

Rethinking CGIAR Governance and Structure
Report of Working Group 3
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Abbreviations

BBSRC	–	Biotechnology and Biological Sciences Research Council
CDMT	–	Change Design and Management Team
CEO	–	chief executive officer
CGIAR	–	Consultative Group on International Agricultural Research
CIAT	–	Centro Internacional de Agricultura Tropical International (International Center for Tropical Agriculture)
CIFOR	–	Center for International Forestry Research
CIMMYT	–	Centro Internacional de Mejoramiento de Maiz y Trigo (International Maize and Wheat Improvement Center)
CIP	–	Centro Internacional de la Papa (International Potato Center)
CP	–	Challenge Program
EDIT	–	European Distributed Institute of Taxonomy
Embrapa	–	Empresa Brasileira de Pesquisa Agropecuária (Brazilian Agricultural Research Corporation)
EPMR	–	external program and management review
ExCo	–	Executive Council
GFHR	–	Global Forum for Health Research
GR	–	genetic resource
GRDC	–	Grain Research and Development Corporation
ICARDA	–	International Center for Agricultural Research in the Dry Areas
ICRISAT	–	International Crops Research Institute for the Semi-Arid Tropics
IFAR	–	International Fund for Agricultural Research
IFPRI	–	International Food Policy Research Institute
IITA	–	International Institute of Tropical Agriculture
ILCA	–	International Livestock Centre for Africa
ILRAD	–	International Laboratory for Research on Animal Diseases
ILRI	–	International Livestock Research Institute
IRRI	–	International Rice Research Institute
IWMI	–	International Water Management Institute
NIH	–	National Institutes of Health
R&D	–	research and development
SSA	–	sub-Saharan Africa
TAC	–	Technical Advisory Committee
TDR	–	WHO Special Program for Research and Training in Tropical Diseases
WG1	–	Working Group 1 on vision
WG3	–	Working Group 3 on governance and structure
WHO	–	World Health Organization

Letter of Transmittal

On behalf of Working Group 3, I submit our Final Report to the membership of the Change Steering Team.

This Report has been finalized following the Stakeholder Consultations held in Los Banos, on Monday 8 September 2008. A copy of our PowerPoint presentation to the Consultation is provided at Annex 3. Our summary of the feedback from the Consultation is at Annex 4.

As you are aware, there were strong indications from the Consultation that the CG Centers would be willing to form a Consortium Board, as a legal entity, to execute performance contracts drawn up to address the CGIAR prescribed mandate. The other side of this performance contract would be the donors and beneficiary representatives that would outline and confirm the key development challenges being addressed by the Mandate and the resource requirements needed to execute it.

Some express this distinction as the ‘funders’ and the ‘doers’. Others as the separation of ‘governance’ and ‘management’. Whatever terms are preferred, Working Group 3 strongly supports this clarity.

The challenge now is to put clarity into the Donor and Beneficiary side of the performance contract. Working Group 3 has put forward an option that we support strongly. It is clear cut, professional in character, has legal expression and draws authority from the CG membership. There are other options but the benefits of performance contracting will only be realized with the opportunity for expression on both sides of the performance contract.

In our view the performance contracts need to provide the resources to ensure that the essential relationships between the CG Centers and national research systems in the partner countries are resourced, and that the benefits of the necessary partnerships with ‘advanced research institutions’ are captured.

Our Report is a contribution to a CGIAR that will meet the difficult challenges of the 21st century. These challenges not only need to be resourced but be framed by and meet the needs of developing country partners.

As Chair of the Working Group, I owe a special debt of gratitude to all our members. Our membership is listed at Annex 2. All of us have brought our own perspectives which have, to various degrees, been expressed in our Report to you.

Peter Core
Chair Working Group 3
12 September 2008

Executive Summary and Recommendations

Working Group 1 of the Consultative Group on International Agricultural Research (CGIAR) Change Management Initiative has presented a convincing case that the global agricultural research framework has shifted dramatically. The CGIAR remains a major player but now operates alongside 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, has embedded conflicts of interest and is too costly. Past reform efforts have tended to add to this complexity. This increasing complexity of CGIAR governance is compounded by the trend towards more restricted funding and the double accountability that this imposes on Centers.

Working Group 3 (WG3) was asked to propose a new governance framework at the System, Center and program level that is

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

In developing a new governance framework, WG3 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 CGIAR Centers need to demonstrate that they are preferred employers for dedicated, high-quality scientists.

WG3 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 five governance options, three developed by the group, a fourth preferred by the Alliance of the CGIAR Centers (the Alliance) and a fifth recommended by the Independent Review Panel. The three options developed by WG3 are the following:

- Improve current arrangements but without significantly challenging dominant CGIAR principles of donor sovereignty, Center autonomy, consensus decision-making or independent technical advice.
- Incorporate the CGIAR as a formal legal entity with a board and 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.

- Establish a new legal funding entity with its own board that would operationalize CGIAR strategic objectives and opportunities as a set of programs that it would fund at \$20-50 million per year. It would identify institutions or consortia best equipped to carry out each priority program and be supported by two small panels, one made up of scientists and the other of partners. The CGIAR 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 transitional institutional support to the Centers, to prevent the loss of critical assets.

The relative strengths of these options, as well as of the options put forward by the Alliance and the Independent Review Panel, are set out by WG3. 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, WG3 favors option 3, the performance contact model. It strikes the right balance between centralized and decentralized. It can be implemented without the root-and-branch changes required for the corporate model, option 2. It provides scope for a Systemwide programmatic focus and, at the same time, for transitional institutional support for Centers. It does not preclude the CGIAR Centers from raising funds and engaging in special funded projects, nor from fostering and joining global networks as autonomous entities. It avoids potential conflicts of interest by establishing a research funding mechanism that is independent of the provision of research services. It seeks to address potential conflicts of interest by adopting norms that would avoid (rather than “manage”) them. It supports subsidiarity as an organizational principle, leaving the execution of the research agenda to the implementing organizations (CGIAR Centers or other organizations) and their partners.

In its terms of reference, WG3 was asked to consider organizational options at the Center level. There is unanimity in WG3 that, if you were starting today, you would not establish 15 Centers. There would be fewer Centers with less overlap and clearer mandates. WG3 recognizes that host country arrangements pose significant impediments to change at the Center level. It considers that the 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 on the current Centers and their mandates, WG3 finds substantial merit in considering whether the CGIAR should have two types of Center: those that produce global public goods and those that are regional and much closer to partner countries and institutions and the development assistance agendas. The roles of global and regional Centers are different, and these differences have been articulated, along with some very preliminary thinking on possible structural configurations. This are offered not as a recommendation but as inputs to follow-up work by the CGIAR on organizational structure.

Recommendations

Working Group 3 makes the following recommendations for reforming the governance of the CGIAR:

1. That the foundation principles on which the CGIAR need to be revisited. As input into that discussion, WG3 proposes the following five principles for consideration:
 - System coherence and focus
 - Collective donor action (paralleling norms set by the Paris Declaration)
 - Inclusion (of partners, clients and beneficiaries)
 - Accountability
 - Cost-effectiveness
 - Avoidance of conflicts of interest

At the System level:

2. That an International Fund for Agricultural Research (IFAR or a collective fund with a similar name) be established to which donors would contribute at the System and Program levels. Governance at the System level would focus primarily on the operations of IFAR.
3. That an expertise-based Board be appointed by the CGIAR Assembly to oversee and manage IFAR. A Nomination Committee established by the Assembly would be responsible for proposing the membership of the Board. The Board would not be representational and would be accountable to the Assembly for its stewardship of IFAR funds.
4. That the ‘Performance Contract Model’ proposed by the Working Group should be the central focus for improving governance at the System level. Details on this model are put forward in the report of the Working Group for further consideration.
5. That an independent evaluation unit be established that would report directly to the Assembly and be accountable to it.
6. That the Board establishes two panels, one on Science and the other on Partnership, to provide advice on science, development and partnership policy and priority matters.

At the Program level

7. That the CGIAR gradually shift its funding focus from CGIAR Centers to CGIAR mega programs focused on key development challenges. A benchmark parameter of \$20–50 M per annum for each program is suggested.
8. That the CGIAR establish two types of programs – global programs responsible for addressing strategic research problems of international significance, and regional action programs responsible for addressing specific sustainable production problems faced in significant geographic regions.

9. That CGIAR funded programs be mega in character focused on key development challenges. A benchmark parameter of \$20–50 M per annum for each program is suggested.
10. That leadership of these mega programs rest with a legal entity which would be accountable to the CG Board for its execution and specified deliverables. This legal entity could be a CG Center or the Alliance of CG Centers if it was a legal entity. The CGIAR should not preclude the option of a non-CG institution being the nominated program executor if the program competencies rested outside the CGIAR or were stronger outside the CGIAR.

At the Center level

11. That the CGIAR seek a reduction in the number of Centers to combine complementary assets, reduce costs and overlapping mandates, and promote greater focus. A ‘mega programs’ approach should encourage this rationalization. The Working Group is attracted by an integrated structure of global and regional entities, (centers or clusters of centers) focused on major programs and priority eco-regions.

1. Introduction

1.1. Purpose

This paper reflects the work-in-progress by Working Group 3 (WG3) of the Consultative Group on International Agricultural Research (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 WG3, 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 were 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

WG3 approached its task in three steps.

First, it reviewed and extracted lessons from previous proposals for governance and structure reform considered by the CGIAR. These are reflected in two background papers.¹ The following conclusions have emerged from this analysis:

- The CGIAR has not undergone a fundamental change in governance since it was established. The basic principles that defined its governance at the time of its establishment remain the dominant principles now. These include donor sovereignty, Center autonomy, consensus decision making, and independent technical advice.² 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 to its governance.
- A few changes have been made to the organizational structure of the operating arm of the System, such as Center mergers and the closure of one. These were done in a top-down manner and backed by strong rationale. There have been no successful bottom-up mergers or reorganizations that changed the CGIAR's power structure,

¹ Ozgediz, Selcuk (March 2008), Evolution of the CGIAR's Governance and Structure: a Personal Reflection, Draft Paper, Washington DC.

Ozgediz, Selcuk (April 2008), CGIAR's Governance and Organizational Structure - Lessons from History, Draft Paper, Washington DC.

² "Donors" refers primarily to CGIAR Members but can include other financial contributors.

even when incentives were offered. As 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. Center boards are more mature and more aware of their broad responsibilities, and a few have undertaken fundamental reforms that bring their practices into line with best practice in nonprofit governance globally. The governance of the Challenge Programs is in flux, partly from lack of clarity on accountability.

Second, WG3 examined governance and organizational structure practices in other organizations that are either in a similar business (research) or operate a global development program.³ Examples include national research networks like the National Institutes of Health (NIH) in the United States, Grain Research and Development Corporation (GRDC) in Australia, Biotechnology and Biological Sciences Research Council (BBSRC) in the United Kingdom, and international networks like the Global Forum for Health Research (GFHR), Global Development Network, European Distributed Institute of Taxonomy (EDIT), Global Environment Facility, and World Health Organization (WHO) Special Program for Research and Training in Tropical Diseases (TDR).

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 model for the CGIAR overall, but some specific aspects of each model could serve as a useful practice for the CGIAR. For example, 5% of the NIH's funding of close to \$30 billion 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 nine-person board (as compared with a governing body for TDR with 34 members and for GFHR with 25).

Third, WG3 considered on-going shortcomings in the CGIAR's governance and structure and how these reduced the system's efficiency, effectiveness, accountability and legitimacy. The root causes of these shortcomings were identified within the CGIAR's current governance practices and structure, and reform elements that would resolve these shortcomings were examined considering the lessons from the CGIAR's past and approaches taken by other organizations. The Ottawa and Tervuren meetings offered welcome opportunities to interact with the other working groups. These discussions led to the emergence and refinement of the ideas and options summarized in this paper.

³ Drewnowski, Sophia (2008), CGIAR Analysis of Governance in Research Partnerships and Other Research Entities, Washington DC.

Gryseels, Guido (2008), Changes in the Organization, Structure and Governance of Research in Europe, Tervuren, 2 pages.

Kaul, Inge (2008), Taking a Hint from Peers: Drawing Reform-Lessons for CGIAR from the Structure and Functioning of Other International-Cooperation Mechanisms Geared to Meeting Global Challenges, Discussion Draft prepared for the 2007/08 External Review Panel of the CGIAR., Berlin, 34 pages.

1.3. Organization of this 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 WG3'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. Governance and Structural Issues Faced by the CGIAR

2.1 The Need for CGIAR Renewal

The continued existence of global partnerships like the CGIAR is justified by their ability to produce results that lead to desired outcomes. The governance mechanisms and structures chosen for the operation of these partnerships are important as they influence their ability to deliver consistent results. The CGIAR has been quite successful in its 37-year history in generating international public goods. Its governance and structure has remained essentially the same since 1971, while the landscape of agricultural research in which the CGIAR operates has changed significantly. As described by WG1 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 CGIAR is thus ripe for a renewal. The conventional wisdom is that organizational reform can reenergize a partnership like the CGIAR, rally it around a new vision and strategy, increase efficiency, and promote more cohesive action towards organizational goals. For example, to play a stronger stewardship role in the use of technologies created by CGIAR institutions and their partners, the CGIAR's organizational structure and business lines need to be reexamined. To better cope with a changing world, CGIAR decision-makers need to anticipate the likely impact of today's research 10-15 years from now and plan accordingly. To more effectively address global challenges relating to food prices, climate change, biofuels and other, as yet unforeseen crises, the CGIAR System needs to streamline communications, work across silos and partner with new actors in sectors like energy or health. Additionally, to play a significant role in the landscape of agricultural research, the CGIAR has to sustain the financial support of donors by demonstrating appropriate accountability at every level of the System.

2.2 A Comparative Analysis of Good Practice

To provide perspective, WG3 conducted a comparative analysis of the governance structures of seven research networks.⁴ Information from websites and independent evaluations of these entities and partnership initiatives was analyzed with reference to four governance principles: effectiveness, efficiency, accountability and legitimacy. These principles were chosen because they have been viewed in other forums as fundamental to the proper working of organizations both for profit and not.⁵ Some useful lessons emerged from this comparative analysis:

- Developing common research plans is one of way of promoting collaboration. For instance, some NIH institutes have a shared blueprint for neuroscience.
- Priority setting, which is linked to effectiveness, is facilitated by clear linkages to a limited number of measurable goals. For example, BBSRC priorities are linked to United Kingdom competitiveness in research and development (R&D). Where effectiveness is below par, as in GFHR, independent evaluators have recommended tighter links between investments in research and measurable improvements at the country level.
- Efficiencies are created in entities with multiple operating units by pooling funding for administration, information technology and new methodologies (e.g., innovative approaches to complex problems are paid for out of a common fund by NIH). Leveraging resources and expertise is another important element of efficiency (e.g., GRDC leverages capital and expertise from co-investors to maximize opportunities to bring technology to the market place).
- Where the entities are clearly rooted in one jurisdiction and subject to its laws and regulations, accountability tends to be clearer (NIH, GRDC and BBSRC).
- The legitimacy of funding allocation is enhanced by accountability to stakeholders (e.g., GFHR and GRDC).
- Governance structures where board members are nominated by regional networks that benefit from partnership funding present inherent conflicts of interest (2004 independent evaluation of the Global Development Network).

⁴ These included (1) two government-financed research entities in the United States and the United Kingdom (NIH and BBSRC), (2) three independent research priority-setting and financing entities based in Australia, Switzerland and India funded with public and private funds (GRDC, GFHR and Global Development Network, and (3) two research partnership initiatives with no legal status of their own (TDR, hosted by WHO, and EDIT, a virtual partnership funded by the European Commission). See: Drewnowski S. 2008. Summary analysis of governance in selected government-financed research agencies, research networks and other partnership initiatives. World Bank, Washington.

⁵ Some examples:

Organisation for Economic Co-operation and Development. 2004. Principles of corporate governance. Paris.

World Bank Independent Evaluation Group. 2007. Sourcebook for evaluating global and regional programs. Washington.

Panel on the Nonprofit Sector. 2007. Principles for good governance and ethical practice: A guide for charities and foundations. Washington.

Each of these lessons was then carefully considered in light of our review of the CGIAR’s on-going governance and structural challenges.

2.3 Review of CGIAR Challenges with Reference to Governance Principles

WG3 conducted an analysis of the CGIAR with reference to the four governance principles: effectiveness, efficiency, accountability and legitimacy. Its observations on issues faced by the CGIAR System regarding each of these four principles is described in detail in Annex 1. WG3 has observed the following:

- **Effectiveness.** The CGIAR’s overall effectiveness is hampered by (1) its inability to operate as a system, (2) the difficulties it faces in aligning activities with strategic objectives and priorities, (3) its not being able to capture fully the benefits from linking with partners (i.e., “the other 96%”) and (4) its not being competitive enough to attract and retain the best scientists.
- **Efficiency.** Its efficiency suffers from the complexity of its organization, duplicated mandates, cumbersome monitoring-and-review procedures, inability to harmonize funding and resource allocation, and lack of authority to enforce decisions.
- **Accountability.** There is no mutually agreed “compact” outlining mutual obligations of donors and Centers. The Centers suffer from an increasingly visible double-accountability phenomenon (i.e., the CGIAR demanding accountability for 100% of a Center’s program while providing only 36% of its funding as unrestricted resources, while the Centers are separately held accountable to those who fund special projects — the remaining 64%).
- **Legitimacy.** Some believe that the CGIAR governance structure is not sufficiently inclusive of the voices of partners, clients and beneficiaries. Some perception exists that the CGIAR is a conflicted system embodying conflicts of interest at various levels in governance.

