

Annex 1b
A Story of ISNAR¹

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I. Establishment and Purpose

¹ This case study was prepared by Selcuk Ozgediz and Gordon MacNeil based on publicly available material on the International Service for National Agricultural Research (ISNAR) and covers its history from establishment until closure as a Center and transfer of its programs to IFPRI. It is intended for use in CGIAR training courses on leadership and governance. Questions and comments may be sent to: s.ozgediz@cgiar.org.

The Consultative Group on International Agricultural Research (CGIAR) was established with the belief that infusing new agricultural technology into poor developing countries would help kick-start their agricultural production systems. It was also believed that having a network of international agricultural research Centers of excellence around the tropical regions of the world would help with the generation and crafting of such technology. The early successes of new wheat, maize and rice technologies developed by the international Centers and their partners served as proof of concept for increased investments in international agricultural research. Thus, following the founding of the CGIAR in 1971, contributions from Members and other donors increased at rapid pace during the 1970s, and the number of supported Centers grew from the initial four to thirteen.

Ten of the thirteen were “technology Centers” in the sense that they dealt directly with technology generation and transfer. As the international System evolved, it became increasingly apparent that new or improved technology alone was not sufficient to generate impact in farmers’ fields and that the System needed to address simultaneously key local (national) constraints to technology improvement, dissemination and use. The three so-called “service Centers” were assigned roles to address some of the non-technological constraints: genetic resource conservation at the International Board for Plant Genetic Resources (IBPGR), food policies at the International Food Policy Research Institute (IFPRI), and capacity at national agricultural research systems (NARS) at the International Service for National Agricultural Research (ISNAR).

Thus, ISNAR was established in 1979 with the belief that an effort to generate and transfer international technology would be only marginally effective unless it was complemented by strong NARS. The mandate given to ISNAR was to help strengthen NARS capacities in developing countries.

The 1981 Constitution defined three roles for ISNAR:

- Assist in identifying research problems, formulating research strategies and policies, building up adequate institutional infrastructure and other research facilities, and promoting specific national or regional research programs. The ultimate goal was to enable developing countries to plan, organize, manage and execute research more effectively using their own human, natural and financial resources.
- Serve as a linkage mechanism between the international agricultural research Centers of the CGIAR System and NARS institutions.
- serve as intermediary between interested partners to promote bilateral cooperation in the field of agricultural research.

The CGIAR agreed that ISNAR should have an initial trial period of 6 years (the start-up year plus the next 5 years) to allow the Center to gain experience and establish the effectiveness of the services it had to offer. The performance of ISNAR would be reviewed before the end of this 6-year period and a decision made as to whether it should continue to exist.

II. The Initial Trial Period

ISNAR began to operate in 1980 at its headquarters in The Hague, a location endorsed by the CGIAR. Its 15-member Board of Trustees appointed a veteran agricultural research manager, Bill Gamble, as the first director general of ISNAR. Gamble had a distinguished career in the Ford Foundation and had been serving as the director general of the International Institute of Tropical Agriculture in Nigeria.

Gamble saw the initial challenge of ISNAR as generating demand for its potential services. To do that, he recruited experienced staff familiar with agricultural research conditions in developing countries. He also sought advice from the leaders of NARS in Africa, Latin America and Asia. A two-pronged program strategy emerged from consultations with NARS leaders and staff, which was, in Gamble's words, "First, holistic reviews of individual national research systems, carried out in response to a written request from a senior officer in the systems concerned, and, second, collaboration between ISNAR officers and national officers in carrying out specific review recommendations designed to strengthen the System."

At the end of its first quinquennium in 1985, ISNAR had grown to reach a staff size of 50 (including 25 international staff) and an annual budget of US\$4.5 million. During these 5 years, ISNAR had carried out review-and-planning missions in close to two dozen countries, including Costa Rica, Cote d'Ivoire, Dominican Republic, Guyana, Kenya, Madagascar, Malawi, Morocco, Pakistan, Peru, Rwanda, Somalia, Thailand, Tunisia and Zaire.

