIAR Board.

4.6. Comparison of Governance Options

This section will be completed later. Table 2 on the next page provides an initial template for comparing the options.

Table 2. Comparison of Governance Options

Criteria	Option 1	Option 2	Option 3	Alliance Scenario
<i>Effectiveness</i>				
Operating as a System				
Partnerships with “the other 96 percent”				
Alignment of activities with strategic objectives and priorities				
Attracting and retaining best scientists				
<i>Efficiency</i>				
Organizational complexity				
Resource allocation				
Decision making and follow-up				
<i>Accountability</i>				
Mutual accountability of Centers and donors				
Governance of Centers and CPs				
The M&E system				
<i>Legitimacy</i>				
Voices of partners/clients and beneficiaries				
Conflicts of interest				
<i>Transparency and openness</i>				
<i>Inventiveness (potential to innovate)</i>				
<i>Transition costs (for implementing the option)</i>				

5. Structure Options

5.1. Background

A review of the CGIAR's handling of organizational structure matters over the last two decades shows that this issue has always been a "hot potato" for the System. When an idea was put forward or a recommendation made the System has always found a reason not to consider or pursue it.

The first major restructuring scenario was developed by TAC in 1993-94, at the request of the CGIAR, when the system was experiencing a financial crisis and restructuring the Centers was seen as the only viable response. Leadership change in 1994 moved the goalposts from shrinking the System to expanding its resource base. Therefore, the TAC recommendations on restructuring never saw the light of day.

The next set of recommendations on structure had a similar fate. Neither the Conway Panel report (which laid out a vision to move towards a program-based approach) nor the Oversight Committee paper (which raised a single board or a divisionalized structure as two ways to move towards more centralized management of the Centers) received much attention. These came at a time when the System was focused on improving stability, and restructuring was seen as a destabilizing move.

The Third System Review bypassed the structure issue (suggesting that a separate management study should be conducted on it). Next came the proposal to form a federation of Centers, which took the restructuring issue off the table for a while, but when the proposal was not supported by the CGIAR, restructuring was put back on the table (for a Change Design and Management Team to handle.)

This time it was the CDMT that took the restructuring question off the table, arguing that the reforms it recommended (such as moving to a programmatic approach through challenge programs) would induce restructuring of the Centers over time (through the marketplace). However, the marketplace (of Centers) was not inclined towards *mergers* or forming *clusters* (at least until now), despite the incentives for doing so offered by the CGIAR.

The CDMT had recommended that if the *evolutionary approach* to restructuring did not work, the CGIAR should use a *direct approach*, i.e., take action directed at reducing the number of operating units. The CGIAR decided to approach this in a piecemeal fashion, starting with its operations geared towards Sub-Saharan Africa. For years, the CGIAR's NARS partners in SSA had been urging the System to streamline its organization so that they (NARS) would not have to confront so many different research organizations at the same time. The CGIAR Task Forces on SSA came out with some restructuring recommendations, which faced resistance in the System—showing that handling structure in a piecemeal manner (i.e., region by region or without an overall game plan) would not lead to a solution acceptable to all.

This is where the System finds itself in 2008, with no consensus solution to the organizational structure issue in hand, but with a determined effort to address it head-on during the Change Management Initiative.

5.2 What Worked in the Past and Why

The System went through a partial re-organization in 1993, when four Centers were merged into two, and in 2004 when one Center was closed, with some of its programs transferred to another Center. In each case:

- *There was a compelling rationale.* In the ILCA-ILRAD merger, the declining funding for livestock research reduced the viability of maintaining two separate Centers. In the case of INIBAP, the newly admitted network/center was too small to remain as a separate unit. In the case of ISNAR it was the performance problems that prompted action by the CGIAR.
- *There was relatively strong consensus within the CGIAR for the action taken.* In some cases it took some time for the consensus to develop. Either the CG Chair or committee (like the Oversight Committee or ExCo) or some individual Members took the lead in building the consensus.
- *The CGIAR entrusted a task force or working group to explore the options in detail.* Usually led by a CG Member, the TF approach enabled interaction with all key stakeholders, as well as helping build consensus around a common solution.