Table 1 complements Annex 1 by providing a summary analysis of governance issues faced by the CGIAR. It provides a definition of the four principles, indicates how they affect the CGIAR’s main functions, identifies the CGIAR’s main governance challenges and outlines some possible solutions to these challenges. Unlike the governance options discussed in Section 4, these solutions address smaller concerns that can be incorporated into several of the options.

2.4 Conclusions on Governance and Structural Issues

The issues identified in Table 1 and detailed in Annex 1 reflect an analysis of current CGIAR functions, practice and arrangements against governance principles. It is important to bear in mind that only a perfect organization can be highly effective, efficient, accountable and legitimate all at the same time and that, in most cases, tradeoffs are required. While the CGIAR’s governance challenges can serve as goal posts, it may be unrealistic to expect the CGIAR to solve all of the problems noted. The CGIAR governance options presented in Chapter 4 are thus analyzed with reference to the four

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governance principles of effectiveness, efficiency, accountability and legitimacy, and using sub-principles (or criteria) that are directly relevant to the CGIAR.

Table 1: Analysis of the CGIAR Governance Challenges with Reference to Governance Principles

Governance Principles	Impact of Governance Principles on CGIAR Partnership Functions	Related CGIAR Challenges	Possible Solutions (re partnership bodies, platforms, incentives and decision-making tools) ^a
<p>Effectiveness: Extent to which measurable results are achieved in relation to strategic objectives, taking into account their relevance, impact and sustainability</p>	<p>Results function: Contribute to the setting of global and regional agendas on international agricultural research for development within the framework of existing treaties and international agreements.</p> <p>Set relevant CGIAR strategic priorities in light of global and regional agendas, e.g., conserve core collections of germplasm and related knowledge.</p> <p>Promote quality scientific research with measurable development impact.</p> <p>Catalytic function: Foster scientific innovation and make use of knowledge and insights.</p>	<p>The CGIAR does not have Systemwide capacity to contribute to agenda setting globally or regionally. There is, instead, disjointed action by individual Centers. Partnering with the remaining 96% also suffers from the same phenomenon.</p> <p>The CGIAR has had difficulty acting as a system. Incentives for cooperation among the Centers are weak. Five broad priority areas and 20 sub-priority areas cover practically all of the CGIAR’s work, with no clear relative priorities. It has been difficult to decide “what not to do.”</p> <p>Program themes, objectives and roles across CGIAR Centers are not aligned optimally with the strategic priorities and work plans of authoritative regional bodies.</p> <p>The CGIAR has difficulty attracting and keeping top scientists.</p> <p>CGIAR research is insufficiently tied to outcomes.</p>	<p>Create supra-CGIAR global platforms for dialogue, develop Systemwide research plans; have Systemwide linkages with regional and subregional organizations, make better use of the Global Forum on Agricultural Research, and identify accountability for results in this area.</p> <p>Improve System-level priority setting and align incentives to encourage better System behavior.</p> <p>Require a dual review process to narrow priorities during funding allocation (e.g., by scientists on the one hand and donors, and regional representatives on the other) and ensure that funding allocations include a balance of global and regional priorities.</p> <p>Develop System-level human resource policies that are comparable with best practice, develop scientist career paths within the CGIAR, set aside funds for learning and career development, develop staff exchange programs with the best scientific institutions in the public and private sector.</p> <p>Support directed grant-making for mission-oriented long-term research that supports institutions carrying it out. Distinguish</p>

Governance Principles	Impact of Governance Principles on CGIAR Partnership Functions	Related CGIAR Challenges	Possible Solutions (re partnership bodies, platforms, incentives and decision-making tools) ^a
	<p>Anticipatory function: Respond rapidly to global and regional crises</p> <p>Policy function: Interact with policymakers to promote a favorable policy climate for agricultural research</p>	<p>There is unhealthy competition among Centers for the attention of donors and engagement with research and development partners.</p> <p>The System has limited capacity to speak with one voice in regional and global forums, especially on agenda setting, e.g., on recent food crisis.</p> <p>Demand is increasing from global, regional and national decision-makers for dedicated decision-support systems and tools to facilitate evidence-based policy formulation.</p>	<p>responsive grant-making based on proposals developed by Centers but also by others.</p> <p>Create incentives for collaborative arrangements with outside partners (including the private sector).</p> <p>Establish CGIAR alumnae networks to facilitate partnering with actors outside the System.</p> <p>Identify platforms for action and set aside funding for inter-Center and inter-partner collaboration on emergency response.</p> <p>Harmonize policy advice activities within the CGIAR and develop policy platforms for collective CGIAR action.</p>
<p>Efficiency: Extent to which resources and inputs are converted into results to achieve the maximum possible outputs, outcomes and impacts.</p>	<p>Finance function: Ensure sustainable and harmonized flow of funding from donors</p> <p>Management function: Keep transaction and infrastructure costs low relative to outputs.</p> <p>Use the System’s human resources, expertise and institutions to best advantage.</p>	<p>Little coordination exists among donors on funding strategies regarding the CGIAR.</p> <p>Declining core resources result in free riding and double accountability.</p> <p>The CGIAR has a complex governance structure and operates on the principle of consensus in decision-making.</p> <p>There is inefficient duplication of activities among Centers and mission creep, which fragments and diminishes impact.</p>	<p>Develop a new compact between Centers and donors, agree on setting up a common funding framework, and reform the CGIAR’s resource-mobilization strategy.</p> <p>Examine donors’ incentives for earmarking, modify rules about earmarked funding, and enforce a policy of full cost recovery.</p> <p>Keep governance bodies lean (e.g., reduce size and number of committees), clarify lines of responsibility and accountability, and endorse the principle of subsidiarity.</p> <p>Reorganize the Centers to enhance the System’s overall effectiveness and efficiency, focus resources on programs of greatest impact, use results-based</p>

Governance Principles	Impact of Governance Principles on CGIAR Partnership Functions	Related CGIAR Challenges	Possible Solutions (re partnership bodies, platforms, incentives and decision-making tools) ^a
		<p>Some Centers work in areas where they may not be the most efficient service provider.</p> <p>Value-added results from collaboration among Centers are less than optimal.</p>	<p>management, and link incentives to performance.</p> <p>Use collective funding to serve common administrative needs and pioneer new methodologies that will be useful to all Centers.</p> <p>In grant-making, use criteria that favor flexibility and opportunistic partnership arrangements.</p>
<p>Accountability: Extent to which responsibility is defined, accepted and exercised along the chain of command and control</p>	<p>Oversight Function: Identify responsibility for results at different levels.</p> <p>Align decision-making on funding allocations with responsibility for proper funding use.</p> <p>Capacity Building Function: Identify and provide needed institutional support and incentives to ensure that Centers perform within an agreed monitoring and evaluation framework.</p>	<p>The Executive Council is quite passive in providing oversight over individual Centers.</p> <p>A lack of coordination or mutual trust on the part of the donors, the Secretariat and the Science Council leads to multiplicity of accountability mechanisms.</p> <p>There is a problem of double accountability.</p> <p>No Systemwide compact shows the accountability of donors and Centers to one another. The current CGIAR governance model imposes accountability for results, but incentives to reinforce this accountability are insufficient.</p>	<p>Clarify accountabilities of all actors within the CGIAR and the means of reinforcing those accountabilities.</p> <p>Require transparency in decision-making by developing clear criteria, e.g., for resource allocation.</p> <p>Set conditions for donor evaluation of CGIAR activities to encourage a harmonized approach in line with the principles of the Paris Declaration. The Independent Evaluation Group's <i>Sourcebook for Evaluating Global and Regional Partnership Programs</i> can be used as a guide.</p> <p>Provide funding for Centers to comply with the requirements of an agreed monitoring-and-evaluation framework.</p> <p>Create financial incentives for upholding common performance standards.</p>
<p>Legitimacy: Extent to which the exercise of</p>	<p>Partnering Function: Provide for inclusion in decision making and</p>	<p>The voices of developing country research institutes and regional planning bodies are not</p>	<p>Modify the composition of decision forums to improve inputs from partners, clients and</p>

Governance Principles	Impact of Governance Principles on CGIAR Partnership Functions	Related CGIAR Challenges	Possible Solutions (re partnership bodies, platforms, incentives and decision-making tools) ^a
<p>authority takes into account the views of those with a legitimate interest, e.g., partners, clients and beneficiaries, etc.</p>	<p>priority setting.</p> <p>Promote absence of bias in decision making.</p>	<p>heard strongly in decision-making in the CGIAR, Executive Council or other governance bodies.</p> <p>There is a perception of conflict of interest when donor and client representatives sit on Center boards and when a Center representative is a voting member of the Executive Council. The advisory role of the Science Council and the participation of Science Council members in System decision making raises questions of conflict of interest.</p>	<p>beneficiaries; organize regional annual general meetings; establish a single point of entry to the CGIAR; and take an active role as a System in regional priority-setting forums.</p> <p>Set and enforce clear norms on board and committee membership that avoid conflicts of interest, allowing conflicts to be managed only as a last resort, and require full disclosure of conflicts of interest.</p> <p>Establish CGIAR and Center policies on conflicts of interest.</p>

^a CGIAR challenges identified in this table and the solutions proposed are based on a review by WG3 of the history of CGIAR governance reforms, governance issues faced by other partnerships and entities engaged in research, discussions within WG3, and discussions in plenary sessions of the CGIAR Change Management Team.

3. CGIAR Governance: Higher-Order Questions

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

Our colleagues in Working Group 4, on funding, propose establishing “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 need to be addressed before studying options:

1. Should the CGIAR governance mechanism remain as an informal body, or should it be established as a formal, international nonprofit organization?
2. Should future 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 CGIAR governance mechanism have with its operating arm?

These questions are illustrated in Figure 1. We discuss below the key arguments for and against.

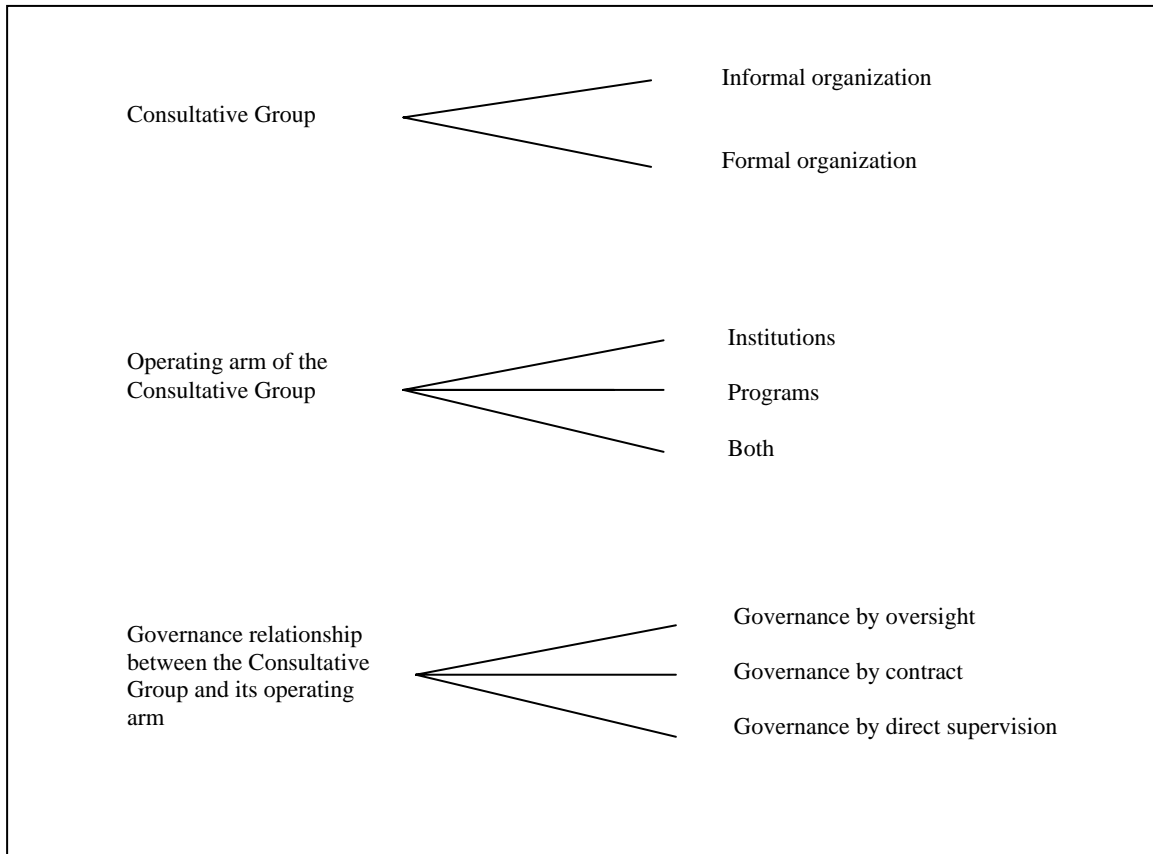
3.1. Formal vs. Informal

When the Consultative Group was initially established as an informal organization, it was relatively small and simple. 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 has been raised time and time again during the last 20 years, always with the conclusion of maintaining its informal nature. During the last 10 years, two external evaluations (the Third System Review and the World Bank Operations Evaluation Department Meta Evaluation) recommended formalizing the CGIAR as a legally constituted entity. Both were rejected by the CGIAR. This reluctance to formalize the organization has stemmed, in part, from the fear that the CGIAR would lose its flexibility and turn into a formality-ridden international bureaucracy. The issue needs to be examination anew in the light of increasing evidence of inefficiency, changing sentiments in the donor community and new global demands placed on the international agricultural research system.

The case for maintaining the CGIAR 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 CGIAR to move forward, or at least to 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, a strong culture of cooperation in the GGIAR has been established and nurtured over time, enforced through moral suasion exercised by the chair. This means that a Member usually goes along with the consensus view even when it differs somewhat from its own view. Consensus is weakest regarding the use of donor funding.

Although the CGIAR is informal, it operates quite formally in carrying out its operations. It has its *Charter* and has adopted procedures similar to those used by formal organizations. Despite its inability to sign contracts, the CGIAR is able to conduct its business through its organs like the Executive Council (ExCo), Science Council, Secretariat, etc. Besides, its Secretariat has legal status as a department of the World Bank and can act on behalf of the CGIAR in a formal capacity through the CGIAR chair and director.

As far as allocating funds from a central fund is concerned, an informal CGIAR can do that through its existing committee structure (ExCo's 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, but trust fund arrangements like this are common enough. Several other global programs operate in a similar fashion, without a formal oversight body (e.g., the Global Environment Facility).

The case for establishing the CGIAR as a formal organization. The informal organization model served the CGIAR well in its initial years, when its objectives were more limited, its organization less complex and there were fewer actors in international agricultural research. Now the CGIAR is an enterprise funded at close to a half-a-billion dollars, 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 forums.

Formalizing its organization would enable the CGIAR to elevate the voice of the System’s clients, beneficiaries and stakeholders such that they have greater influence in its governance. The voice of partners, clients and beneficiaries has been a missing element in the governance principles of the CGIAR, which have instead placed a premium on donor sovereignty and Center autonomy. A new CGIAR governance mechanism could compensate for this weakness by building a stronger voice for these important stakeholders in formal policymaking.

Full formalization would require the establishment of the CGIAR as an international nonprofit organization, just like many of the Centers. This would require formal agreements with countries and international organizations that would define the purposes, activities, organs, etc, of the entity being created. Once it was created, the new entity would need to enter into an agreement with a host country or institution to operate. If the operating elements of the entity were to be housed in an institution (the World Bank, Food and Agriculture Organization, United Nations or the like), they could 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 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 was willing to enter into an agreement with an informal CGIAR. However, if the operating elements are to function independently of any other

organization, full formalization as described above would be highly desirable, if only to supply the new entity with an international personality over and above what was granted by the host country.

Alongside advantages are several potential risks that could emerge, and which would have to be minimized and managed if the CGIAR were to become a formal organization. They include loss of flexibility, creeping bureaucratic tendencies and rigidities, and difficulty in catering to needs of diverse stakeholders scattered around the globe.

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 or programs need to be stated 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 that would be implemented by institutions using agreed criteria and principles.

The case for supporting institutions. The CGIAR came about 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 them. Thus, the International Rice Research Institute (IRRI) and the International Maize and Wheat Improvement Center (CIMMYT by its Spanish acronym) were established to assemble teams of the best scientists with the critical mass and the resources they needed to carry out their task — and then leave them to it. Being under the same roof creates synergy that is hard to create through inter-institutional linkages. Experience has shown that one needs a long-term relationship with research partners in both developing and developed countries, institutional memory that allows 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, without ownership of any assets or assuming fiduciary responsibility, while leaving the management of research to autonomous Centers that have separate legal standing. Over time, each Center has built competencies that are needed in the international agricultural research community and hard to replicate. In many ways, they are global assets for agricultural development. In addition, each has become a national asset for the country in which it is headquartered.

Many problems tackled by the CGIAR require a long-term, on-site research effort, which can be implemented more efficiently through a separate institute dedicated to each class of problem. In fact, a research Center is nothing more than an anchor for a set of programs. Therefore, support for institutions is actually support for a set of Center-related programs.

The case for supporting programs. Programs provide the most concrete and direct means of operationalizing the CGIAR's strategic objectives. They reinforce orientation toward results. 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 the Challenge Programs (CPs) and gradually increasing funding to CPs to about half of the CGIAR's overall funding. Funding programs is thus not a new concept for the CGIAR, and indeed it has been consistently recommended by reform initiatives over the past 2 decades.