The CGIAR external program review panel that evaluated ISNAR towards the end of its initial trial period recommended that it should continue beyond its trial period and be recognized as a fully fledged member of the CGIAR System. About ISNAR's strategy in the initial years, the panel concluded as follows: "ISNAR's early strategy of gaining experience by responding to opportunities from a wide geographical area was sound. However, demand has now grown to the point where a different strategy is needed — the scope of ISNAR's activities has to be defined as well as its country priorities."

The panel saw ISNAR becoming a Center of excellence in its field of expertise, with clear priorities and strong research capacity demonstrated by publications in refereed journals. Regarding ISNAR's role, the panel commented:

Many donors were confused about ISNAR's role in the development process. The same applied to most directors general of the Centers. Some donors were disappointed that ISNAR had not served as a vehicle to promote their interests; others regretted that ISNAR had not sought funds from them on behalf of their clients. Directors general of the Centers were also confused about ISNAR's role as a link between the Centers and NARS. Part of this confusion stems from ISNAR not having a clearly enunciated strategy covering the middle term; once it has articulated such a strategy, the panel recommends that a major effort then be undertaken to clarify current misconceptions.

The external management review panel, which worked in parallel with the external program review panel, recommended that the size of the Board be reduced from 15 to 11 and that the seats reserved on the Board for a representative from the Food and Agriculture Organization (FAO) of the United Nations and for the chairman of the Group

of Center Directors (a precursor of the CGIAR's current Alliance Executive) should be abolished. It also suggested that the number of CGIAR nominees, which stood at six, should be reduced in parallel with the drop in Board size. The Board and the CGIAR agreed to all but one recommendation. On the seat for an FAO representative, the CGIAR left the decision to the Board, which decided to maintain the representation.

III. Defining ISNAR's Niche

Alexander von der Osten followed Gamble as the next director general of ISNAR immediately after the first external review. Earlier, he had assisted the CGIAR task force that developed the proposal for the Center and served as ISNAR's first executive officer. He saw defining a "clearly enunciated strategy" as his major challenge. Under the new strategy developed under his leadership, ISNAR was to become a "research-based service" with three mutually supportive activities: advisory services, research and training. Taking a broad system view, he defined 12 critical factors as components of NARS and as potential points of intervention to strengthen the system and grouped them under four broad themes (Table 1).

Table 1: ISNAR's Four Themes and 12 Critical Factors

Policy context of agricultural research

1. Interactions between national development policy and agricultural research
2. Formulation of agricultural research policy: long-term planning, priority setting and resource allocation*

Structure and organization of agricultural research

3. Structure and organization of NARS*
4. Links between NARS and policymakers
5. Links between NARS, the technology-transfer system and farmers*
6. Links between NARS and external sources of knowledge

Management of agricultural research

7. Program formulation and budgeting*
8. Monitoring and evaluation*
9. Information management

Management of resources

10. Development and management of human resources*
11. Development and management of physical resources
12. Acquisition and management of financial resources

Consultations with NARS leaders identified six of the twelve themes for priority attention (shown with * in Table 1). ISNAR would carry out advisory services, research and training in each priority area. If and when more resources became available, ISNAR would begin intensive work in the remaining areas, as it did when resources became available for information management.

During its second quinquennium, ISNAR completed diagnostic reviews of 19 NARS (as compared with 25 during its first 5 years). Many of the recommendations made by ISNAR staff were adopted by the partnering NARS. ISNAR's country officers estimated that there had been broad improvements in the major institutions in about half of the

NARS that ISNAR had worked with since 1981. Yet, the CGIAR panel that conducted the second external program and management review (EPMR) of ISNAR found that its advisory services lacked an *institutional* approach to strengthening NARS, as opposed to an *individual* approach.