The introduction of Challenge Programs was another structural change in the operational arm of the CGIAR. This, too, was possible because of the effort made to develop a strong rationale for a programmatic approach, support from the CGIAR leadership and some Members who favored a programmatic approach, and the financial backing offered by the World Bank.

By implication, the ideas and proposals that did not go forward were either:

- untimely (something more important was going on);
- not well argued (just suggested options but were not specific enough for people to see the consequences);
- involved a re-distribution of power (there were some winners and some losers);
- not fully backed by the CGIAR leadership; or,
- resisted by the Centers and their supporters, including the host countries.⁶

All of the successful re-organizations that took place in the past were top-down, backed with strong rationale. There were no successful bottom-up mergers or reorganizations that changed the power structure—even when incentives were offered by ExCo to Centers agreeing to align their programs, governance or administration.

⁶ An example for the host country reaction is the strong opposition of the CGIAR Member from India to the recommendation of the external review of ICRISAT about the Center's headquarters location without any consultation with the host country.

5.3 Structure Scenarios Proposed in the Past

TAC, 1994. The 1994 TAC study saw the future structure of the CGIAR to be based on two types of responsibilities: *global* and *regional/ecoregional*, as described below.

“The global mechanisms would focus on strategic research on germplasm enhancement of the important commodities or on subject-matter areas. These mechanisms would be highly focused and relatively smaller than current IARCs with global mandates. Regional/ecoregional mechanisms would concentrate on strategic and applied research on natural resources management, production systems, and commodity improvement, and provide an essential link to achieving the long-term vision.”

TAC saw a need, then, for at least seven global efforts:

- genetic resources
- cereals
- roots and tubers
- livestock
- aquatic resources management
- forestry and agroforestry
- public policy and public management

Complementing these were five regional mechanisms which, in TAC’s opinion, provide a balanced blend of geography and overriding ecological constraints:

- West and Central Africa
- East and Southern Africa
- Latin America
- Arid and semi-arid Asia, West Asia and North Africa (WANA)
- Humid and sub-humid areas of Asia

Conway, 1994. The *Vision Panel* headed by Gordon Conway saw the CGIAR using a program-based approach in the future, with two types of programs:

- Global Programs (responsible for addressing strategic research problems of international significance)
- Regional Action Programs (responsible for addressing specific sustainable production problems faced in significant geographic regions)

The Panel envisaged three types of global programs:

- Long-term, center based programs (e.g., resolving problems of increased food production)
- Multi-center programs (e.g., conservation, characterization and evaluation of selected germplasm)
- Collaborative strategic research programs (e.g., decline in yields of major cereals in intensively cropped, cereal-based systems).

Change Design and Management Team, 2001. The CDMT promoted the idea of forming clusters of Centers, but did not recommend any specific clustering arrangement. It provided an illustrative list of clusters as shown below:

An illustrative list of clusters (CDMT, 2001):

IFPRI, IPGRI, ISNAR and IWMI;
WARDA, IITA and ICRISAT-Africa;
CIFOR and ICRAF;
CIMMYT and IRRI;
ICARDA and ICRISAT-Asia.
CIAT and CIP

CGIAR SSA Task Forces, 2005. These task forces were formed to examine programmatic and structural alignment of all CGIAR activities in SSA. The TFs recommended that the CGIAR should “agree, in principle, to consolidate all CGIAR Centers and activities into one global corporate entity. As a first step towards this, they further recommended to consolidate all Centers headquartered in SSA into two entities: one in West and Central Africa (with IITA and WARDA), the other in East and Southern Africa (ICRAF and ILRI). A joint board model was suggested for IITA and WARDA, and a cluster model for ICRAF and ILRI.

The Alliance, 2007 and 2008. The Alliance of CGIAR Centers presented a statement on “The Way Forward for the CGIAR System” at the ExCo meeting in Madrid (May 2007), which summarized the Alliance’s ideas on new approaches and structures of operation. These included an “Alliance-owned umbrella holding” that foresaw the possibility of having the 15 Centers “evolve into a cluster of say, 5 to 7 functional units to streamline activities and services.” Two other models were suggested; one that called for a “rule based and strengthened Alliance of Centers” and the other a centralized corporate entity called “International Fund for Agricultural Research—IFAR”, with the Centers as its operating units—though with reduced autonomy. The Alliance did not offer any alternative clusters of Centers.