Institutional funding was necessary during the early decades of the CGIAR because very few alternative suppliers existed for the research to be conducted. The institutional landscape has changed dramatically over the past 2 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 CGIAR 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 unproductive practice of individual Centers directly competing with one another 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, the CGIAR's institutional (that is, unrestricted) funding constitutes, on average, only 36% of each Center's resources. The remaining 64% is funding tied to a project or program, and this percentage has been increasing. The latter is mostly directed to project activities according to donor preference, but it 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 can distort the integrity and effectiveness of the overall program. A large share of unrestricted funding currently finances overhead, which is a disincentive for project donors to pay the full cost of projects, especially if they also provide unrestricted funding. A shift to program funding could eliminate such disincentives. As this would likely require a central funding mechanism directed to priority programs, the challenge would be to attract sufficient donor contributions to such a mechanism, as it would undoubtedly compromise donor sovereignty. It would also require an agreement identifying highest-priority program areas for delivering System impacts, which has been a contentious area in the past.

3.3. Alternative Governance Relationships

The Consultative Group could be linked with its operating arm in at least three forms of governance relationship. The CGIAR could (1) provide oversight to the programs or institutions that make up its operating arm, (2) have a contractual relationship with the institutions carrying out agreed activities, or (3) directly manage or supervise 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 the 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 need to maintain their excellence to receive continued funding. Assessment of excellence is done through credible and agreed monitoring tools focusing on both *ex post* and *ex ante* performance.

Oversight becomes effective as a governance tool when (1) it adds true value (e.g., significant amount of added finances or greatly improved exploitation of synergies) and is financially self-sustaining, (2) there is a good flow of relevant information, (3) monitoring exercises have high credibility and are respected by supporters and members, and (4) a significant amount of resources can be allocated or removed according to performance. Over time, the CGIAR has developed systems to monitor performance that are generally effective in managing World Bank funds but would have to be much more widely adopted by other Members, who now use their own unique performance criteria in making funding decisions.

The case for governance by contract. The CGIAR would need to be a formal organization to govern by contract, because as an informal organization it cannot enter into legally binding agreements. A somewhat weaker alternative would be for the central CGIAR office to be housed in a legally constituted international entity that signs contracts on behalf of the CGIAR.

A contractual relationship clarifies mutual obligations and expectations, as well as the rewards and sanctions for performance, and brings transparency to a relationship. As the relationship is bounded by 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, enforced with the carrot of allocations or the stick of future funding withheld. 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 setup — contractual relationships become an attractive solution.

The case for governance by direct supervision. The most common form of governance used in public and private organizations is for one institution to be a direct subsidiary of another. In the case of the CGIAR, individual institutes in its operating arm would report directly to a CGIAR board in a hierarchical relationship. The supervising entity would have full legal control over the subsidiary, though in practice it might delegate some clearly defined decision-making powers to subsidiary management.

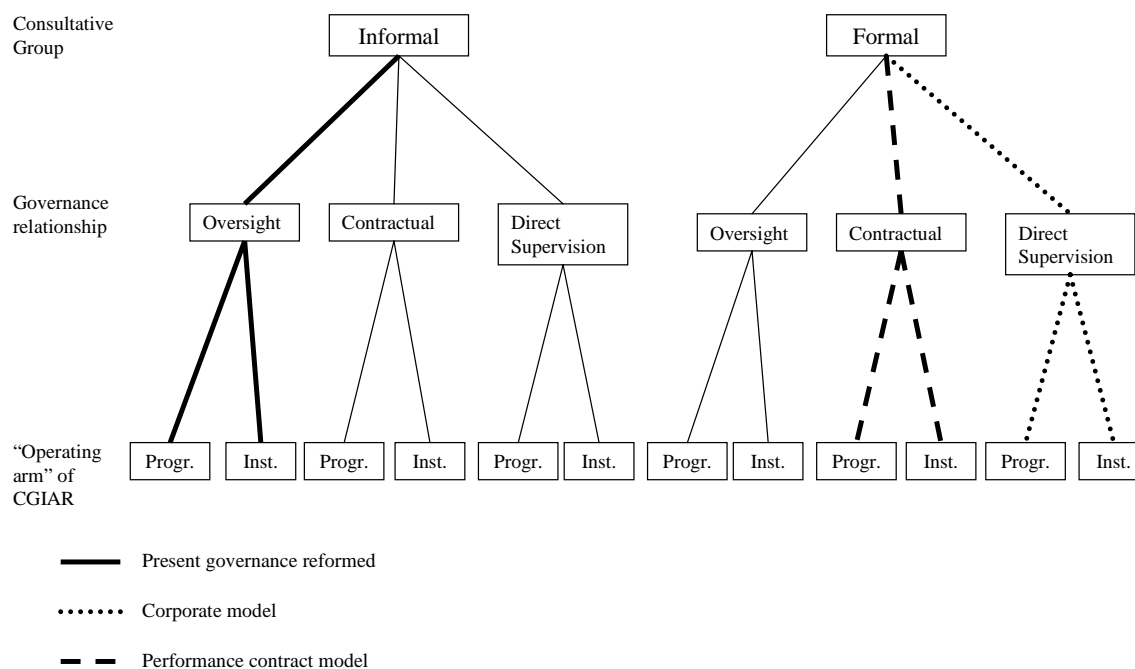
The corporate model of governance by direct supervision empowers the supervising entity to enact and implement policies and procedures that are applicable to all subsidiary bodies. An important implication of this is the opportunity to employ uniform policies in human resources, information and communication, 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, which would very often prove counterproductive. The supervising body could delegate as much or as little authority to the subsidiary units as it saw fit. Scientific organizations would likely maintain significant authority over subsidiary institutes in managing scientific activities. The supervising body could merge or otherwise bring under integrated management a group of subsidiary units when there was good reason to do so — for example, when strong economies of scale and/or potential synergies were not being captured due to inadequate inter-institutional cooperation. This capability would facilitate restructuring the operating arm of the CGIAR through appropriate mergers or the 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 CGIAR, funding programs vs. institutes, and alternative governance relationships) yields 12 (2 x 2 x 3) theoretical governance options (Figure 2).

Figure 2: Exploring Governance Options - B



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

- An informal CGIAR would not be able to enter into contractual relationships or provide direct supervision because it would not have the legal authority to do so.
- A formal CGIAR could govern through oversight, but it would probably achieve higher performance if it employed a stronger means, like contracts, and would have the ability to do so.
- A formal CGIAR could enter into contractual relationships only with institutions. It could employ a program funding approach only if the program were executed by one or more implementing institutions.

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

- option 1: present governance reformed,
- option 2: the corporate model, and
- option 3: the performance contract model.

Two clarifications are needed at this point. First, each of these generic models or prototypes has variants that could be considered as sub-options under that model. For example, one could have an operating arm of 15 institutions or else 4 or 5 clusters of institutions (see Section 5 on structural options). These sub-options have not been shown as distinct alternatives. Second, these are the prototype options developed by WG3 independently of other CGIAR groups working on alternative governance arrangements. One of these is the governance model preferred by the Alliance (option 4), and the other is the model recommended by the Independent Review Panel (option 5). These five options are described and assessed in the sections below.

4.1. Option 1, Present Governance Reformed

Under this option, the basic elements of present governance would remain intact: the Consultative Group would remain informal, the operating arm would be made up of a number of autonomous entities governed by their respective boards, and there would remain a set of Challenge Programs. Oversight of the operating arm would be by the CGIAR, as at present (Figure 3).

Governance reforms would aim to address the issues identified in Section 2. WG3 considers the following changes as the most important for reforming the current governance model.

1. 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 to them. The Science Council would need to provide more specific advice on priorities among and within the strategic objectives, including greater resolution in both programmatic and geographical issues.

2. A new compact among Members and Centers. The mutual accountability of Centers and Members to one another will need to be drawn clearly and explicitly, in regard to both unrestricted funding and bilaterally funded projects. This would need to include Members' agreeing to fund the full costs of restricted projects (see the report of WG4). The compact would clarify what activities were appropriate for the Centers to engage in along the research-to-development continuum. Credible and politically acceptable means of monitoring and enforcing compliance would have to be developed.

3. Streamlining and refocusing advisory functions. The Science Council would need to play a stronger role in analyzing System strategies and program priorities. This would undoubtedly include, among others things, policies on genetic resources. To reduce the fragmentation of advisory functions, the work of the Genetic Resources Policy Committee could be integrated with that of Science Council, perhaps initially as a separate committee working more closely with the Science Council and later as an ad hoc committee of it.

In the same vein, the CGIAR should consider if the advisory committee format is the best way for the System to 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 Private Sector Committee for 3 more years and decide then on further continuity based on the results of an evaluation. WG3 suggests that the CGIAR conduct, in cooperation with the Private Sector Committee, such an evaluation to develop a new strategy for strengthening research partnerships with the private sector.

Finally, the CGIAR should consider separating *ex ante* evaluation functions from *ex post* evaluation. The common CGIAR fund will place new demands on the Science Council for analyzing future strategies and priorities. Separating the planning and oversight of the evaluation and impact-assessment function from the Science Council would free it from that management responsibility. In its place, the CGIAR could establish an independent evaluation unit responsible for all evaluations (including impact assessment) and performance assessments.

4. Consolidating System support functions. The roles of the present CGIAR Secretariat, Alliance Office and other individual System Office units could be reexamined under a reformed CGIAR and integrated or consolidated, as necessary, to improve synergy and cost-effectiveness. The Science Council Secretariat could be made a part of a single support structure for the System, depending on the future needs of the Science Council. A firewall could separate the functions supporting the Science Council, donors and Centers to avoid potential conflicts of interest, to the extent that concern warrants, when these functions are carried out by a unified support body.

5. Reducing conflicts of interest and improving decision making and follow-up. The composition and procedures of CGIAR and ExCo would need to be examined to remove potential conflicts of interest and speed decision making. Individuals in a situation of conflict of interest should not have voting rights and, if they are needed in ExCo, should serve as nonvoting members. ExCo has recently adopted new procedures for considering external program and management reviews toward reducing their bureaucracy. The same should be done for regular business matters requiring the CGIAR's consideration.

6. Reducing the number of operating entities by forming clusters of Centers and/or strategic merger. Although WG3 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 will be seen by many as business as usual in the CGIAR. Reducing the number of entities accountable to the CGIAR would be seen by the CGIAR community as significant simplification. Most think that having 15 autonomous units under the CGIAR umbrella creates inefficiency and limits value-adding integration of effort and the CGIAR's effectiveness with partners.

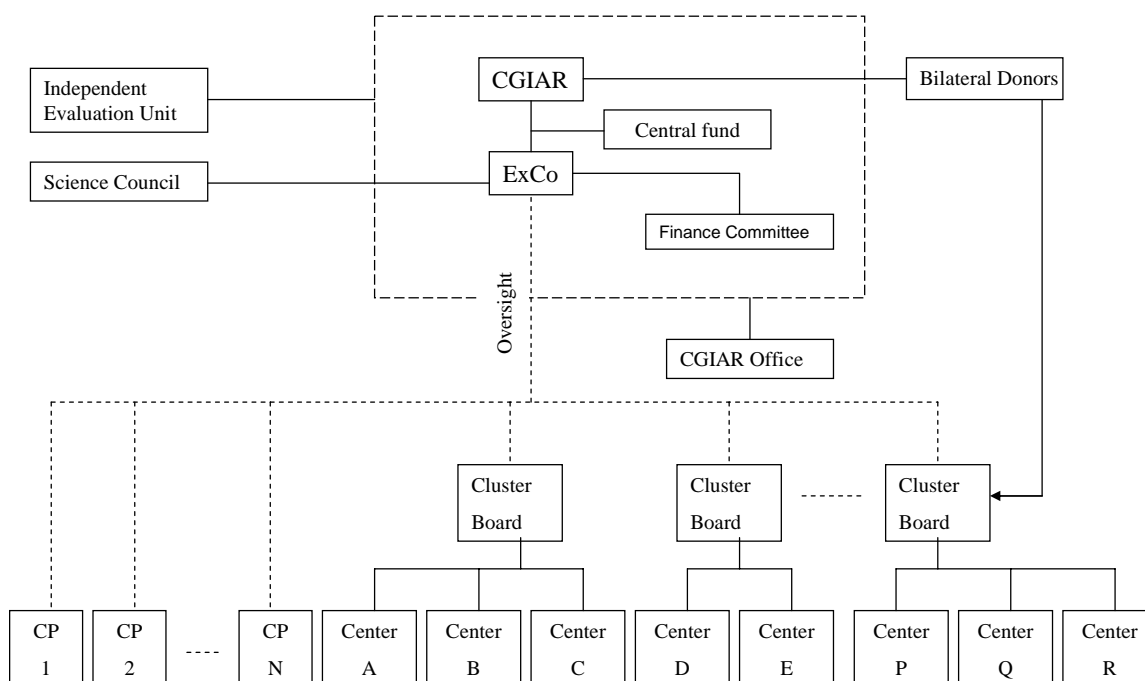
Structural change could take two forms: (1) initiating mergers of Centers in a manner similar to the merger of the International Livestock Centre for Africa (ILCA) with the

International Laboratory for Research on Animal Diseases (ILRAD) to create the International Livestock Research Institute (ILRI) or (2) forming clusters of two or more Centers with complementary mandates. In either case, there has to be a clear and compelling rationale based not only on efficiency but also on how effectively the CGIAR delivers impacts in line with its strategic objectives.

The question of structure is addressed in a very preliminary manner in Section 5, including discussion of alternative approaches to restructuring the Center system and the advantages and disadvantages of forming clusters. That section does not explicitly consider Center mergers, though in the medium and long term merger could be more efficient and structurally effective. Indeed, clustering could be considered a first step toward full institutional merger. Finally, depending on the still-to-be-defined new program priorities and implementation modalities, the CGIAR might need to consider forming entirely new centers, either *de novo* or by assembling assets from several Centers, to perform critical program functions in the absence of an appropriate CGIAR Center or other research organization with which a strategic partnership could be formed.

Having fewer operational entities would enable the CGIAR to delegate the oversight of Challenge Programs to the board of an appropriate cluster. For example, if one of the clusters were related to plant genetics, the Generation CP could be overseen by the board of that cluster. The same would apply to the CP on Water and Food if there were a cluster researching natural resource management. Figure 3 illustrates option 1.

Figure 3: Option 1, Present Governance Reformed



4.2. Option 2, Corporate Model

Under the corporate model, the CGIAR would be incorporated as a formal body with a board and a corporate office and with the Centers as subsidiary units reporting to the single board. The Centers would no longer be 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 nonprofit organization through an agreement among some of the Member countries and/or international organizations, using a procedure similar to that already employed in establishing or reconstituting several CGIAR Centers. Whether it retains its current name or not, this new international entity would select a suitable headquarters location and negotiate and sign a headquarters agreement with the host country (there would be some advantages in being headquartered outside the United States, either in Europe or in a developing country). The principal organs of the new CGIAR would be the following:

1. Assembly. This would be the highest decision-making forum (an accountability forum) of the CGIAR. It would be made up of shareholder members who meet a set of contribution criteria and who would have voting rights, and a number of nonvoting invited members. International and regional organizations dealing with agricultural research and/or development, and regional and subregional organizations of national agricultural research systems, should be given special consideration, as should representation from the Centers. The assembly would hold an annual global meeting to review activities and finances, agree on future plans and policies, and make appointments. The CGIAR could organize regional accountability forums, perhaps biennially, whose results feed into the global meeting.

2. Nominating Committee. The assembly would appoint the nominating committee to identify and recommend individuals to serve on the CGIAR board. Board members would be appointed by the assembly.

3. 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 for their professional qualifications to manage a complex international enterprise like the CGIAR. Four of the directors on the board would be appointed full time: the chief executive officer (CEO) and three executive directors, who would be part of the management team of the CGIAR. The remaining five directors, including the chair of the board, would not engage in day-to-day management and would serve part time, which could reach 25% for directors and 50% 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: for audit, compensation (members would be from among the nonexecutive members of the board) and strategy.

The board would meet frequently (e.g., once a month) and be responsible for

- developing and updating the vision and strategy of the System,
- reviewing and approving unit strategies and business plans,
- developing CGIAR policies (some for approval by the assembly),
- appointing, evaluating and replacing managers of CGIAR units,
- mobilizing resources and proposing the allocation of pooled resources for approval by shareholder members,
- overseeing the operations of the CGIAR and holding all CGIAR units accountable, and
- representing the System.

4. Fund. The central fund would be held in trust and could be administered by an organization with the capacity to perform this function, such as the World Bank, based on instructions from the CGIAR board. Alternatively, the fund could be managed entirely by the corporate body itself.

5. 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 areas:

- corporate planning, priority setting and policy analysis;
- reviewing the 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 matters; and
- meeting and administrative support.

6. Science Advice and Independent Evaluation. The need would most likely exist for an advisory science committee that would assist the board on science policy matters before the board makes decisions or 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, 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 such System management matters as reviewing program and budget plans, but more on issues of a strategic nature, such as program and geographic priorities. If the organization focused on and were organized around major programmatic themes, the need might be 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 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 and fully professional evaluation unit accountable to the assembly would greatly enhance the credibility of evaluation.

7. Operating Units. What particularly differentiates this option from the other two is the manner in which the operating units are linked with the corporate board. In the corporate model, they are managed as subsidiary units by the central board. The units would not have the same degree of autonomy as in the other options. In fact, the authority of the central board to supervise all operating units is what would enable the CGIAR to ensure greater alignment among Centers.

The transition to a full corporate structure would take time and have to be carefully but purposefully managed over an appropriate timeframe, as each Center's legal status and circumstances are different and a workable solution would need to be found for each case. The process would, however, have to be conducted as expeditiously as possible to reduce uncertainty, and it would have to be transparent. For example, Africa Rice presents 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 of the CGIAR. The CGIAR would exercise through its board its authority to make key decisions about each unit, such as making CEO appointments; setting executive salaries; determining human resource, intellectual property right, 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 local and regional partner institutions.