The second EPMR panel saw ISNAR's dilemma as one of scale and multipliers: "Even with resource expansion, the size of ISNAR as an instrument is enormously outclassed by the size of its target — its market. Thus, the institute must avoid the fallacy of trying directly to serve the totality of its market simultaneously.... It requires a set of multipliers to broaden as well as make more enduring its impacts on NARS."

Several multiplier practices were offered as possible strategies:

- becoming a research-based service, with research increasing the diffusion potential of the services delivered;
- limited implementation except to test hypotheses;
- staggered, intermittent interventions;
- using lead countries such as Costa Rica, Kenya and Uruguay to facilitate the diffusion of positive experiences to others;
- collaborative research and training with NARS; and
- collaboration with regional, especially eco-regional, Centers in the CGIAR.

IV. Search for a Winning Formula

Christian Bonte-Friedheim succeeded Alexander von der Osten as the third director general of ISNAR in 1990. Like his predecessors, Bonte-Friedheim was no stranger to the CGIAR, having served 20 years at FAO, the last several years as assistant director general and Cosponsor representative to the CGIAR. By the time he joined ISNAR, the Board had recast the ISNAR goal, based on the Center's experience to date, to read as follows: "To assist developing countries in improving the effectiveness and efficiency of their agricultural research systems through enhanced capacity in the areas of research policy, and organization and management" (ISNAR Constitution as revised in 1989).

Bonte-Friedheim brought a new programmatic structure involving three major Programs:² (i) Research Policies and Systems Strategies, (ii) Research Program Design and Management, and (iii) Management of Organizations and Resources. In addition to the programs, three special services were created: (i) Collaborative Services and Training, (ii) Information Management and (iii) Administrative Services. According to the new strategy, each program was to

- carry out research to generate new knowledge,
- provide technical advice and support to NARS,
- deliver training and develop materials, and
- disseminate knowledge and information gained through research and advisory services.

² In 1994, these three programs were consolidated into two: (i) Policy and Systems Development and (ii) Management.

The portfolio of topics covered by the programs and services was broadened in view of the global trends and changes in ISNAR's environment (Table 2).

Table 2: ISNAR's Program Portfolio in the Mid-1990s

Policy development

- Linking research with national policies
- Resources for research, including information
- Priority setting and impact assessment

Research system development

- Strategic planning
- System design
- Transnational cooperation

New challenges

- Biotechnology
- Natural resource management
- Agro-industries and market orientation

Management

- Managing research programs
- Managing resources for research

By the end of 1990, ISNAR's staff numbered 92 (with 50 professional staff, including six directors), all based in The Hague except for five who were assigned to special projects overseas. ISNAR was also relying heavily on consultants (69 in 1990). Funding had gone up to \$7.0 million, and the size of the Board had been reduced to 12.

The third EPMP, in 1996, recognized that ISNAR had made significant progress in the 1990s. It was found to be very well administered, with considerably greater outputs during the review period, both in terms of quality and quantity. Staff morale was good, as were finances. The panel commended ISNAR for its prudent financial management:

ISNAR was able to avoid significant financial crises such as were experienced in other CGIAR centers, thanks to an aggressive approach to fund-raising and prudent financial planning and management, including the accumulation and maintenance of reserves sufficient to permit the Center to weather minor funding shortfalls without resorting to unplanned staff curtailments.

NARS and other stakeholders had indicated a high degree of satisfaction with ISNAR's work and services. The panel praised ISNAR for specific high-quality activities, such as the studies conducted jointly with IFPRI on agricultural research policy, the Intermediary Biotechnology Service, new tools introduced for setting priorities, monitoring and evaluation and management information systems, the revitalized training program, and a few cases of "flagship institution" development at the country level.