In 2008, the Alliance presented similar ideas on governance and structure, as part of the Change Management Initiative. In its position paper entitled “A Renewed Partnership for the CGIAR in the 21st Century,” the Alliance offered three options on governance and structure. In each of the options the Centers were described as “15, and/or clusters, and/or less than 15.” The Alliance’s preferred option envisaged a corporate CGIAR Board, under which the Centres may “re-organise into clusters, and/or engage in mergers, as per the analyses of the Board.”

In conclusion, the idea of forming clusters of Centers has been seen as a convenient way of bringing about consolidation of operating entities within the CGIAR. The idea has been supported by donors, Centers as well as external observers. The challenge has been to identify a specific configuration that would be agreeable to the Centers and donors.

WG3 suggests that the CGIAR community discuss clustering alternatives openly so that the advantages and disadvantages of all reasonable clustering options could be understood fully. The purpose of this section is to further the thinking and discussion on this topic.

What is a “Cluster?”

The term “cluster” was coined by the CDMT. It refers to a grouping of two or more Centers that are governed by the same board. The CEO of each Center within a cluster reports directly to the cluster board. Depending on need, a small group of external technical advisors could be appointed to support the CEO of each Center on scientific matters. All major policy decisions regarding the Centers in the cluster are made by the cluster board, which would have the same legal authority and powers as the current Center Boards. A cluster board would have the authority to re-arrange the functions and responsibilities of the Centers under its management (including mergers). If an overarching authority (such as a CGIAR Board) was to form the clusters, it could add new functions to the entire cluster, over and above the functions of the Centers within the cluster.

From a procedural standpoint, cluster formation could be accomplished through a bottom-up or a top-down approach. In the former, the Centers forming a cluster would establish the new entity and their boards would transfer their powers to the new Board. The headquarters agreement of each Center may need to be re-drawn (as an agreement between the host country and the new entity.) In the top-down approach, the CGIAR, through some of its members, would establish a new entity, with a Board. This Board would enter into agreements with each Center Board within the cluster about transfer of power, and with each host country about a new host country agreement.

Several variations of this overall model are possible. For example, each Center within a cluster could have a small “Board of Management,” appointed by the Cluster Board. Such an arrangement would, of course, add another organizational layer, which may not be preferred. Also, the Centers within a cluster would most likely enjoy much of the same autonomy they now have—although this would be a matter to be decided by the cluster board.

If the 15 Centers were organized under 5 clusters, the CGIAR funds would be channeled to 5 institutions, instead of the present 15. The number of governing board members would also be reduced by two-thirds, assuming boards of the same size.

Advantages and disadvantages of clusters. Forming clusters can enhance the effectiveness and efficiency of the CGIAR. Increases in effectiveness would depend on the strategic complementarity of the Centers within a cluster, as clustering would facilitate programmatic alignment among the Centers within the cluster (facilitated by the common board). It would also reduce duplication. For example, a clustering of cereal centers would create the possibility of closely aligning (if not combining) functions such as biotechnology, bioinformatics, pre-breeding, and some actual breeding among the Centers within the cluster.

Efficiency gains would result from having a single board, integrated administrative and research support systems (e.g., IT, HR, purchasing, travel, etc), streamlined field offices, streamlined linkages with partners, and so on. Having a larger number of scientists could enable the cluster to reach critical mass needed in some disciplines and allow sharing of rare specialties among the centers in the cluster. There could be additional benefits resulting from economies of scale (such as having a stronger voice in the scientific

community). There could also be financial advantages because of the opportunity for the common board to manage a larger pool of resources, thereby enabling it to protect individual centers from the vagaries of financial instability.

A major disadvantage of clustering would be probable loss of some flexibility. Like in all large organizations there would also be a risk of bureaucratization. In other words, the centers would begin to lose the advantages provided by being small (unless there is significant decentralization of authority to the individual centers in the cluster.) There is also the likelihood of losing (in the long term) the brand names of individual Centers that are part of a cluster, if this issue is not managed well. The loss of brand names may also have implications for bilateral funding and for science collaborations, as well as for recruitment.