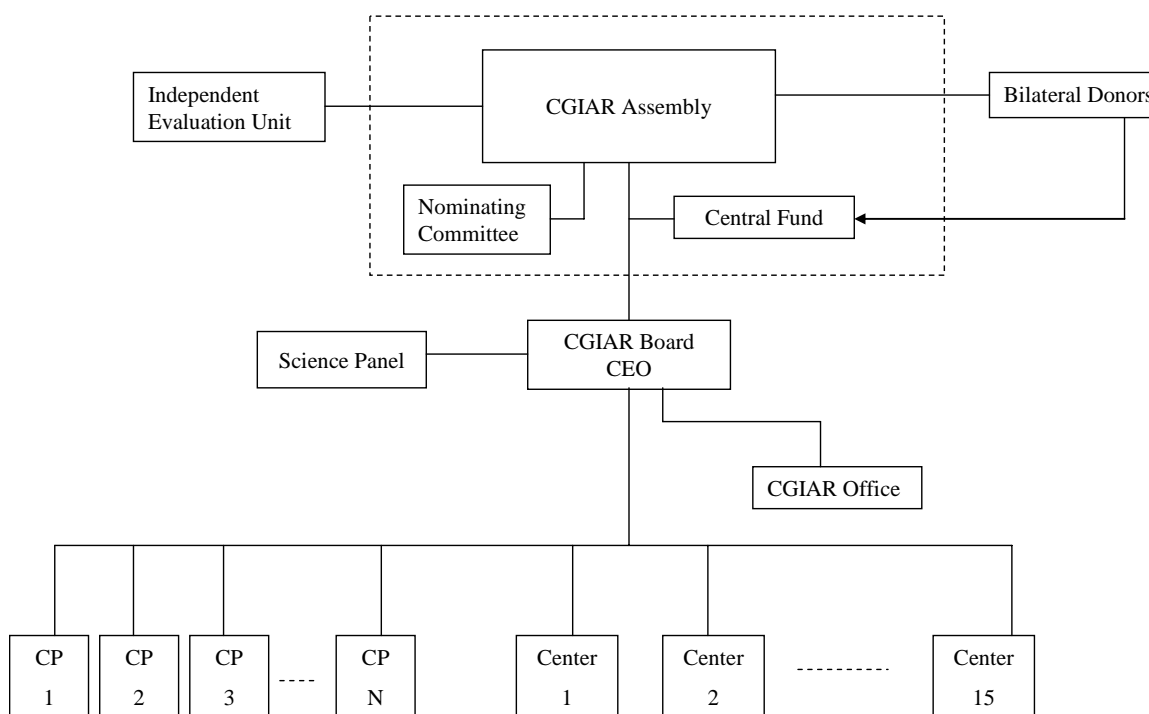
The need for a separate board for each Center would disappear, as the manager of each Center would report directly to the central board. Instead, each Center could appoint a small team of external technical advisers to assist the manager in internal program matters. The managers of the operating units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

To repeat a comment made above: That the supervising entity has authority over subsidiary units does not mean that it would necessarily centralize all decision making, as this would prove counterproductive. In science organizations like the CGIAR, the subsidiary institutes would need to maintain significant 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 would the other options. After an initial period, the board would have good knowledge of the advantages and disadvantages of the assets under its control and be able to make decisions on forming 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 of strategically compatible institutes.

9. Challenge Programs. Responsibility for supervising the existing CPs would be with the central board. CP coordinators would report directly to the board or the managing director responsible for them. Alternatively, the supervision of a CP could be delegated to a cluster board if the cluster’s mandate encompassed 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 those of subsidiary units. Figure 4 illustrates option 2.

Figure 4. Option 2, Corporate Model



4.3. Option 3, Performance Contract Model

The performance contract model is essentially a program-support model. It is identical to option 2 as far as the organization of the Consultative Group is concerned. It would have the same assembly and a similar board (with at least two standing committees: strategy and audit, and no compensation committee), central fund, etc. There are five differences:

1. The operating arm of the CGIAR would be made up mainly of programs, with provision for some level of institutional support during an interim period and a shift over time to programs alone.
2. The operating units would be autonomous (as at present), either as clusters or single institutions.
3. Instead of being subsidiaries, the units would be linked to the central board through performance contracts.

4. The units would include the current CGIAR Centers (or clusters of Centers) and other qualified service providers.
5. There would be only one managing director in the board (the CEO, as ex officio member of the board). Coordinating functions would be performed by program officers in the CGIAR office. All other directors would be external members.

The central board would operationalize the CGIAR's strategic objectives into a set of large priority programs funded at \$20-50 million per year, with clear outcome targets that would need to be achieved to realize the objectives. It would then identify the institutions or consortia best equipped to carry out each program, solicit or jointly develop detailed proposals, and negotiate and sign performance contracts with the respective institutions. At the board's discretion, and with endorsement of the Assembly, the current CGIAR Centers — or clusters of Centers, or Centers newly formed through mergers — could be given, at least during an initial transitional period, priority consideration in implementing those programs that are most closely related to their core competencies and where alternative, more cost-effective service providers are not readily evident. However, even during the transition, some contracts would likely be given to institutions outside of the CGIAR for their comparative advantages to perform the needed activities.

The CGIAR would be essentially a global facility for supporting international agricultural research programs conducted by a set of affiliated institutions (those that receive a substantial share of their funding through the CGIAR, either through program or institutional support contracts) as well as by other qualified institutions and consortia.

There could be, among the priority programs, a set of core programs requiring long-term support, such as for germplasm conservation, that would best be carried out by a number of selected Centers with demonstrated lead competencies and other competent institutions like Crop Diversity Trust. The contracts with these institutions would provide for institutional support over and above support for the long-term program contracted with that Center. This is most likely to occur where 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 the continued viability of the Center to carry out the long-term program. Even these Centers would, however, be encouraged to seek funding from sources outside the CGIAR.

Board. Through its central CGIAR office, the board would be responsible for defining priorities, developing business plans for the Fund, awarding contracts and overseeing their implementation. The terms of all contracts would specify the performance targets to be reached by the implementing organization and the rewards or penalties for good or poor performance.

CGIAR Office. The functions of the CGIAR office could be more limited than in option 2. This would depend on the agreement reached with the Centers and clusters that were part of the System (i.e., receiving institutional support over and above program support). Theoretically, the CGIAR would have no responsibility or authority to provide support

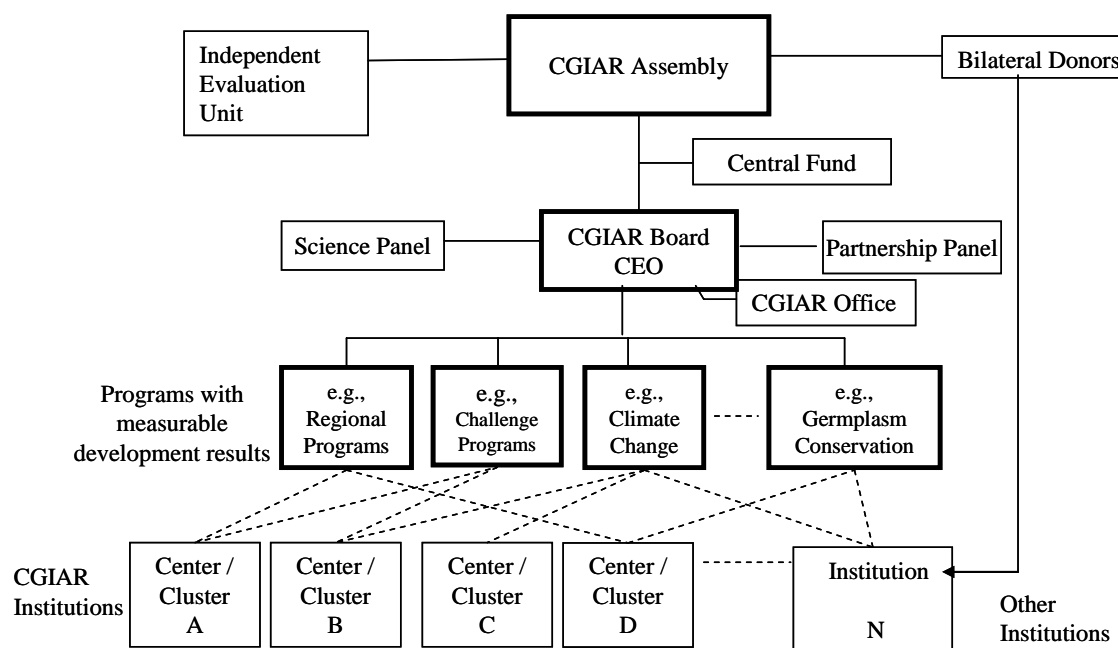
services to ensure the efficiency of individual Centers’ or clusters’ operations or administration. However, if the Centers and clusters and the CGIAR board agree to have a unified support structure, an office similar to that in option 2 could be created, with proper attention to the need for firewalls.

Funded Centers and 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 their performance contracts, which could include targets for institutional performance as well as for program performance. This would eliminate the potential for overlapping accountability. All mutual expectations would be spelled out in the performance contract.

Challenge Programs. CPs 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 deliberately been created beyond the agendas of the CGIAR Centers and often rely on Centers for their administration, as well as for their scientific contributions.

In many ways, option 3, illustrated in Figure 5, would enable the CGIAR to shift significantly away from institutional support toward program support. It would open the CGIAR more fully to becoming a more inclusive and pluralistic platform that could profoundly influence the agenda of the greater international agricultural research community.

Figure 5: Option 3, Performance Contract Model



4.4. The Alliance Option

The Alliance of the CGIAR Centers (the Alliance) has proposed its preferred governance scenario, which has three main building blocks:

1. Donor Council Overseeing Central Fund. The donor council would be constituted by donors to the System who have committed more than \$500,000 per year to a multi-year replenishment fund, or an International Fund for Agricultural Research (IFAR)-type of mechanism.

The donor council would have the following functions:

- agree on the overall vision and strategic objectives of the System;
- put in place and provide oversight to a replenishment mechanism for all unrestricted funds to the System (an IFAR-type mechanism);
- commit, voluntarily as members of the council, to multi-year funding allocations to the System;
- develop an investment strategy for the replenishment mechanism; and
- appoint three or four individuals, acting in their own capacity, to the board of the new partnership.

The council would appoint a manager of the replenishment fund, whose main responsibility would be to implement the investment strategy of the council. The fund manager would also support the donor council in the execution of its other responsibilities.

2. New Partnership Board. The board would be composed of not more than 15 individuals appointed, in equal portions, by the donor council, Cosponsors, Centers and partners (eminent personalities who are engaged in board issues for about 25% of their time). They would not represent the part of the System that nominated them but would provide their own eminent views on strategic issues.

A number of System-level functions would be assumed by the Board:

- Allocate unrestricted funding to the three strategic objectives (described in the report of WG1) and, within each strategic objective, to specific results that Centers undertake to produce. As a variant, three separate committees, one for each strategic objective, would recommend allocations to the board.
- Facilitate joint strategic planning of the work of the Centers funded through the replenishment fund.
- Analyze best ways to rationalize the mandates of the Centers through joint strategic planning and the allocation of unrestricted funds. Encourage and support research synergies through the formation of clusters of Centers.
- Design and implement an accountability mechanism that responds to the needs of the donors providing funds through the IFAR-type mechanism.
- Appoint the independent scientific committee.

- Commission external reviews and regular assessments of results, as unrestricted funds would be allocated for multiple years on the basis of expected results, as well as any other required scientific advice.
- Be accountable to donors, partners and Centers.
- Engage in System-level fundraising for unrestricted resources.
- Conduct strategic planning and foresight (prospective) studies to provide overall guidance on priorities for the System in the context of the international agricultural research landscape.
- Set common policies.
- Provide common services, in such areas as communications and public awareness, finance, human resources, intellectual property, etc.
- Broker and coordinate within the System.

The board would be supported by a CEO that it appoints and by a corporate office that provides the necessary backup for the implementation of all board functions listed above. A charter would lay out the authority and responsibilities of the board vis-à-vis those of the other parts of the System. The Alliance depicts its preferred option in Figure 6.

3. The Centers. Centers would delegate to the new partnership board issues regarding the rationalization of mandates, the authority for the setting common policies, and the administration of common functions and services. Centers would be able, therefore, to reorganize into clusters and/or engage in mergers, as per the analyses of the board. Further, they would jointly plan with the other Centers activities funded through the IFAR-type mechanism. Finally, they would implement the strategic policies developed by the board.

In this scenario, restricted funds would continue to be allocated and managed as they are today. Centers and their boards would therefore be directly accountable to donors for the use of funds. Centre boards would be smaller and focused on strategic scientific and partnership issues, while retaining fiduciary responsibility for Centers budgets.

At first glance, the Alliance's preferred scenario has several features that are similar to the corporate model (option 2 of WG3) described above:

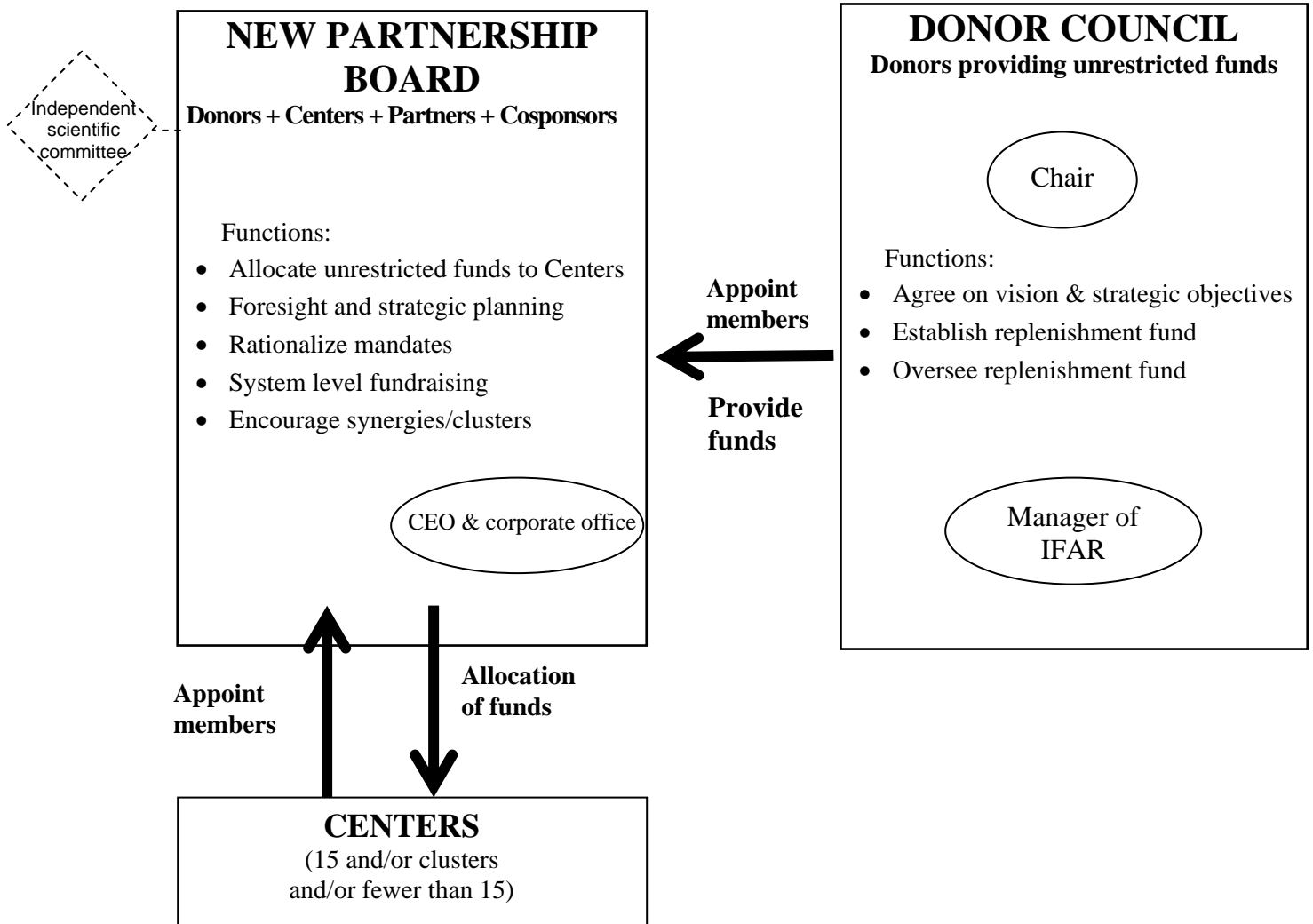
- a collective fund,
- a single board governing the operational arm of the CGIAR,
- a single corporate office,
- a science committee providing scientific advice, and
- Centers or clusters of Centers overseen by the board.

There are, however, several major differences:

- There would be no annual general meeting. It would be replaced by stakeholder consultations every 3 years.
- The Consultative Group would be replaced by the donor council, the members of which contributed at least \$500,000 annually to the collective fund. Donors who contributed only restricted funds would be able attend the meetings of the council as observers.

- The members of the board (called the “partnership board”) would be nominated by four groups: the donor council, Centers, Cosponsors and partners. Reappointment to a second term could be authorized only by the group that nominated the board member.
- The board would be accountable to donors, Centers and partners.
- The board would commission all evaluations, instead of having them commissioned by a separate, independent evaluation unit.
- The board would appoint the CEO, who would manage the corporate office.
- The Centers would remain as autonomous international organizations, as in WG3’s options 1 and 3, with their own individual governing boards. But these governing boards would delegate to the partnership board authority in two areas: the setting of common policies and the administration of common functions and services. (The Alliance document 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 CGIAR-level board to reallocate responsibilities among individual Centers.)