While praising ISNAR for these achievements, the panel also argued that a strategic repositioning was necessary. It noted that the professional expertise of the Center did not fully match the requirements of emerging needs. For example, despite a high concentration of work on management problems, only one staff member had formal post-graduate training in management, and none had a doctorate. The panel also pointed out that the major pieces of excellent work, especially in research, were

attributable to a few individuals, some of whom had left the organization, and that such excellence had not been institutionalized, echoing a concern raised also by the first EPMP team. The panel's recommendation was for ISNAR to develop a distinctive competence to lead (i) in the production, acquisition and delivery of knowledge and information about the policy, institutional environment and management of NARS and (ii) in the provision of services based on this knowledge to improve the policies and management of the organizations, partnerships and linkages of NARS in the poorest countries. In this way, ISNAR can create a niche for itself, provided that, in the performance of these tasks, it makes greater use of strategic alliances both to leverage its influence and to facilitate local capacity building.

The CGIAR agreed. Its message to ISNAR was to

- more clearly define its niche by strengthening the research base for its services, enhancing knowledge about policy and making better use of strategic alliances;
- better focus on capacity building by moving up in the capacity-building ladder;
- operate on the basis of a broad NARS concept by supporting partnerships and facilitating the functioning of regional fora; and
- focus on weaker NARS and collaborate with stronger NARS as needed in regional efforts and within the context of a clearly articulated strategy.

The Board, which by this time had increased its membership from 12 to 14, endorsed all of the panel's recommendations.

V. The Path to ISNAR's Closure

Bonte-Friedheim left ISNAR in 1997. The Board replaced him with another seasoned CGIAR and FAO veteran, Stein Bie, who had represented Norway in the CGIAR and served on a CGIAR Center Board and, at the time, was leading FAO's research division. He was an accomplished agricultural scientist with lengthy field experience in Africa.

Taking the cue from the last EPMP, Bie explored how to move ISNAR upstream in the research-services continuum and seek ways to enhance the multiplier effects of its capacity-building efforts. Times had changed. A new network institution, the Global Forum for Agricultural Research, had recently been created with a complementary mandate; there was less need for ISNAR to serve as advocate for NARS, who increasingly spoke for themselves; and pressure was increasing on the CGIAR Centers to demonstrate that their work led to generating valued international public goods. There were also more institutions providing services to NARS, often at costs less than ISNAR's. In view of the changing environment, a new Strategic Plan was developed in 1998 ("When NARS Retool") that envisaged a more proactive research and service institution. Bie also made several staffing changes (e.g., promoting seven formerly NRS staff to the ranks of IRS) and kept the size of the management team at six.

Meanwhile, the Center's revenues were showing a decline in 1997. ISNAR's total revenue had remained relatively constant during 1993-1996, ranging from a low of \$10.5 million in 1993 to 11.0 million in 1996. In 1997, it dropped to 10.2 million, followed by further declines to \$9.4 million in 1998 and \$8.5 million in 1999 (Table 3). A contributing factor was default on a \$0.7 million contribution by one of ISNAR's key donors in 1999.

Table 3 : Income and Expenditure for ISNAR, 1993-1999

ISNAR	1993	1994	1995	1996	1997	1998	1999
Unrestricted funding	6.0	6.3	6.1	6.4	6.9	6.5	5.3
Restricted funding	4.2	4.1	5.1	4.3	3.0	2.5	3.0
Center earned income	0.2	0.3	0.3	0.3	0.3	0.3	0.2
Total Revenue	10.5	10.7	11.6	11.0	10.2	9.4	8.5
Core funding as % of total funding	59	60	54	59	70	72	64
Total Expenditure	10.3	10.1	11.5	11.2	10.4	9.9	9.7
Net income	0.1	0.6	0.0	(0.2)	(0.2)	(0.6)	(1.2)

In response, ISNAR dropped six of the programs in its medium-term plan (MTP) and decided to revisit its strategy. The new latest strategy (*Road Map — Institutions Matter: Let Knowledge Make the Difference*) called for broadening the target and scope of ISNAR's programs to focus on "innovation systems," a bold new concept that recognized the existence of multiple sources of innovation in both the public and private sector and that knowledge generation should take advantage of the entire landscape.