5.4 Two Approaches to Restructuring

The WG considers that the CGIAR could use two alternative approaches to restructuring the Center system:

- agree first on a broad *architecture* for the System and then drill down to explore the organizational changes necessary give shape to the new architecture;
- start first with the individual Centers and explore complementarities of each Center with all the other Centers in order to identify win-win combinations that could lead to identification of possible clusters.

One could also use both approaches in order to compare the results against each other and, in an iterative fashion, generate on a modified configuration.

A New Organizational Architecture for the System. If one is to take lesson from the structure scenarios proposed in the past, the organizational architecture that would best fit the CGIAR is one in which the CGIAR institutions would be grouped into two: *regional entities* and *global entities*. This was recommended by TAC and the Conway Panel 14 years ago and was implicitly suggested by the recommendations of the CGIAR SSA Task Forces in 2005.

The need for the CGIAR to pay focused attention to developing county regions is highlighted also by the new CGIAR vision (WG1). Reasons:

- There are major differences among the developing country regions in terms of their needs, capacity, culture, institutional make-up, etc. This increases the need for a CGIAR focal point in each developing country region.
- As the CG Vision Paper notes: “With the development of markets and integrated supply chains, innovation becomes less driven by science (supply side) and more by markets (demand side).” The CG needs institutions that are close to these markets and are in constant interaction with the market actors.
- Enhancing the relevance of the CGIAR’s work for its partners, clients, beneficiaries can best be done through joint planning. It is more efficient for

the CGIAR to participate in joint planning through regional CGIAR institutions.

- One of the new functions of the CGIAR of the future (emphasized in the new vision) is its catalyzing role—especially in the transformation of research into development outcomes and impacts. Much of this would need to be performed by institutions that are close to the partners in the regions. The same can be said about capacity building—another role emphasized in the new vision.

The CGIAR already has centers with regional “mandates” and also centers with global mandates. However, there is no clear-cut division of Centers as “global” and “regional.” This is because practically each Center has freedom to operate anywhere in the world, leading to the confused regional responsibility map that exists today. Complicating this further, some centers also have global “ecoregional” mandates that span several different geographic regions. Some examples:

- ICRISAT has global mandate on some crops (like millet, sorghum, pigeonpea), shares a global mandate on chickpea research with ICARDA, has a global mandate on the semi-arid tropics (covering Asia, Africa and Latin America).
- IITA has a global mandate on some crops (e.g., yam), shares a global mandate on cassava with CIAT, has a mandate for humid tropics of Africa, as well as for breeding of banana.
- ICARDA has a regional mandate for the WANA region, an ecoregional mandate for research on dry areas, a global mandate on barley, lentil and faba bean, a shared global mandate on chickpea (with ICRISAT), a regional mandate for on research wheat and durum wheat.

The “culprit” for this complicated landscape is not just the CGIAR (which saw it convenient to have Centers play dual global-regional roles), also some Center Boards which decided to expand the original responsibilities of the Center by “annexing” new responsibilities, often without the explicit approval of the CGIAR. Examples:

- CIP’s original mandate was to work on the potato. It expanded its mandate by adding sweet potato into its portfolio. It also decided to take on additional responsibilities (e.g., mountain regions, Andean region, urban agriculture).
- WARDA was originally set up for research and development on rice in West Africa. It has expanded its coverage to all of Africa and changed its name to reflect this.
- The break-up of the Soviet Union provided opportunities for all the Centers to work in the Central Asia and the Caucuses (CAC) region. ICARDA decided to take overall regional responsibility for this area, redefining its regional coverage from WANA to CWANA (the “C” reflecting CWANA).
- IWMI started as an “irrigation management” institute, after joining the CGIAR broadened its mandate to water management and later to water and land management after absorbing IBSRAM.

These are but few examples. A careful examination of the current responsibilities of each Center would reveal the opportunistic manner in which autonomous institutions, with the support of some donors, have redrawn the responsibility map in the CGIAR.

In light of this complicated and confusing division of responsibilities it is not easy to pinpoint Centers that can serve as the key CGIAR interface in each region, without rationalizing some of the conflicting responsibilities. It is also not entirely clear how one should define the developing country regions, especially in Africa and Asia. Should there be one CGIAR regional Center in Africa, or two (as suggested by the SSA Task Forces)? Same question for Asia: Should there be different focal Centers for SE Asia and South Asia?