Figure 6. Option 4, Governance Model Preferred by the Alliance



4.5 The Independent Review Panel Option

The Independent Review Panel option is based on the premise that the partnership between Members/donors and Centers needs to be “rebalanced.” This requires (as in the “new compact” of option 1) clarifying and rationalizing the responsibilities and authorities of each party. To provide the rebalancing, the Panel proposes to build a dual structure: a consortium jointly owned and managed by the Centers and a collective Fund formed by the donors. These two bodies and the partnership between them would be supported by a set of joint institutions. (See Figure 7)

Fund. Under the proposed model, donors would put in place a new multi-year CGIAR fund (CFAR—CGIAR Fund for Agricultural Research) to finance the work of the Centers and their partners. CFAR would be established as a legal entity, governed by a Council. A small secretariat, led by a Director, would provide support to the Council and its Chair. The fund would be replenished on a regular, triennial cycle, though some provision would be made to accept annual contributions. It would be used to provide unrestricted funding to Centers and restricted funding to programs (similar to Challenge Programs and SWEPS) that would be coordinated by the Consortium. Fund allocation would be based on agreed criteria and rules, including past performance. Donors would be urged to keep their commitment to the Paris Declaration principle of providing two-thirds of their contributions on a program basis (i.e., not as project grants) by 2010.

Consortium. The Centers would form a jointly owned, legally incorporated consortium for common action, policies, strategy, program administration and shared services. The Consortium would be governed by a 12 to 15 person board (e.g., five eminent researchers not currently attached to Centers, five eminent development professionals not currently attached to a CGIAR Member and five other eminent people with broad relevant experience). The Board would be empowered to make binding decisions on the Centers in areas that are agreed during its establishment. The individual Centers would maintain their autonomy as separate international institutes. A CEO, supported by an appropriate number of staff would manage the affairs of the Consortium.

Decision-making procedures. Donors and Centers would put in place decision-making procedures that are authoritative and binding on all. Donors would allocate funds partly through a performance-based allocation system. The main channels for allocating funds are

- an assured long-term financing mechanism to guarantee the provision of high-priority international public goods on a permanent basis, e.g., for the creation, expansion and maintenance of genebanks (this also could be done through expansion of an existing endowment);
- a multi-year program-based financing structure that would comprise about two thirds of overall CGIAR resources, excluding the endowment fund mentioned above (financing for this component would be provided mainly through rolling 3-year replenishment);
- grants from the Fund to the Centers on a performance-based unrestricted basis; and

- specific-purpose project funds earmarked for individual Centers, with provision for full cost-recovery.

The Centers would receive additional income from non-CGIAR sources and through consulting and other services they provide. There would be clear Systemwide rules and regulations on the terms of use of such funds (e.g., the percentage for overhead charges, contributions to Center and Systemwide reserves, and risk-management procedures).

Joint Institutions. The partnership would maintain at least three joint institutions:

- a joint strategy and results framework renewed triennially in the replenishment negotiations,
- an independent evaluation unit reporting to the council but working closely with the board, and
- a committee of eminent advisors similar to the present Science Council.

Figure 7: Option 5, Governance Model Recommended by the Independent Review Panel

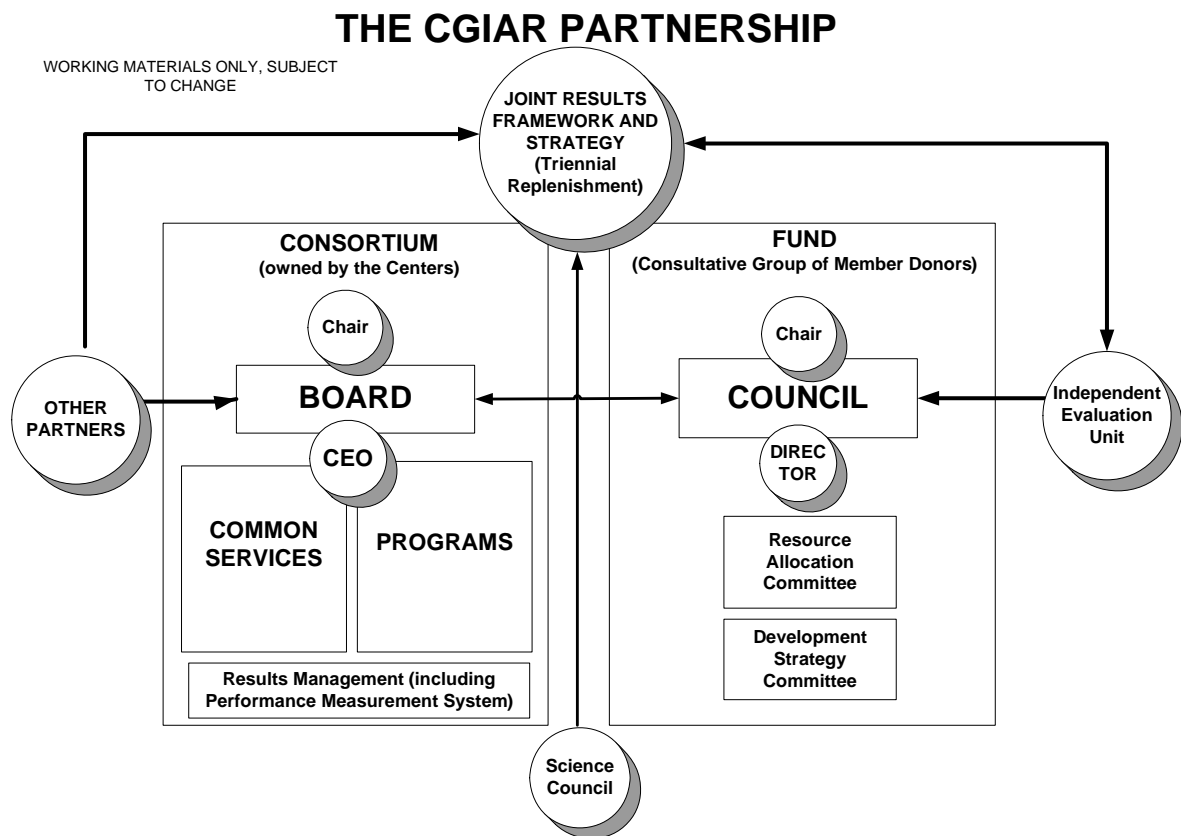
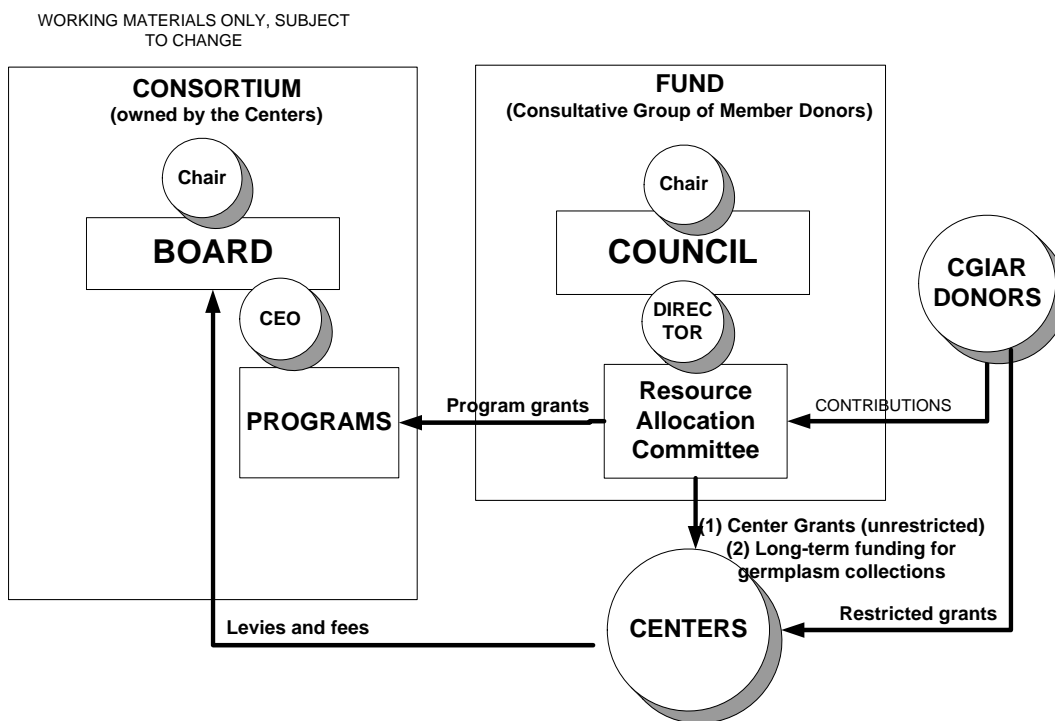


Figure 8: Option 5, Governance Model Recommended by the Independent Review Panel - Flow of Funds



4.6 Commentary on the Options

All five options described above are viable to varying degrees and present a marked improvement over the status quo. Comparison of the options in Section 4.7 shows how each fares in terms of the same criteria used in Section 2 to categorize the governance and structure problems currently faced by the CGIAR.

This section provides a brief commentary on possible changes in CGIAR governance as a result of these reforms by addressing the following questions:

- What happens under the suggested options to donor sovereignty, Center autonomy, consensus decision-making and independent technical advice?
- How could the CGIAR 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?

Traditional CGIAR Governance Principles. Table 2 summarizes WG3’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 2: Implications of Governance Options on Traditional CGIAR Governance Principles

Principles	Option 1, Present Reformed	Option 2, Corporate	Option 3, Performance Contract	Option 4, Alliance Preference	Option 5, Independent Review Panel
Donor sovereignty	Slightly reduced	Moderately reduced	Moderately reduced	Slightly reduced	Slightly Reduced
Center autonomy	Remains the same	Significantly reduced	Remains the same	Moderately reduced	Slightly Reduced
Consensus decision making	Remains the same	Replaced by new rules of the assembly	Replaced by new rules of the assembly	Not specified	Replaced by new decision rules
Independent technical advice	New independent evaluation unit Otherwise, Science Council role is the same	New independent evaluation unit Science panel is appointed by and reports to new board	New independent evaluation unit Science panel is appointed by and reports to new board	Evaluations coordinated by new board Independent science committee is appointed by new board	New independent evaluation unit Science Council with narrower TOR

A few observations: First, all options bring a reduction in donor sovereignty because resource allocation and oversight responsibilities are delegated to a board or a donor council. Second, three of the five options impose some limits to Center autonomy, with the corporate model presenting the ultimate reduction. In options 4 and 5, the real autonomy enjoyed by Centers would depend on how much is delegated to the higher-level board. Third, consensus decision making disappears in the three options that favor formalizing the organization of the CGIAR. Fourth, all options favor the establishment of a separate evaluation unit. With the exception of the allocation of monitoring and evaluation responsibilities to a new evaluation unit, the Science Council's role is unchanged in two of the options. In the remaining three, the Science Council is replaced by a panel or committee appointed by the board. In these cases, much of the scientific analysis is carried out by a strengthened corporate office.

Need for a Supra-CGIAR Forum on Agricultural R&D. WG3 considers that, regardless of the governance option selected, there is a need for the CGIAR and other key actors in the global agricultural R&D scene to have 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-CGIAR forum that

would facilitate regular consultation among the leaders of major organizations engaged with agricultural R&D. These should include the Bill & Melinda Gates Foundation, other major global research networks (e.g., the French Agricultural Research Center for International Development, Japan International Research Center for Agricultural Sciences, National Resources Institute of the United Kingdom, etc.), major private sector and civil society organizations, and key developing country institutions such as the Brazilian Agricultural Research Corporation, Chinese Academy of Agricultural Sciences, and Indian Council for Agricultural Research. Such a consultative forum on agricultural R&D could be facilitated by a renewed Global Forum on Agricultural Research.

An additional forum, or alternative to a supra-CGIAR forum, would be regular bilateral dialogues between the CGIAR and other principal actors. Having a legally constituted CGIAR may facilitate holding more fruitful engagements because of the existence of strengthened decision-making capacity and authority.

Center and Cluster Governance. The Centers, individually or in clusters, would remain as autonomous international organizations under all scenarios except option 2. In all these cases, each Center and cluster would have a governing board.

The question is how different these boards would be from the current boards in the CGIAR System. The answer comes partly from the most recent reforms made (or about to be made in the case of the International Center for Tropical Agriculture [CIAT]) in the CGIAR. If each of the 15 Centers were to remain autonomous, the directions of change made by CIMMYT and the WorldFish Center could provide examples for the other Centers. The basic elements of reform in these Centers include the following:

- smaller boards (nine or fewer), with very few ex officio or host country representatives;
- more strategic boards that 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, regarding 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 conduct board business, which means boards become more professional and fewer board members represent particular interests.

These practices could apply to Center as well as cluster boards. One major difference is that the oversight responsibility of the cluster boards would be greater because of the size of the enterprise being managed. In this case, a model similar to that suggested for the CGIAR board in option 2 may apply, i.e., a number of executive directors and a larger number of nonexecutive directors. The latter would be expected to spend more time than the current board members but less than what is recommended for the CGIAR board.

4.7. Comparison of Governance Options

The four lenses used in Section 2 in diagnosing the governance and structure problems faced by the CGIAR are also appropriate for comparing the five governance options. As shown in Table 3, the cost of transitioning from the present state to the one described by the option can be added as a fifth criterion.

Table 3: Criteria Used to Compare Options

1. **Effectiveness:** The extent to which the option promotes the achievement of measurable and relevant results (outputs, outcomes and impacts) in relation to its strategic objectives.
2. **Efficiency:** The extent to which resources (financial, human and physical) are used to generate maximum possible results.
3. **Accountability:** The extent to which accounting for actions is clearly defined, accepted and exercised by all actors and components of the CGIAR.
4. **Legitimacy:** The extent to which authority is exercised without bias and taking into account the views of those with a legitimate interest, e.g., partners, clients and beneficiaries of the CGIAR.
5. **Transition cost:** Relative magnitude of costs (financial, time, etc.) likely to be incurred in transitioning from the present state to the future state described by the option.

Effectiveness. WG3 identified six indicators to differentiate among the five options. These relate to the extent to which the option

1. enables concerted action towards the CGIAR’s strategic objectives (i.e., enabling value-adding integration and alignment of CGIAR-funded activities),
2. enables choosing from among the most competent research suppliers globally,
3. enables the CGIAR to leverage the competencies of “the other 96%” (i.e., fostering value-adding partnerships),
4. promotes and facilitates the maintenance and upgrading of assets critical for the functioning of the global innovation system,
5. facilitates the mobilization of additional resources to international agricultural research, and
6. facilitates attracting the best scientists to CGIAR-funded activities.

Tables 3 and 4 provide WG3’s assessment of how each option fares with respect to these five indicators (admittedly, a subjective evaluation, especially concerning options 4 and 5). WG3 considers that *option 3 fares the best in terms of its potential to promote the effectiveness of the CGIAR, followed by option 5*. The reasons are as follows:

- Option 3 is the most open of all, in the sense that CGIAR funds are not reserved only for the current CGIAR Centers but can be allocated to any more-qualified research provider. Option 5 maintains exclusivity to current CGIAR institutions to lead CGIAR-financed activities.
- Option 5 facilitates concerted action among the Centers through its Consortium. In Option 3 concerted action is facilitated through the programs and incentives in performance contracts.

- Option 3 advocates a programmatic approach, which, in WG3's opinion, would help attract additional funds to the CGIAR, because of the higher visibility of intended outcomes and impacts as compared with institution funding, and would enable clearer linkages with strategic objectives.
- In contrast, options 4 and 5 would enable taking specific Systemwide action to enhance the attractiveness of the CGIAR Centers to the best scientists. In option 3, this would be secured through performance contracts with the most qualified institutions (which are likely to house the best scientists) and through conditions, if necessary, in the contracts to secure the engagement of top scientists with CGIAR-supported activities.

Efficiency. The indicators identified for this criterion relate to the extent to which the option

1. reduces the complexity of CGIAR's governance (i.e., the complexity of the structure of governance and decision-making processes) and enhances flexibility to respond to crises;
2. ensures that the decision-making bodies that are empowered to make decisions have the authority to enforce them;
3. reduces the complexity of the structure of the operating arm of the CGIAR (i.e., reduces overlaps in responsibility and clarifies the roles of actors);
4. reduces transaction costs (relative to outputs) for governing the CGIAR (e.g., through streamlined planning, monitoring, evaluation, communication and other processes at the CGIAR level);
5. facilitates the sustainable and harmonized flow of funds to the CGIAR; and
6. facilitates the allocation of CGIAR resources to the highest-priority areas.

Options 2 and 3 fare the best, with option 5 close behind. WG3's reasoning is as follows:

- The corporate model (option 2), with its unitary structure, would make it possible for the CGIAR to take any and all efficiency-generating actions in the operating arm, including mergers and cluster formation, harmonized management processes, and appointing capable managers to units. The downside of this option in terms of efficiency is the possibility of creeping bureaucratization, which is a feature of some unitary organizations. Mobilizing additional resources for international agricultural research would most likely require promoting the programs of the CGIAR, which have the highest visibility under option 3.
- In terms of CGIAR governance, options 2 and 3 provide a professional board for making decisions on all aspects of the CGIAR, with clear authority and accountability to an assembly. Option 5 has a council composed of donors, which is not too different from the current setup. In both cases, the board or the council would need strong professional support. WG3 considers that bringing professionalism to decision making would help reduce complexity (in addition to other benefits) more so than having decisions made by a donor council.
- WG3 further considers that enforcing restructuring decisions under option 4 would be difficult because the Centers would remain autonomous and might decide not to abide by a decision taken by the partnership board if it went against

their vital interests. Similarly, the consortium in option 5 would not be empowered to make such decisions, and restructuring would be voluntary. In option 3, the size of the programs and the consortia put together to implement them could induce restructuring in the long term. Thus, all of the options except for option 2 would need to offer incentives to generate structural change in the operating arm of the CGIAR.