While adjusting its programs to embrace the innovation system perspective and exploring ways to expand its funding base, which had remained under \$9.0 million in 2000 and 2001, ISNAR, supported by the CGIAR Secretariat, also explored possible alliances with sister institutes. Encouraged by the CGIAR reform program's call for bottom-up initiatives that could lead to the formation of clusters or mergers among CGIAR Centers, ISNAR approached IFPRI and IPGRI to explore the alternatives for forming an alliance, but the discussions led nowhere.

Meanwhile, funding shortfalls and the consequent dropping of six MTP programs inevitably led to some downsizing of staff, including non-renewal of contracts. The number of staff dropped to 78 (36 internationally recruited, of whom fewer than a third had PhDs). The size of the management team was reduced by three directors. Overall, staff morale was perhaps at the lowest point since ISNAR's founding, despite the attractiveness of the emerging new vision.

The 4th EPMR was held in 2002, in the middle of these explorations. The panel's assessment and recommendations had devastating consequences for ISNAR. The panel observed that ISNAR had not made sufficient progress in implementing the agreed recommendations of the 3rd EPMR. In particular,

- the Center had not moved sufficiently upstream in the research-services continuum (e.g., the number of externally reviewed publications had dropped by 50 percent over the previous 5-year period, amounting to 0.2 peer-reviewed journal articles per scientist per year — data that was later contested by the director general);
- it had not clearly specified its priority clients, its comparative advantage or the types of products that it would produce in ways that would maximize the international public goods dimension of its research and services work; and
- it had neither revisited its staff competencies-and-skills mix nor developed the required strategic partnerships to address the new agenda.

Regarding the Board, the panel observed that, “at the governance level, the ISNAR Board is not yet providing the degree of attention and leadership to the institution that ‘best practices’ demand today.” The Board disagreed, arguing that it had “played a pivotal role in the transformation of ISNAR’s strategy so strongly supported by the panel and had exerted due diligence in all administrative and financial fields.” With respect to management, the panel commented: “Some of the criticisms of the Board must also fall on the DG [director general], in that it is he who provides the leadership within the Center for determining how best to meet stakeholders’ expectations within a constrained budget envelope and develop the plans and programs aimed at achieving the Board-approved results.”

In conclusion, the review panel proposed a major restructuring of ISNAR. It offered three options for the CGIAR to consider, ranging from a re-staffed and fully funded program to closure. The panel preferred a middle-of-the-road option that would transfer policy research functions to IFPRI and decentralize a service-oriented program, including a small headquarters, to a developing country with the aim of handing over these activities to other organizations in developing countries within 5 years.

The Board disagreed with the panel’s conclusions and kicked off a search process for identifying a new director general, as Stein Bie had decided to stand down. The external review was discussed by the CGIAR and its Executive Council (ExCo) as the Board approached closure on appointing its preferred candidate.

The CGIAR was not ready to make a decision to curtail ISNAR, as ISNAR had strong supporters in the CGIAR community and there was a feeling that not all options had been sufficiently explored. To study the matter further, at its Annual General Meeting (AGM) in 2002 the CGIAR appointed a restructuring team led by an independent chair and including as members the chair and a member of the ISNAR Board. The CGIAR also advised its Members not to precipitately increase or decrease their funding and encouraged the Board to move ahead with recruiting a new director general and to ensure that the new director general-designate get in contact with the restructuring team.

Table 4: Key Recommendations of the ISNAR Restructuring Team

Program

A restructured ISNAR program should be built on two major themes:

- The primary theme should be to produce new knowledge, with strong international public good characteristics, that contributes to institutional change for enhancing the impact of agricultural research.
- The secondary theme should be to enhance the performance of agricultural research institutions through attention to their organization and management, with a particular focus on sub-Saharan Africa.

Governance

- ISNAR should not remain as a free-standing CGIAR Center.
- Governance of a restructured ISNAR program should be undertaken through an alliance with an existing CGIAR Center.