The same is true for global responsibilities, as the examples given above illustrate.

The WG feels that these are second order questions. The first order question is whether the CG should clearly define its overall architecture as a set of global and another set of regional institutions. In this connection, *there is compelling rationale, strengthened by the new vision, to identify a set of CG institutions as regional centers and another set as global institutions.* The roles of the “new” CGIAR, as described by the Vision WG, can be performed most effectively if there is a clear division of labor between two sets of CG institutions: global and regional, as illustrated in Table 3 below.

Table 3. Possible Responsibilities of Global and Regional CGIAR Institutions

Core Role/Function	Global Institutions	Regional Institutions
Research for development	-- Global public goods creation	-- Regional public goods creation -- Use of GPGs in regions
Conserving core collections of germplasm and knowledge	-- Global genebank maintenance -- Characterizing, enhancing genetic material -- Global databases	-- Regional genebank maintenance -- Germplasm collection -- Use of material from Global Centers
Catalyzing research and innovation	-- Global R&D networks -- Global technical facilities -- Facilitating scaling up of technologies	-- Regional R&D networks -- Regional technical facilities -- Stewardship of GPGs and RPGs
Awareness raising, including anticipation/foresight	-- Analyses of global issues (e.g., climate change) -- Global advocacy	-- Analyses of regional issues and regional implications of global issues --Raising awareness of regional policy makers and the public
Support for policy and decision making	-- Global policy research -- Development of decision support tools	-- Policy research on regional issues; translation of global res. -- Use of decision support tools
Capacity strengthening	-- Development of capacity strengthening tools -- Training trainers	-- Regional capacity building programs -- Advisory services

If the CGIAR were to restructure its operations along the lines of the above organizational architecture, there are some leading candidate institutions or groups of institutions that can play on or the other role.

Possible Regional CGIAR Entities. Assuming the broadest definition of regions, the most apparent regional responsibilities would be as follows:

Sub-Saharan Africa	: IITA
Latin America & Caribbean	: CIAT
CWANA	: ICARDA

This leaves an uncertainty for Asia, where ICRISAT would be the strongest candidate for South Asia. The situation is less clear for SE Asia, where IRRI is the major player, which is also one of the strongest Centers for global research.

Possible Global CGIAR Entities. Leaving the above Centers aside (including ICRISAT), the simplest way the CGIAR could cluster its Centers with primarily global mandates would be to organize them along the lines of the new strategic objectives:

Food production and productivity	: IRRI, CIMMYT, CIP, ILRI, WorldFish, AfricaRice
Natural resources and biodiversity	: IWMI, CIFOR, ICRAF, Bioversity
Policies and institutions	: IFPRI

The above is a “pure” allocation of Centers to strategic objectives. A few adjustments could be made depending on additional technical analysis. For example, Bioversity could be considered as a global policy and institution center in the area of genetic resources and could be paired with IFPRI. Other constellations are also possible.

A second way in which the CGIAR could re-arrange its Centers with primarily global mandates would be to organize them along the lines of the complementarity of their principal research focus. A possible scenario:

Cereals	: IRRI, CIMMYT, AfricaRice plus programs from ICRISAT and ICARDA
Pulse and oilseed legumes	: The three key Centers (ICRISAT, ICARDA, CIAT) are also key candidates for regional entities
Root & tuber crops	: CIP plus programs from CIAT and IITA
Animals	: ILRI, WorldFish
Natural resource management:	IWMI, CIFOR, ICRAF
Policies and institutions	: IFPRI and Bioversity

In the first scenario above, the CGIAR would have 4 regional entities and 3 global entities. In the second scenario, it would have 4 regional and 5 global entities (assuming global responsibility for pulse and oilseed legumes would be shared through some formula among ICRISAT, ICARDA and CIAT.) In either case, the architecture would present a leaner and more purposive organization than at present.

The WG assumes that the global configurations would imply forming clusters of existing Centers. The boards of each cluster would make special arrangements with the regional entities for the global programs currently managed by them (either through contracts or by transfer of responsibility to the global entity.)