- Option 5's replenishment model could provide a sustainable and harmonized flow of funds to the CGIAR. However, this approach has not been tested fully against the circumstances of the CGIAR donor community. Throughout its history, the CGIAR's success has depended partly on its ability to appeal to all kinds of donors. Options 2 and 3 follow an approach more flexible than a fixed replenishment model, allowing multi-year funding to programs (some more than 3-year), while capturing the contributions of donors (including those from developing countries) that can provide only 1- or 2-year funding.

Accountability. WG3 has identified three indicators for this criterion. These relate to the extent to which the option

1. clarifies the roles and lines of accountability (i.e., the existence of proper checks and balances),
2. provides clear authority and procedures for enforcing accountability for results, and
3. promotes transparency.

As in the case of efficiency, *options 3 and 2 fare the best in terms of these indicators, followed by option 5.* WG3's rationale is as follows:

- In options 3 and 2, the CGIAR is a legal entity, so accountability for all entities within the CGIAR is clearly spelled out (such as the accountability of the board to the assembly, or that of the science panel to the board). Also, the accountability of all executing agencies (entities receiving program funding) is spelled out in the performance contracts. In option 4, there is multiple accountability (of the board), and it is not clear how multiple actors (including the Centers themselves) would jointly reinforce multiple accountability. In the case of option 5 it is not clear who the Centers are accountable to for their individual performance (their own board, the consortium board, council of the Fund, the Consultative Group?) and how accountability is to be enforced.
- Formal organizations and legal contracts enable clear specification of transparency requirements, as in options 3 and 2, though corporate settings as in Option 2 can cloud some transparency. In options 4 and 5, transparency throughout the entire Center system would depend on the norms agreed to and abided by all autonomous entities that are part of it.

Legitimacy. Two indicators of legitimacy have been identified to assess the extent to which an option

1. promotes inclusiveness (i.e., stakeholder voice) in governance and
2. minimizes bias (conflict of interest) in governance.

Option 3 fares best among the five options in terms of these two indicators, followed by options 5 and 2. The key reasons are as follows:

- Option 3 promotes inclusiveness not only in governance and CGIAR decision-making (as does option 2), but also in the execution of CGIAR-funded programs. Decision-making in option 5 does not explicitly bring the voice of stakeholders into CGIAR policymaking. The same is true for option 4. The primary parties to the rebalanced partnership in Option 5 are donors and Centers—not other stakeholders.
- Option 4 suffers from some degree of conflict of interest because of the involvement of Center nominees in decisions about the Centers. (It is not clear who initially appoints the nominees, but it is clear that their reappointment is a matter to be decided by the Centers.) In the case of option 5, the Consortium is owned by (and therefore its Board is appointed by and accountable to) the Centers and this Board is expected to make important decisions about the future of their appointees. Similarly, the members of the council of the Fund, who are representing individual donors with specific interests, may not necessarily make decisions without bias. Options 3 and 2 eliminate bias by leaving decisions to a professional board and by ensuring that their loyalty is only to the CGIAR.

Cost of Transition to New Governance. It is difficult to arrive at a clear-cut choice among options 3, 4 and 5, which fare best in terms of transition costs. The very high costs associated with option 2 effectively rule out this option, at least in the short-to-medium term. *Among options 3, 4 and 5, option 3 has the edge* because it does not require any change in the status of the Centers, while options 4 and 5 call for establishing new legal entities at the level of the operating arm.

Results of the Comparison: The options that fare the best in terms of the five criteria are as shown in Table 2, with the first mentioned option being judged the best.

Table 4: Highest Rated Options by Criteria

Criteria	Top Option	Next Best
Effectiveness	3	5
Efficiency	2 and 3	5
Accountability	3 and 2	5
Legitimacy	3	5 and 2
Transition costs	3	4 and 5

WG3’s overall recommendation on governance reform is that the CGIAR adopt and implement option 3. The WG considers option 5 as the next best option among the five that were considered because of the high transition costs associated with option 2 (which, otherwise, would have been the second best option.) Because of this conclusion it would be useful to recapitulate the main factors that have led the WG to recommend option 3 over option 5.

- Options 3 and 5 offer two different paradigms about support to international agricultural research. Option 3 advocates a *programmatic approach*, coupled with some (additional) institutional funding to the existing Centers during a transition period. Option 5 advocates an *institutional approach* aimed at preserving and enhancing the capacity of the existing Center system. The WG considers that a programmatic approach provides a clearer tie between means and ends than an institutional approach. This is also the preferred approach in donor circles and could lead to increased funding for the CGIAR. The CGIAR had made a transition to the programmatic approach during its most recent reform program and it should continue in this direction.
- Option 5 advocates *exclusion* by channeling all CGIAR funds to the Centers and having the Centers and their Consortium lead/coordinate all CGIAR-funded activities. Option 3 advocates *inclusion* by making all qualified institutions or consortia eligible for executing CGIAR programs, with funding going to those that are determined to have comparative advantage and that are most cost effective service providers. The WG believes that the CGIAR should become an increasingly open global system so that it can take advantage of the best competencies, wherever they may be. At the same time, the CGIAR should protect and enhance the best global assets in international agricultural research, including those within the Center system, through appropriate program funding (and institutional funding during a transition period.)
- Option 5 recommends a *self-governance model* for the Center system—a much-improved version of the current Alliance model. As the Panel itself points out, there are risks associated with this model. The most important of these are associated with conflicts that may emerge between a Center and the Consortium Board. To be effective as an agent of change (such as in forming clusters or mergers), the Consortium Board needs powers. It would need to depend largely on the “power of persuasion” as it would not have the resources to use the “power of the purse.” Without significant powers the Consortium model would not be a significant improvement from the current Alliance model. By contrast, option 3 avoids these pitfalls by *relying on incentives* (through program contracts) to induce change. Under this option one or more of the program contracts could be awarded to an alliance formed by the Centers, in which case the responsibilities and liabilities would be clearly spelled out in the contracts. However, the CGIAR would have no responsibility for the functioning or the maintenance of the alliance.
- In option 3 *accountabilities* of parties are clearly spelled out, both at the level of CGIAR governance (the Assembly, the Board, CEO) and operations (through performance contracts). Accountabilities are less clear in option 5. Centers continue to be self-accountable and accountable to the Consortium for some actions, while the Consortium is accountable to the Centers (because they own the Consortium). It is not clear how the Consortium’s and the individual Centers’ accountability to the CGIAR is to be reinforced.
- The *principles of the Paris Declaration* are addressed more fully and effectively by option 3. *Ownership* by donors and partners/clients is reinforced in Option 3 through the Assembly, regional AGMs, partnership panel, etc, whereas option 5

advocates “primacy of ownership by the Centers”, with no mention of partners. Similarly, *alignment* with developing partner organizations promoted in option 3 through an inclusive and open system and a programmatic approach. By contrast, alignment in option 5 depends on the Centers ability to develop program proposals that are aligned with developing country needs—a concern that has plagued the CGIAR for many years. Option 3 addresses *managing for results* through performance contracts that are results-based; option 5 would do the same through a performance-based approach coordinated jointly by the Consortium and the individual Center boards. Option 3 reinforces *mutual accountability* through clearly spelled out performance contracts. In option 5 this would depend on the success with which a “new compact” is developed and implemented between the Centers and the donors. Finally, both options would have a similar approach to *harmonization*.

The following section provides a detailed description of the operational features of option 3.

Table 5: Comparison of Governance Options

Criteria	Option 1, Present Reformed	Option 2, Corporate	Option 3, Performance Contract	Option 4, Alliance Preference	Option 5, Independent Review Panel
Effectiveness					
Enabling concerted action	Low	Medium	High	Medium	High
Enabling choice among the most competent research suppliers	Low	Low	High	Low	Medium
Leveraging the competencies of “the other 96%”	Low	Medium	High	Low	Low
Promoting maintenance and upgrading of critical global assets	High	High	Medium	High	High
Facilitating mobilization of additional resources to international agricultural research	Low	Medium	High	Low/Medium	Medium
Attracting the best scientists to CGIAR activities	Low	High	High	Medium/High	Medium/High
Efficiency					
Reducing the complexity of CGIAR governance	Low	High	High	Low	Medium
Ensuring that decision-making bodies have authority to enforce decisions	Low	High	High	Low	Low/Medium
Reducing the organizational complexity of the operating arm	Low	High	Medium	Medium	Medium
Reducing the transaction costs of governance	Low	Medium/High	High	Medium/High	Medium/High
Facilitating the sustainable and harmonized flow of funds to the CGIAR	Medium	Medium	High	Medium	Medium/High
Facilitating allocation of CGIAR resources to highest-priority areas	Low	High	High	Medium	Medium/High

Criteria	Option 1, Present Reformed	Option 2, Corporate	Option 3, Performance Contract	Option 4, Alliance Preference	Option 5, Independent Review Panel
Accountability					
Clear roles and lines of accountability	Low	High	High	Low	Medium
Clear authority and procedures for enforcing accountability	Medium	High	Medium/High	Medium	Medium
Promotion of transparency	Low	Medium	High	Medium	Medium/High
Legitimacy					
Promotion of inclusiveness	Medium	Low	High	Low	Medium
Absence of bias in governance	Medium	High	High	Low	Medium
Cost of transition to new governance	Low	Very High	Low/Medium	Medium	Medium

4.8 WG3 Recommendation: Option 3 with a Detailed Description

WG3 recommends option 3, whose features are described here in more detail. Under this option, the CGIAR would be essentially a global funding facility supporting programs aimed at solving large and complex problems requiring a coherent, consistent and focused effort over an extended period of time. Most programs would require an integrated, multi-institutional and multidisciplinary approach to achieve real and sustainable impact. Success would require careful strategic management — not only of the science but, just as importantly, of strategic partnerships — to optimize program results. Over time, option 3 would enable a shift away from institutional support towards more program support. It would also move the CGIAR more fully toward becoming a more inclusive and pluralistic platform with the potential to gain greater leverage in shaping the agenda of the international agricultural research and development community.

Regarding governance, the CGIAR would be incorporated as an international nonprofit organization through an agreement among some of the Member countries and/or international organizations, using a procedure similar to that already employed in the establishment or reconstitution of several CGIAR Centers.⁶ The new international entity would select a location for its headquarters and, if required, negotiate and sign a headquarters agreement with that country. Governance organs would include an assembly, a board that reports to the assembly, a central fund, two advisory panels and a CGIAR office. The implementing units would be autonomous, as at present, and would include existing CGIAR Centers (or a subset thereof), clusters of Centers, and/or non-CGIAR centers selected for their comparative advantages. Implementing units would be linked to the board through performance contracts. The model is illustrated in detail in Figure 9, and its components are described below.

1. Assembly. This would be the highest decision-making and accountability organ of the CGIAR. Assembly members would include shareholders, who would meet a set of contribution criteria and who would have voting rights, and invited members, who would be appointed by the assembly's nominating committee and have no voting rights. Invited members could include regional organizations of national agricultural research systems, regional agricultural development organizations, farmers associations and appropriate trade associations. Their inclusion is one of several mechanisms in this option aiming to ensure that key research partners and beneficiaries of international agricultural research have an effective voice and influence, as well as to provide the CGIAR with greater legitimacy.

The assembly would hold an annual global meeting. The CGIAR could also organize regional accountability forums, perhaps biennially, whose results would feed into the

⁶ It is also possible for the CGIAR not to incorporate as an international non-profit organization and still oversee a fund through its central office located at an international organization. However, accountabilities are clearer in a formally-constituted organization. Recognizing this possibility, the WG has illustrated lines of accountability under both options (i.e., CGIAR as a legal entity and CGIAR as an informal organization like at present.) in figures 10 and 11.

global meeting. The main responsibilities of the assembly would be to (1) set broad policies, (2) approve strategic priorities and overall CGIAR and program business plans and appropriations, and (3) appoint members to the board. During the deliberations of the assembly, the advice of invited members would be given serious consideration and weight in shaping the final outcome.

2. Nominating Committee. The assembly would constitute a nominating committee from among its members to identify and recommend individuals to serve on the board. Board members would be appointed by the entire voting membership of the assembly.

3. Board. A professional board of 9 or 10 members would be empowered to carry out the CGIAR's business and would be accountable to the assembly. Board members would be appointed for their professional qualifications in global agriculture and the governance of complex international organizations. While it is critical that the board include members with deep understanding of agricultural R&D challenges across regions, members would not represent any particular regional, national or institutional interest. The board would select and appoint a fulltime CEO, who would serve as an ex officio director on the board. The rest of the board members would be external directors. They, including the chair of the board, would not be engaged with day-to-day management but would be appointed on a part-time basis (about 25% for directors and 50% for the chair).

The board would have at least two standing committees: strategy and audit. It would meet frequently (i.e., once a month) and would have the following responsibilities:

a. Set strategic program priorities. The board would define program priorities derived from the new strategic objectives of the CGIAR. Strategic program priorities would take into account global and regional challenges, opportunities, risks and the comparative advantage of the CGIAR in the current landscape of agricultural research and development institutions globally and regionally. The board would be guided in its work by a science panel and a partnership panel and informed by analyses conducted by the CGIAR office. Close consultations would be undertaken from the very beginning of the planning process with key global and regional partners. On the basis of this information, and with advice from the science and partnership panels, the board would present recommendations for assembly decision. Strategic program priorities would be revisited from time to time based on progress in ongoing programs and the emergence of new challenges and opportunities.

b. Prepare a business plan for the Fund. After strategic program priorities have been approved by the assembly, the board would initiate a planning process to define the scale and scope of major programs, without any reference to potential implementers. (To get a sense of scale, WG3 visualizes each program to require roughly \$20-50 million per year.) Each program business plan would help operationalize CGIAR's strategic priorities in terms of a results-based program that focuses on solving a well-defined set of closely related problems. Business plans would describe what would be required from the implementers of the program in

terms of measureable outcomes, outputs and activities. They would also include a plan for internal monitoring and evaluation. Key assumptions would be described and major milestones specified over a minimum 5-year period. Business plans could at a later stage identify in preliminary fashion potential implementing agencies. The business plan would include an indicative program budget, set within a broad multi-year (e.g., 5-year) framework.

The development of business plans would be highly consultative, deriving inputs from a wide range of sources, and could proceed in at least two ways. First, planning could be facilitated by the professional staff in the CGIAR office. In this case, officers would establish and maintain close, ongoing consultations with global and regional partners to help refine the key parameters of the business plan, identify possible implementers and partnership modalities. Second, the board could commission an appropriate expert organization to assist in the development of program business plans. Business plans obtained through any of the procedures above would be reviewed and commented upon by the science and partnership panels, revised as necessary, and formally endorsed by the board. Board-endorsed program business plans would be presented to the assembly for its approval of both the programmatic directions and a 5-year appropriation from the central fund. The business plans, prepared in the same format, would provide a picture of the intended program portfolio of the Fund.

c. Award and manage performance contracts. After the assembly approves the strategic priorities and program business plans, the board would identify institutions or consortia that are best equipped to carry out each program. Depending on the nature of the program, the board could request a detailed proposal from a leading research entity or use an open-bidding scheme to identify the institution, institutions or consortium best qualified to implement the program. When proposals, including detailed business plans prepared using as guidance the indicative program design parameters of the Board, are received the board would draw upon assessments conducted by the Science and Partnership Panels, the CGIAR office and, as necessary, the advice of external reviewers. Once selected, a lead intermediary institution could be awarded a single large contract to manage a program, and it could subcontract partner institutions to carry out agreed activities. In this case, the lead institution would be held accountable for all funds, activities and agreed deliverables. Alternatively, though less desirable, if the envisaged program could be disaggregated into relatively standalone components, the board could seek proposals on each component from institutions qualified to address that component and award a series of smaller contracts. In this case, some program coordination responsibility may fall on the CGIAR office, with oversight provided by the CEO and the board. The terms of all contracts would specify the performance targets to be reached by the implementing organizations and the rewards or penalties for good or poor performance.

Lessons learned in the CPs would have to be carefully considered and applied during program design and implementation to avoid some of the more substantial problems encountered in their governance and management.

The current CGIAR Centers (or clusters of Centers or newly merged Centers) should be given, at least during an initial transitional period, priority consideration in the award of contracts for programs that are closely related to their core competencies and where more cost-effective alternative service providers are not readily evident. As autonomous organizations, funded Centers and clusters would of course remain free to take on other projects funded by CGIAR donors or other organizations. However, even during the transitional period, some contracts would likely be given to non-CGIAR institutions for their comparative advantages in performing the needed activities. If non-CGIAR centers were selected to play lead roles in a program or program consortia, thorough due diligence would have to be performed to assess both scientific and institutional capacity. The latter would include, inter alia, strong management, sound financial management systems, appropriate legal status, a regulatory environment that would enable successful program implementation, and demonstrated capacity in successfully managing similar programs.