Alliance

- A restructured ISNAR program should be operated under IFPRI governance.
- The ISNAR program should be maintained as an identifiable entity with a global perspective and strong integration between its two themes.
- The Board of IFPRI should be responsible for the oversight of the ISNAR program.
- The IFPRI Board should be assisted in this task by a high-level special program advisory committee for ISNAR, the initial composition of which should ensure some continuity from the ISNAR Board.

Location

- The ISNAR program should be conducted in a decentralized manner.
- Headquarters and directorate be established in sub-Saharan Africa, either in Addis Ababa, Ethiopia, or Pretoria, South Africa.

The ISNAR restructuring team completed its work in 2003. Its main recommendation was that ISNAR should not remain as a free-standing Center. Key recommendations of the restructuring team are shown in Table 4.

VI. The Closure of ISNAR

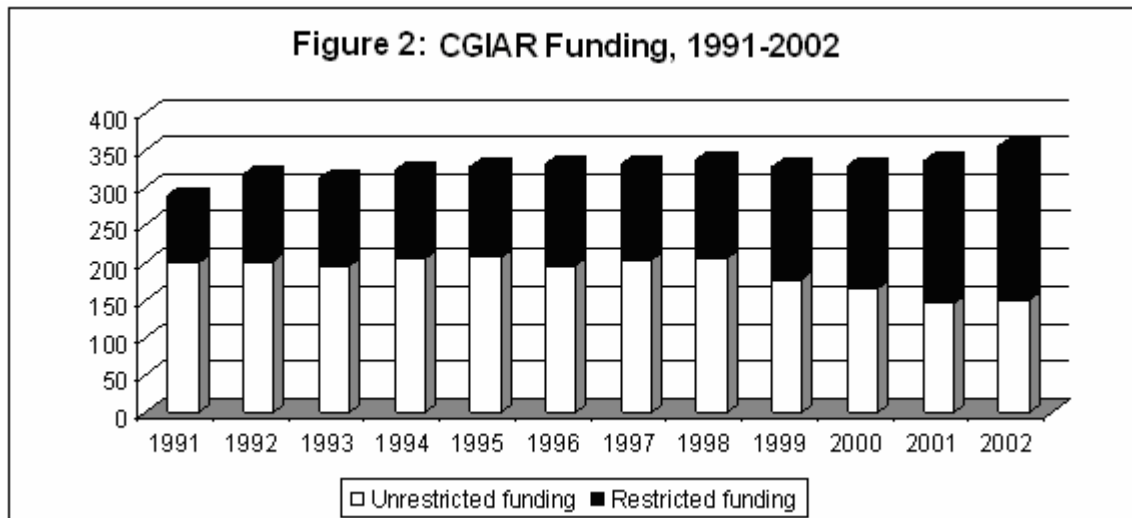
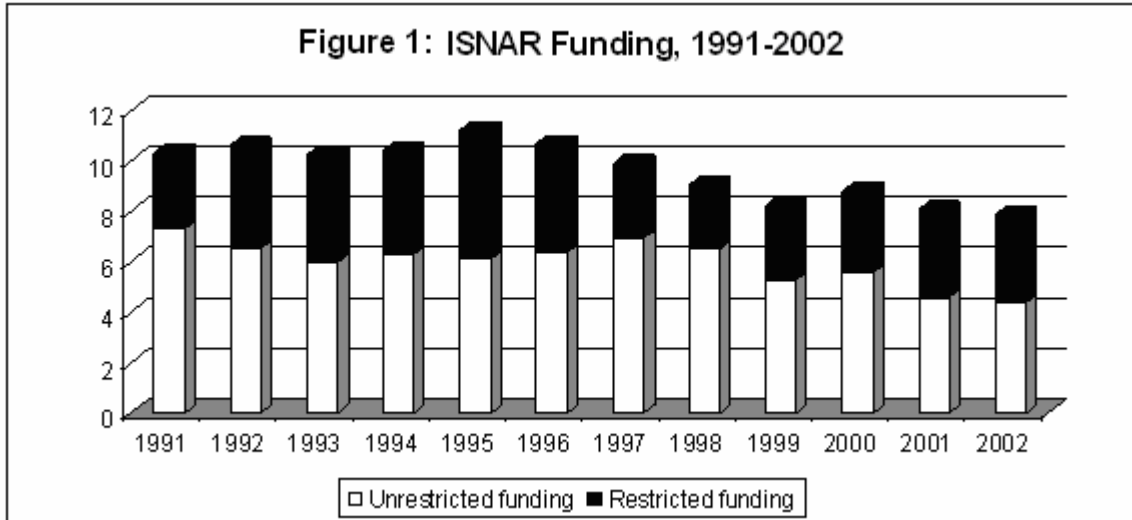
ExCo endorsed the recommendations of the restructuring team at its September 2003 meeting and saw the recommended alliance with IFPRI as a model for the System going forward. It advised ISNAR and IFPRI to proceed with the recommended transition as quickly as possible. It also sought detailed information from ISNAR on the costs of the transition.