Center-by-Center Analysis. The second approach to restructuring starts with examining the complementarities among the existing Centers. For this, the WG considered the *strategic fit* between all pairs of Centers and identified the pairs with the best and the second best fit. Here, strategic fit refers to the complementarity of the business cases of the two Centers. They could be complementary because of similarity of research (IRRI and WARDA) or because the two Centers conduct research on two separate dimensions of the same problem (CIFOR and ICRAF). These are summarized in Table 4.

A quick examination of Table 1 shows that there is strong complementarity among some pairs of Centers, with reciprocal “best fit.” These include the following:

CIFOR and ICRAF
IRRI and AfricaRice
CIP and CIAT
ICARDA and ICRISAT
IFPRI and Bioversity
ILRI and WorldFish

The “fit” is strongest among the pairs on the top of the list than those in the bottom. Nevertheless, the list suggests starting points for possible clustering of the existing Centers and also possible adjustments that could be made to the scenarios on global and regional entities, if the CGIAR decides to move in that direction. For example, bringing ICRISAT and ICARDA under the governance of one Board would produce an entity that covers Asia as well as arid and semi-arid regions and would reduce the number of regional entities from 4 to 3.

There is also the possibility of forming a cluster that would bring a (primarily) regional Center under the same roof with a (primarily) commodity Center. For example, the CIP-CIAT combination would integrate both regional responsibility for LAC and global responsibility in root and tuber crops. This arrangement would maintain the original concept of blending regional/ecoregional and commodity responsibilities (like in the cases of ICARDA, ICRISAT, IITA and CIAT), at a broader level than these individual centers. This approach may actually yield fewer entities/clusters than the earlier configurations mentioned above. An example follows:

Table 2. Strategic Fit Among Pairs of CGIAR Centers

Center	Best Fit	Second Best Fit
Africa Rice	IRRI	IITA
Bioversity	IFPRI	Large crop Center with major genebank
CIAT	CIP	IITA
CIFOR	ICRAF	IFPRI
CIMMYT	IRRI	ICARDA
CIP	CIAT	IITA
ICARDA	ICRISAT	CIMMYT
ICRISAT	ICARDA	IITA
IFPRI	Bioversity	CIFOR/IWMI
IITA	CIAT	ICRISAT
ILRI	WorldFish	CIAT/ICARDA
IRRI	Africa Rice	CIMMYT
IWMI	IFPRI	WorldFish
World Agroforestry (ICRAF)	CIFOR	IITA
WorldFish	ILRI	IWMI

Cereals Research Cluster	: IRRI, CIMMYT, AfricaRice, plus programs from ICRISAT and ICARDA
Animal Research Cluster	: ILRI, WorldFish
Policy and Natural Resource Research Cluster	: IFPRI, Bioversity, IWMI, CIFOR
SSA Region Cluster	: IITA and ICRAF
South Asia and CWANA Region and Pulse and Oilseed Legumes Research Cluster	: ICARDA and ICRISAT plus programs from CIAT
LAC Region and Root & Tuber Crops Research Cluster	: CIAT, CIP plus programs from IITA

5.5. Conclusions on Structural Options

The WG is not in a position to make a specific restructuring recommendation at this stage in its work. However, it firmly believes that a restructuring is in order – if not for any other reason than to rationalize the mandates/responsibilities that have evolved over time in a competitive environment, with less than desirable concern for the System as a whole.

Restructuring is also needed to ensure that the System has the right instruments at the regional level to implement its new vision. Therefore, a re-configuration of the System into a set of regional and another set of global entities appears as a good approach.

Adopting this approach would require clarification or redefinition of the new roles of all actors. Most important, the roles of the global entities *vis-à-vis* regional entities would need to be clearly defined. Second, the re-structuring may require transfer of some programs from one Center to another (i.e., responsibility for programs, not necessarily moving the staff from their existing locations.)

Forming clusters would require detailed study of legal status issues. For example, WARDA's intergovernmental organization status would require special study. However, the WG believes that these legal hurdles should not deter the CGIAR from taking the bold decisions necessary to create a more effective and efficient institutional set up for the System.

6. Conclusions and Recommendations
(to come later)