- d. Develop operational policies.** The central board would be responsible for formulating organizational policies covering all major dimensions of CGIAR operations. These would include, inter alia, policies and procedures for the assembly; the board itself; financial management including audits; human resources including compensation; research contracting; monitoring, evaluation and impact assessment; procedures of the science and partnership panels; shareholder relations; partnerships; and performance standards of affiliated research centers. Staff of the CGIAR Office would assist the board by providing inputs as requested. Some policies and procedures may require assembly approval.
- e. Appoint CEO and assess performance.** The board would appoint and evaluate the performance of the CEO. Procedures would be developed for annual evaluations of board members.
- f. Mobilize resources.** The board would be responsible for mobilizing resources from traditional and other donors and for bringing those organizations into the assembly as shareholders. Resource mobilization efforts would be supported by the CEO and fund director.
- g. Oversee all operations of the CGIAR and hold CGIAR units accountable.** The board would provide direct oversight for the operations of the CGIAR office. It would provide indirect oversight of affiliated Centers through performance contracts.
- h. Represent the CGIAR.** All members of the central board, and especially the chair and CEO, would represent the broad interests of the CGIAR and its mission in

global and regional forums. The CEO would serve as the key spokesperson for the CGIAR.

4. Central Fund. The central fund would be in trust and could be administered by an organization with the capacity to perform this function, such as the World Bank, based on instructions from the CGIAR board. Funds received from CGIAR shareholding members would be either unrestricted or attributed to programs but would represent multi-annual commitments.

Some Principles Guiding the Definition of CGIAR Programs

The CGIAR would manage a portfolio of roughly 15-20 programs; the program portfolio would change over time in response to progress being made, problems encountered, new challenges and new opportunities.

- Each program would seek to solve a priority problem or closely related complex of problems within one or more of the strategic objectives of the CGIAR.
- Program priorities would be established by considering several criteria, including the magnitude and urgency of the problem being addressed, opportunities for effective action, likelihood for early impact, and probability of success.
- Program scope would consider both thematic and geographic factors; at least three types of programs might be envisaged: (1) programs that develop global solutions to global problems; (2) programs that seek regional solutions to problems of a global nature; and (3) programs that develop regional solutions to regional problems.
- Programs must be time bound (perhaps based on 5-10 year action plans), with clearly defined and measurable actions, output and outcome milestones that are closely monitored.
- Most programs are likely to require systemic changes (in agroecosystems, institutions, policies, etc.) and therefore will require interdisciplinary and multi-institutional approaches and close, synergistic alignment with other (non-funded) institutions working in the problem area.
- Program actions must be appropriate for the CGIAR; that is, they must produce international public goods, and CGIAR centers or other executing agencies funded through the CGIAR must have a demonstrated comparative advantage and be the most cost-effective agents available to address the particular set of problems within any given program.
- Programs would be developed in full view of the complete delivery system, so that production of global or regional public goods could be better coupled with their provision and uptake.
- The new programs would be distinct from the Challenge Programs and System-Wide Programs in at least three respects.
 - The programs would be explicitly derived from and designed as integral components of the CGIAR Strategy and Strategic Objectives.
 - Programs would be time bound and results oriented, with clearly defined sets of actions, and measurable output and outcome milestones, all of which are closely monitored to assess performance within contract requirements. Poor performance would have consequences, including the termination of funding.
 - Transactions costs in governance and management would be greatly reduced. Unlike the current Challenge Programs, implementation responsibility and accountability for a CGIAR program would be placed at an appropriate implementing organization, reinforced through a performance contract. Implementation procedures would be more flexible and less driven by prescribed instruments and procedures.

5. CEO and the CGIAR Office. All contracting and support operations of the CGIAR would be supported by a single CGIAR office headed by the CEO. The CEO would represent the CGIAR, would be empowered to speak with one voice for the system. Staff of the CGIAR office would be experienced professionals with proven competence in research for development, strategic planning, management of large and complex impact-oriented programs, finance, and administration. The functions of the central office would include *providing support and facilitation* in the following areas:

- a. corporate planning, priority setting and policy analysis;
- b. development of program and overall CGIAR business plans, including budgetary appropriations;
- c. awarding and managing performance contracts;
- d. monitoring the implementation of agreed program plans, using performance targets;
- e. interacting with the independent evaluation unit on impact assessment and evaluation;
- f. mobilizing resources;
- g. managing the common fund;
- h. communications;
- i. human resource policy and management, as applicable;
- j. information and knowledge management;
- k. legal matters; and
- l. meetings and administration.

6. Science Panel. A small science panel of five or six eminent experts in agricultural science would be selected by the board for individual merit to advise the board on all science policy matters. The panel would provide analyses, commentary and advice before the board made decisions or proposals in science-related areas for approval by the assembly. The specific functions and terms of reference of the science panel would be proposed by the board for endorsement by the assembly and would depend in part on the strengths of the CGIAR office in science matters and what could best be done in house and the areas where the Board would need additional advice. The science panel would most likely focus on setting strategic priorities and providing advice on programs. It would not advise on issues of resource allocation. As program priorities became defined, there would probably be a need for more specialized technical oversight committees constituted of world experts in the disciplinary and thematic domains of the program areas. These committees would report to the board.

7. Partnership Panel. A small partnership panel of five or six experts would be drawn by the board from the major geographic regions in which the CGIAR operates. This panel would be responsible for bringing in-depth regional and interregional knowledge and expertise to the formulation and review of the CGIAR's strategic priorities and programs. It would, in particular, assess alignment and complementarity with agricultural R&D priorities set by authoritative regional and subregional bodies. It would also assess whether partnership modalities are appropriate and effective and monitor the extent to which adequate attention is given in program planning and implementation to building the capacity of key partners.

8. Independent Evaluation Unit. An independent evaluation unit would be established to conduct ongoing evaluations, reporting directly to the assembly. Although it would be supported by the CGIAR office, the unit would consist of thematic specialists and professional evaluators and would operate outside board oversight. The focus of evaluations would be determined by the assembly. The board could make recommendations to the Assembly on areas requiring evaluation. Delegating program evaluation and impact assessments to an independent and fully professional evaluation unit accountable to the assembly would greatly enhance the credibility of the function and of the CGIAR more generally.

9. Challenge Programs. Responsibility for supervising the existing CPs, as long as they continue to operate, would be with the board. CP coordinators would report directly to the board. Alternatively, as noted under option 1, the supervision of a CP could be delegated to a cluster board if the cluster’s mandate encompasses the purpose of the CP. Over time, the CP concept as currently practiced would be revisited by the board, with the possibility of bringing the more promising CPs under the program structure and applying the governance and management mechanisms of the new CGIAR.

Figure 9: Detailed description of Option 3

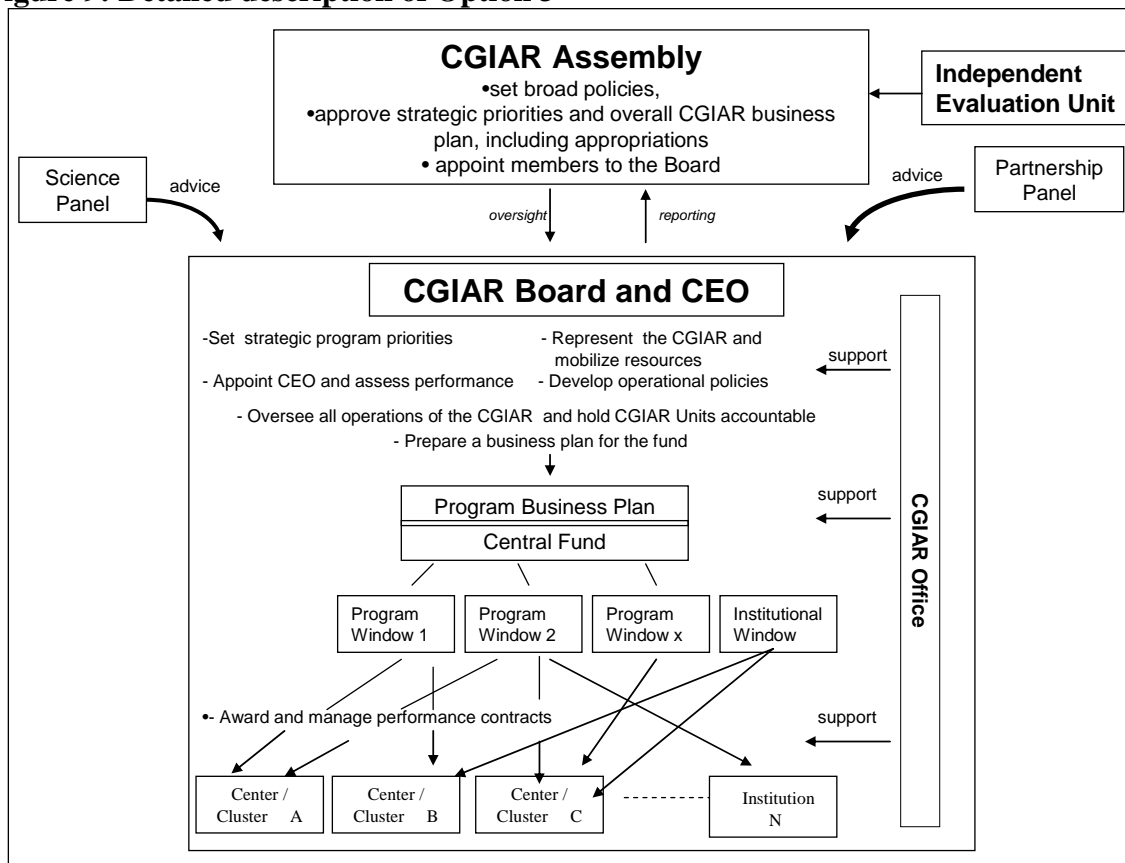


Figure 10: Flow of Accountability - CGIAR is legal entity

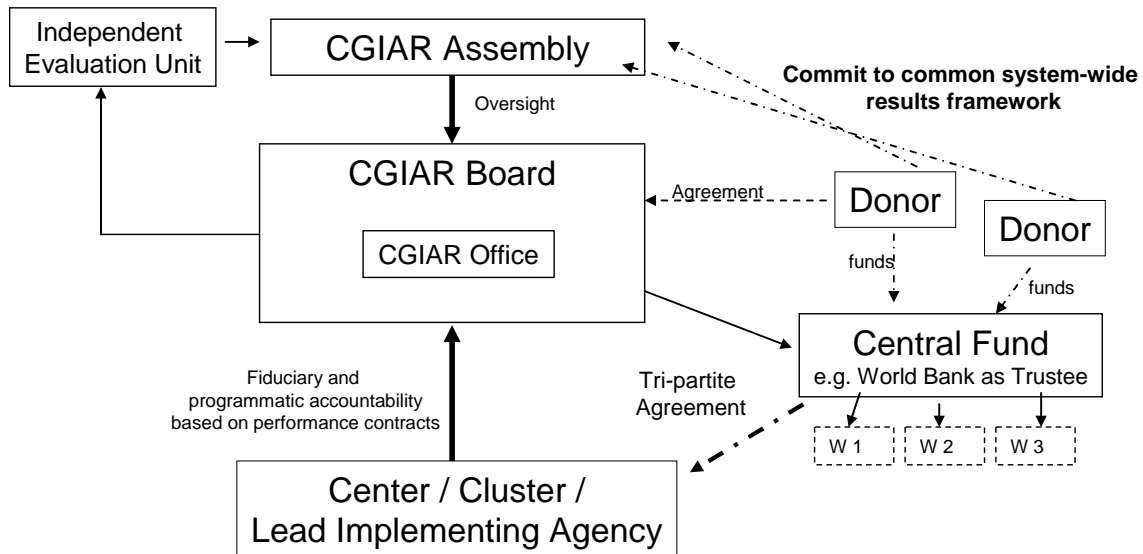
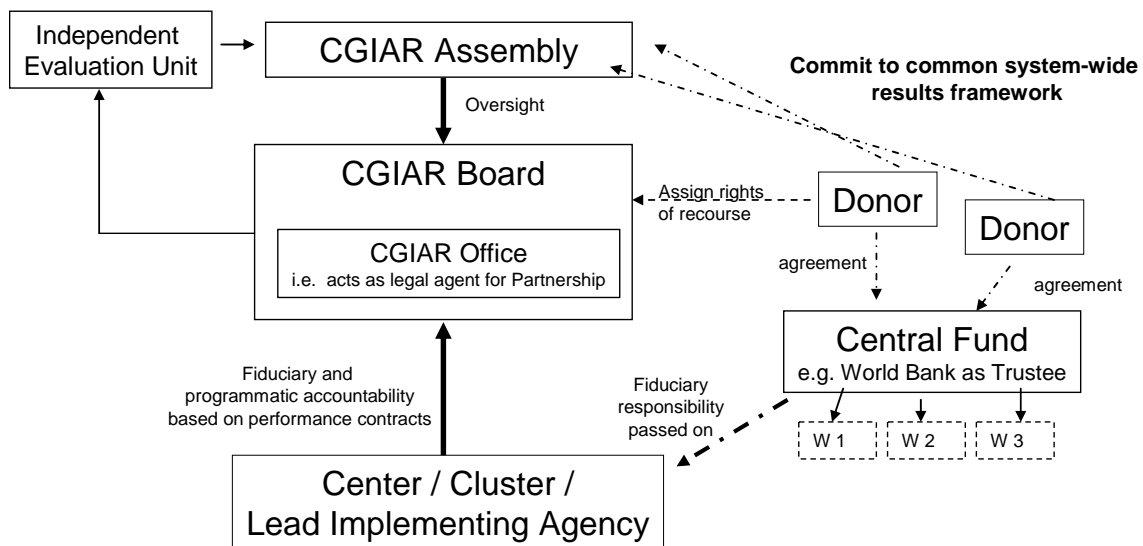


Figure 11: Flow of Accountability - CGIAR remains informal partnership



Managing the Transition. Each of the options examined would require current CGIAR Centers to make both structural and operational adjustments to achieve greater efficiency and effectiveness. Some adjustments are more significant than others, incurring varying levels of risk and cost. The risks need to be identified and carefully considered at the

outset to minimize unintended and unnecessary costs. Among the more important risks to be considered in option 3 are the following:

- If not carefully managed, ongoing research activities, even those falling within future programmatic areas, could be disrupted due to finances being withdrawn from Centers and Challenge Programs, and reallocated to the IFAR.
- Ongoing research activities that do not fall within future programmatic areas may be terminated prematurely, with significant loss of value and assets generated, if they are not given a minimal time period to identify alternative sources of support and/or follow-up strategies.
- Given the high level of special project funding, the core unrestricted basis of several Centers may be inadequate to adjust to the new programmatic and managerial directions, and existing donor contracts might allow only gradual implementation of full cost recovery. This could have a negative impact on the initiation of future programs and the implementation of on-going highly relevant special funded activities.
- Some current CGIAR centers will grow, others shrink and some likely to disappear, depending upon how competitive and cost effective they are in delivering research within the new program structure.
- Funding cuts could lead to the loss of valuable scientific resources unless effective mechanisms are employed to facilitate transfer between implementing agencies.
- Program and funding uncertainties could prompt the departure of valuable scientific talent from the Centers.
- The CGIAR brand could become muddled for key partners and supporters.
- When funds are allocated to consortia of implementing agencies, and especially when competitive bidding approaches are used for fund allocation, there is risk of high transactions costs and the emergence of complex management systems at the program level. Lessons drawn from the reviews of Challenge Programs and System-Wide Programs must be fully incorporated during design and implementation.

These risks suggest that it will be important to establish the new CGIAR and define new program directions as soon as possible to reduce uncertainty. A strong communications effort will be critically important. The risks also suggest that the changes must be carefully planned and then managed over a likely 5-year transitional period to minimize unintended costs. During that transition, funding will likely be necessary to cover transactions costs caused directly by programmatic shifts to (1) support the phasing down of former research activities in ways that minimize scientific losses; (2) cover staff resignations and terminations; and (3) transfer such assets as genetic resources, equipment, staff, etc., between institutions. Funds will also be required to stabilize and phase out the operations of Centers whose mandates fall outside the new program architecture and that could incur the greatest losses in donor support.

WG3 estimates that it could require 18-24 months to constitute the major organs of the new CGIAR, establish the fund, formulate and approve new strategic and program priorities, and begin awarding performance contracts. During this period, donors should

be encouraged to continue funding ongoing activities. After that, a 3-year transition plan should be implemented that shifts special project and institutional funding into attributed program funding for all Centers. Those CGIAR Centers that occupy a uniquely strong position in the research landscape and are considered necessary for the implementation of a priority program might require institutional performance contracts to sustain them for a number of years. Their accountability to the CGIAR would be defined by the terms of the performance contract, which could include institutional performance targets as well as targets for program performance. The mutual expectations would all be spelled out in the performance contract. This would eliminate the potential for overlapping accountabilities. Over time, however, institutional overheads should increasingly be covered by the full costing of programs.

Finally, once the new programs are defined, Centers could consider forming clusters or undertaking mergers and begin to combine their assets and build their competencies to position themselves as more competitive entities for program contracts from the CGIAR. The Alliance could serve as a valuable platform to promote planning and negotiations along these lines. The size of the programs (US\$ 20-50 m/year) would likely serve as a strong incentive for cooperation, not competition, among the Centers.

5. Structure Options

Governance options 1, 3 and 4 all call for either clustering or merging Centers to improve both efficiency and effectiveness in Center programs, management and governance. WG3 does not believe that it should make detailed recommendations at this point in the change process. Rather, it believes that this should be among the first items of business that ExCo (in option 1) or boards (in options 3 and 4) should consider. This section provides some historical background on how structural reform was considered in earlier CGIAR reform efforts, the recommendations made and the actions taken. It also briefly reviews the expected benefits and costs of structural change and suggests a possible new institutional architecture for the CGIAR.