At ISNAR, the recruitment of a new director general came to an end, as the selected candidate withdrew. The staff size dropped further to 59 (26 internationally recruited). Despite having 25 percent fewer staff, however, ISNAR's outputs in 2003 compared favorably with those in 2002.

The Board appointed a transition team, inviting Jacques Ekebil (another experienced CGIAR and FAO hand who had just retired from FAO, where he served as assistant director general) to serve as interim director general and Gordon MacNeil (an experienced CGIAR administrator and finance manager) as interim director of administration and finance. The ISNAR program was being led by Willem Janssen, a top scientist and one of the architects of the new ISNAR vision.

ISNAR and IFPRI began a close dialogue on program transition. IFPRI was not ready to make commitments (such as staffing the new ISNAR program) until legal action was taken by the ISNAR Board. The two Centers agreed on Addis Ababa as the headquarters of the new ISNAR program. Although several ISNAR staff had left the Center, Ekebil and his team kept ISNAR's longer-term projects going. They estimated the costs of the transition, including staff separation costs and \$1.0 million of accumulated deficit, to be about \$5.0 million.

In preparation for the AGM 2003 of the CGIAR, where the future of ISNAR was a major agenda item, staff conducted a retrospective analysis of financial trends at ISNAR (Figure 1) and the CGIAR (Figure 2). ISNAR trustees discussed these trends at their meeting prior to the AGM. The Board's newest member was horrified and angrily asked why nothing had been done in the face of clear deterioration over a long period. Several others who had had long associations with the Center insisted they had been aware of the trends and had tried to reverse them. The data brought into question the Board's claim in its response to the 2002 EPMP that it had exerted "due diligence in all administrative and financial fields."



A final decision on ISNAR was one of the major items at AGM 2003 in Nairobi. The CGIAR had no legal authority to close a Center, but it could send a strong signal to the Center's Board from its main shareholders about the kind of an operation they were willing to support. To avoid prolonged and contentious discussion of the issue, CGIAR Chairman Ian Johnson proposed that the Group first try to reach a consensus on a resolution he had drafted. The strategy worked and the Group agreed as follows:

- The CGIAR approves the recommendations of the institute restructuring team as endorsed by ExCo and requests the Boards of ISNAR and IFPRI to carry out the transfer of governance and relocation of ISNAR's programs to IFPRI.
- Consequently, the CGIAR requests the ISNAR Board to adopt a resolution dissolving ISNAR and to submit to ExCo, for approval by the CGIAR, a plan for the disposition of ISNAR's assets.
- The World Bank is committed to mobilizing the necessary resources with other donors to ensure a smooth transition.

A small group of potential contributors, convened by the chair of the ExCo Finance Committee, met on the sidelines of AGM and reported that they were prepared to pledge all but \$1.3 million of the needed transition costs for the closure of ISNAR.

The resolution to dissolve ISNAR was formally adopted by the Board at its 43rd and last meeting, in November 2003. Closing down all operations in The Hague, including the separation of staff, took another 6 months. ISNAR closed its doors as an international center on 13 May 2004. The closure of ISNAR cost the CGIAR about US\$5.0m, including the \$1.0m accumulated deficit (details can be found in the Appendix). By that time the CGIAR had invested a total of \$157 million in ISNAR since the founding of the Center.

VII. Retrospective Views from ISNAR's Former Directors General³

Bill Gamble: "After retiring from ISNAR, I worked for ten years as a consultant in Africa, Asia and Latin America. It appeared to me, as an interested observer, that over the years ISNAR lost much of its service approach; it seemed to develop its own agenda, resulting in a lack of continued support in places where it had once been regarded highly."

Alexander von der Osten: "The closure of ISNAR need not be viewed as a catastrophe but as part of the continuing evolution of the CGIAR."

Stein Bie: "In a way, the continued existence of ISNAR as an independent institution no longer became tenable when we failed to align ISNAR with the paradigm provided by the trendsetters. The low priority given to institutional capital in agricultural development ...implies that rural institutions do not currently matter a great deal to many development agencies.... We also failed to obtain consensus on ISNAR's line within ISNAR itself, and our output became colored by this uncertainty."

³ As reported in ISNAR's 2003 Annual Report.

Questions for Discussion

1. What went wrong at ISNAR? What actions by the Center could have prevented the outcome?
2. How do you assess the Board's role over the years. What actions would you have advised the Board to take?
3. How do you assess ISNAR management's actions?
4. Did the CGIAR act in a responsible way? What could the CGIAR have done differently?
5. What lessons do you draw from the story of ISNAR for your own Center?

Appendix: Costs of Change⁴

The costs of closing ISNAR were high—equivalent to about a full year’s budget for the “old” ISNAR. The direct costs related principally to the closure facilities in the Hague, and to the cancellation of all staff contracts. Components were as follows:

- **Separation costs for staff** was by far the largest cost component. In 2004 ISNAR paid indemnities of \$1.3 million to internationally recruited staff and of \$0.8 million to nationally recruited staff. Taking into account that \$1.0 million worth of indemnities had already been paid in 2003, the total value of the indemnities required to terminate the contracts of the 79 ISNAR staff members on the payroll in early 2003, was \$ 3.1 million. These figures include \$0.45 million paid to staff members that were rehired by IFPRI.
- **Lease cancellation costs** (ISNAR HQ building, equipment leases, etc.), including termination of the building lease and other rental agreements, were at about \$0.6 million.
- **Staff outplacement support** cost about \$0.1 million, and was spent to provide training programs or outplacement counseling for departing staff.
- **Legal and accounting fees** were at about \$0.1 million. These included the additional auditing requirements needed for closures, as well as the fee for the law firm in charge of the final liquidation of ISNAR as a legal entity.
- The cost of **transporting ISNAR material** to the new main base of the program in Addis Ababa, and to other locations was at about \$0.1 million. The largest shipment involved items in the ISNAR library.
- Finally, there were **miscellaneous administrative costs** that were incurred beyond March 31, 2004. These included the maintenance for one month of a small group of staff members to close the books and the personnel files and to empty the facilities, and the maintenance of some back-up capacity to the interim-DG and the liquidation lawyer until ISNAR is finally dissolved. These costs were around \$0.2 million.

Thus, **the total direct cost of closing ISNAR and transferring its program to IFPRI was about \$4.2 million.** IFPRI’s costs in the transition are not included here.

The ISNAR management team estimated that when all indirect costs, including those related to the loss of productivity due to the protracted nature of the process (e.g., the decision-making process after the EPMP took more than 15 months) are also taken into account, the total transition costs would be significantly higher, probably close to one year of the budget of ISNAR.

⁴ This Appendix is based on: Jacques Ekebil, Willem Janssen and Gordon MacNeil, “ISNAR’s Transition Process from AGM03 to March 2004” (May 2004).