5.1. Background

A review of the CGIAR's handling of organizational structure matters over the past 2 decades shows that this issue has always been a hot potato for the System. Whenever 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 proposal was developed in 1993-94 by the Technical Advisory Committee (TAC, which was replaced by the interim Science Council in 2001), at the request of the CGIAR. The System was experiencing a financial crisis, and restructuring the Centers was seen as the only viable response. A leadership change in 1994 shifted the approach from shrinking the System to expanding its resource base, so the TAC recommendations on restructuring never saw the light of day.

The next set of recommendations on structure suffered 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 divisional structure as two ways to move toward more centralized management of the Centers, received much attention. These came when the System was focused on improving stability, and restructuring was seen as destabilizing.

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. When that proposal was not supported by the CGIAR, restructuring was put back on the table for the Change Design and Management Team (CDMT) 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 market-driven restructuring in Centers over time. However, the marketplace of Centers has not been inclined towards mergers or forming clusters — at least, not until now — despite the incentives for doing so offered by the CGIAR.

The CDMT recommended that, if the evolutionary approach to restructuring did not work, the CGIAR should use a direct approach, i.e., taking action to reduce the number of operating units. The CGIAR decided to approach this in a piecemeal fashion, starting with its operations geared towards sub-Saharan Africa (SSA). For years, the CGIAR's national partners in SSA had been urging the System to streamline its organization so that they would not have to deal with 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. This showed that handling structure in a piecemeal manner, region by region or without an overall game plan, would not produce a solution acceptable to all.

This is where the System finds itself in 2008, with no consensus solution in hand to the organizational structure issue 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 was partly reorganized in 1993, when four Centers were merged into two, and in 2004, when one Center was closed and some of its programs were transferred to another Center. In each case, three conditions held:

1. There was a compelling rationale. In the ILCA-ILRAD merger, declining funding for livestock research reduced the viability of maintaining two separate Centers. In the case of the International Network for the Improvement of Banana and Plantain, the newly admitted network Center was too small to remain as a separate unit and was brought under the administrative umbrella of the International Plant Genetic Resources Institute (since renamed Bioversity International). In the case of the International Service for National Agricultural Research, performance problems prompted action by the CGIAR.
2. 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 CGIAR chair or a committee (like the Oversight Committee or ExCo) or some individual Members took the lead in building the consensus.
3. The CGIAR set up a task force or working group to explore the options in detail, usually led by a CGIAR Member. The task force approach enabled interaction with all key stakeholders, as well as helped to build consensus around a common solution.

The introduction of CPs 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, as something more important was going on;

- not well argued, as the suggested options were not specific enough for people to see the consequences;
- predicated on a redistribution of power, with winners and losers;
- not fully backed by the CGIAR leadership; or
- resisted by the Centers and their supporters, including host countries.⁷

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

5.3 Restructuring Scenarios Proposed in the Past

TAC, 1994. The 1994 TAC study saw the future structure of the CGIAR based on two types of responsibilities: global and regional/ecoregional, reporting thus:

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 [international agricultural research centers] 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:

1. genetic resources,
2. cereals,
3. roots and tubers,
4. livestock,
5. aquatic resource management,
6. forestry and agroforestry, and
7. public policy and public management.

Complementing these were five regional mechanisms that, in TAC's opinion, provided a balanced blend of geography and overriding ecological constraints:

1. West and Central Africa,
2. East and Southern Africa,
3. Latin America,
4. arid and semi-arid Asia, West Asia and North Africa, and
5. 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:

⁷ An example of host country reaction is the strong opposition of the CGIAR Member, India, to the recommendation of the external review of the International Crops Research Institute for the Semi-Arid Tropics about the Center's headquarters location, which was made without any consultation with the host country.

1. global programs responsible for addressing strategic research problems of international significance and
2. regional action programs responsible for addressing specific sustainable-production problems faced in significant geographic regions.

The panel envisaged three types of global programs:

1. long-term, Center-based programs, e.g., resolving problems of increased food production;
2. multi-Center programs, e.g., the conservation, characterization and evaluation of selected germplasm; and
3. collaborative strategic research programs, e.g., addressing the 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:

- the International Food Policy Research Institute (IFPRI), International Plant Genetic Resources Institute, International Service for National Agricultural Research and International Water Management Institute;
- the Africa Rice Center, International Institute of Tropical Agriculture (IITA) and International Crops Research Institute for the Semi-Arid Tropics (ICRISAT)-Africa;
- the Center for International Forestry Research (CIFOR) and the World Agroforestry Centre;
- CIMMYT and IRRI;
- the International Center for Agricultural Research in the Dry Areas (ICARDA) and ICRISAT-Asia; and
- CIAT and the International Potato Center (CIP by its Spanish acronym).

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

The Alliance, 2007 and 2008. The Alliance of the CGIAR Centers presented at the ExCo meeting in Madrid in May 2007 a statement entitled *The Way Forward for the CGIAR System*, which summarized the Alliance’s ideas on new approaches and structures of operation. These included an Alliance-owned umbrella organization 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 called for a “rule based and strengthened Alliance of Centers” and the other for a centralized corporate entity called the International Fund for Agricultural Research whose operating

units would be Centers 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 and counted as “15, and/or clusters, and/or less than 15.” The Alliance’s preferred option envisaged a corporate CGIAR board, under which the Centers may “re-organise into clusters, and/or engage in mergers, as per the analyses of the Board.”

In conclusion, the idea of reducing the number of operational entities through mergers or by forming clusters of Centers has been recommended repeatedly over the years as a way to improve program effectiveness, rationalize partnerships and reduce overhead costs. The idea has been supported by donors, Centers and external observers. The challenge has been to identify a specific configuration that would be agreeable to the Centers and donors and deciding whether merger, clustering, or clustering-leading-to-mergers was the more appropriate path to follow. WG3 suggests that the CGIAR community discuss merger and clustering alternatives openly, objectively and with analytical rigor so that the advantages and disadvantages of all reasonable clustering options can be understood fully. The purpose of this section is to open that discussion.

Box 1: 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 rearrange the functions and responsibilities of the Centers under its management, including through mergers. If an overarching authority such as a CGIAR board were 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 redrawn 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 the transfer of power and with each host country about a new host country agreement.

Several variations of this 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, though this would be a matter to be decided by the cluster board.

If the 15 Centers were organized under five clusters, CGIAR funds would be channeled to five 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 Mergers and Clusters. Reducing the number of operational entities through mergers or clusters could enhance the effectiveness and efficiency of the CGIAR. Increases in effectiveness would be a function of the strategic complementarity of the assets and orientations brought together in one Center or cluster as they relate to the efficient conduct of more closely aligned programs as overseen by a single board. It would also reduce duplication and unhealthy competition between Centers with overlapping program mandates. For example, a merger or 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., information technology, human resources, purchasing, travel, etc.), streamlined field offices and linkages with partners, and so on. Having a larger number of scientists could enable the merged Center or cluster to reach critical mass needed in some disciplines and allow the sharing of rare specialties across departments or subprograms. Additional benefits could result from economies of scale, such as having a stronger voice in the scientific community. Financial advantages could arise from the opportunity for the common board to manage a larger pool of resources, thereby enabling it to protect the entity from the vagaries of financial instability.

A potential disadvantage of merging or clustering could be the loss of some flexibility provided by being small. There would also be a risk of bureaucratization, which occurs in many large organizations, unless there is significant devolution of authority to the departments, subprograms or individual Centers in the cluster. There is also the likelihood of losing, in the long term, the brand names of individual Centers through merger or clustering if it were not managed well. The loss of brand names could, in the short term at least, have implications for bilateral funding and scientific collaboration, as well as for recruitment.

5.4 Two Approaches to Restructuring

WG3 considers that, whether mergers, clustering, or clustering-leading-to-mergers were pursued, the CGIAR could use two alternative approaches to formulating restructuring options:

1. Agree first on a broad architecture for the System as driven by the new strategic objectives and program priorities, and then drill down to explore the organizational structure that would most efficiently support the priority programs. This approach could lead to clusters, complete mergers of existing Centers, or

- constituting entirely new Centers through the transfer of assets from multiple Centers as well as through the introduction of entirely new assets.
2. Start first with the existing CGIAR Centers, explore the complementarities of each Center with all the other Centers, and identify win-win combinations of possible clusters or mergers that are aligned with the new program priorities.

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

5.4.1 A New Organizational Architecture for the System

A lesson from the restructuring scenarios proposed in the past is that an organizational architecture that could best fit the CGIAR is one in which the CGIAR institutions would be in two groups: 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 global and regional center architecture could take several forms, some of which have been recommended in earlier reform initiatives as reviewed in section 5.3 above. WG3 is attracted by a structure that, at the global level, provides for four thematic centers or clusters of Centers that focus on (1) crop genetic resources, (2) livestock and aquatic resources, (3) natural resource management, and (4) policy issues. An attractive regional structure might resemble that proposed by TAC in 1994, with five Centers selected according to both regional and ecoregional criteria: (1) West and Central Africa, (2) East and Southern Africa, (3) Latin America and the Caribbean, (4) arid and semi-arid Asia, West Asia and North Africa, and (5) humid and sub-humid areas of Asia. All regional Centers would be multi-thematic and multidisciplinary. Possible roles of the global and regional Centers in carrying out the functions proposed by WG1 are presented in Table 6.

The need for the CGIAR to pay focused attention to developing regions is highlighted also by the new CGIAR vision outlined by WG1. The reasons are as follows:

- Major differences distinguish developing regions in terms of their needs, capacity, culture, institutional make-up, etc. This increases the need for a CGIAR focal point in each developing region.
- As the CGIAR 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 CGIAR needs institutions that are close to these markets and in constant interaction with market actors.
- Enhancing the relevance of the CGIAR’s work for its partners, clients and beneficiaries can best be done through joint planning. It is more efficient for the CGIAR to participate in joint planning through regional CGIAR institutions. Regional Centers would also provide platforms to enhance the directness, relevance and influence of client and beneficiary voices.
- One of the new functions of the CGIAR of the future, emphasized in the new vision, is its catalyzing role, especially in transforming 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, which is another role emphasized in the new vision.

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

The “culprit” for this complicated landscape is not just the CGIAR, which saw convenience in having Centers play dual global-regional roles. Some Center boards decided to expand the original responsibilities of their Center by annexing new responsibilities, often without the explicit approval of the CGIAR. 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 geographical responsibility map in the CGIAR.

In light of this complicated and confusing division of responsibilities, it is not easy to pinpoint the Center that can serve as the key CGIAR interface in each region — not without rationalizing some of the conflicting responsibilities. It is also not entirely clear how one should define developing regions, especially in Africa and Asia, or whether an ecoregional approach is more appropriate. The same is true for global responsibilities.

However, WG3 feels that these are second-order questions. The first-order question is whether the CGIAR should clearly define its overall architecture as a set of global institutions and another set of regional institutions. In this connection, there is compelling rationale, strengthened by the new vision, to identify a set of CGIAR institutions as global Centers and another set as regional institutions. The roles of the “new” CGIAR, as described by WG1, can be performed most effectively if there is a clear division of labor between two sets of CGIAR institutions: global and regional, as illustrated in Table 6.

Table 6. Possible Responsibilities of Global and Regional CGIAR Institutions

Core Role	Global Institutions	Regional Institutions
Research for development	<ul style="list-style-type: none"> • Address problems with global relevance that require global solutions. • Generate knowledge with broad application and spillover benefits. • Develop methods and tools that can be applied across regions. 	<ul style="list-style-type: none"> • Develop regional solutions to global problems. • Develop solutions to regional problems. • Develop methods and tools to solve regional problems. • Provide platforms for multidisciplinary research.

<p>Conserving core collections of germplasm and knowledge</p>	<ul style="list-style-type: none"> • Provide backup storage for genetic resources (GR). • Characterize and classify genetic materials. • Develop and maintain global databases. • Develop methods and tools for information management and analysis, characterization and storage. • Advocate for GR policies in global forums. • Develop GR training materials and methods. 	<ul style="list-style-type: none"> • Conduct and coordinate germplasm collection. • Store regional GR accessions. • Characterize GR for traits of regional importance. • Promote germplasm exchange. • Adapt cutting-edge tools and methods for local application. • Help build the capacity of national and regional GR institutions. • Provide technical assistance to national and regional institutions to implement global conventions. • Advocate in regional forums.
<p>Catalyzing research and innovation</p>	<ul style="list-style-type: none"> • Contribute to setting the global agenda by helping to frame global challenges and program priorities. • Help frame and mobilize global research partnerships. • Partner with global institutions to address problems of global reach. 	<ul style="list-style-type: none"> • Contribute to setting regional agendas by helping to frame regional challenges and program priorities. • Help mobilize regional research partnerships through support to R&D networks. • Partner with global institutions to address regional problems. • Provide cutting-edge research facilities to host the advanced research of regional partners.
<p>Raising awareness, including anticipation and foresight</p>	<ul style="list-style-type: none"> • Track global trends and analyze global issues. • Conduct foresight and scenario analyses. • Advocate in global forums. 	<ul style="list-style-type: none"> • Track regional trends and the regional impact of global trends. • Conduct foresight and scenario analyses. • Advocate in regional forums.
<p>Support for policy and decision making</p>	<ul style="list-style-type: none"> • Track global trends and related policy issues. • Conduct foresight and scenario analyses to develop policy implications. • Advocate for policy reform in global forums. • Develop policy tools and methods. • Develop decision-support tools. • Convene global forums to 	<ul style="list-style-type: none"> • Track regional trends and related policy issues. • Conduct foresight and scenario analyses to develop policy implications. • Advocate for policy reform in regional forums. • Adapt policy tools and methods to local contexts. • Adapt decision-support tools for local application. • Convene regional forums to

	address policy issues.	address policy issues.
Capacity strengthening	<ul style="list-style-type: none"> • Develop capacity-strengthening tools, methods and materials. • Train trainers. • Train regional researchers in advanced methods with cross-regional application. • Incorporate capacity strengthening in all functions listed above as appropriate. 	<ul style="list-style-type: none"> • Adapt capacity-strengthening tools, methods and materials to local contexts. • Train trainers. • Train regional researchers in advanced methods and how to adapt them to local conditions. • Incorporate capacity strengthening in all functions listed above as appropriate.

If the CGIAR were to restructure its operations along the lines of the organizational architecture discussed above, there would be some leading candidate institutions or groups of institutions that could play one or the other role. Although WG3 could pursue this analysis further, it should be the responsibility of the new governance bodies of the CGIAR to go to the next level of detail, once it has fully elaborated the new strategic objectives and program priorities.

Finally, WG3 believes that the most efficient structure is unlikely to be defined exclusively through the clustering or merger of existing Centers. Rather, it is more likely to require a process that first identifies the thematic, functional and geographic responsibilities of new global and regional entities and then composes them through a transfer of assets from existing Centers or from other sources as necessary. WG3 also suggests that, if established, each of the new global and regional Centers should not necessarily have a single location. Multiple locations might be required to address specific program objectives most effectively. These locations might or might not correspond to current Centers and outstations. If they did, existing facilities could continue to be exploited under the new architecture with significant potential savings.

5.4.2 Center-by-Center Analysis

The second approach to restructuring starts with examining complementarities among existing Centers. For this, WG3 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 can be complementary because of similarity of research (IRRI and Africa Rice) or because the two Centers conduct research on two separate dimensions of the same problem (CIFOR and World Agroforestry). An illustration of what this analysis might look like is presented in Table 7.

Pursuing this analysis further would not be productive at this time. Again, it must be the responsibility of the new governing bodies to go to the next level of detail, after they have fully elaborated the new strategic objectives and program priorities as the point of departure.

Table 7: 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	World Agroforestry	IFPRI
CIMMYT	IRRI	ICARDA
CIP	CIAT	IITA
ICARDA	ICRISAT	CIMMYT
ICRISAT	ICARDA	IITA
IFPRI	Bioversity	CIFOR or IWMI
IITA	CIAT	ICRISAT
ILRI	WorldFish	CIAT or ICARDA
IRRI	Africa Rice	CIMMYT
IWMI	IFPRI	WorldFish
World Agroforestry	CIFOR	IITA
WorldFish	ILRI	IWMI

5.5. Conclusions on Structural Options

WG3 is not in a position to make a specific restructuring recommendation at this stage. However, it firmly believes that restructuring is in order, if for no other reason than to rationalize the mandates and 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, reconfiguring the System into a set of regional entities and another set of global entities has a compelling logic.

Adopting this approach would require clarifying or redefining 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, restructuring may require the transfer of some programs from one Center to another (i.e., responsibility for programs but not necessarily moving the staff from their existing locations).

Forming clusters would require detailed study of legal status. Africa Rice's status as an intergovernmental organization would require special study. However, WG3 believes that these legal hurdles should not deter the CGIAR from making the bold decisions necessary to create a more effective and efficient institutional setup for the System.

6. Conclusions and Recommendations

Conclusions

The CGIAR has a history of 37 years and has achieved much. While this is undoubtedly true, the landscape of agricultural research in which the CGIAR operates has and is changing quickly. This has been best expressed by Working Group 1.

‘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.’

Repositioning itself in this ‘new world’ offers the CGIAR an opportunity to make some fundamental changes in the way it is structured and governed. Past attempts at change were seen by many as inward and defensive, in part because of strong adherence by the CGIAR community to its key founding principles--Center autonomy, donor sovereignty, consensus decision making, and independent scientific advice. Numerous external reviews over the past 15 years have proposed a range of substantive reforms and, in nearly all cases many of these changes have been resisted because they challenged the founding principles. As a result, governance and structure have remained essentially the same since 1971. And, over time, the governance practices have become even more complicated – in response, in part, to the lack of clear lines of accountability and the difficulty of trying to establish a system-wide focus based on 15 separate, legal entities. At the same time, CGIAR research directions have lost focus and CGIAR centers have developed increasingly overlapping and competitive research programs. Significantly contributing to this situation is declining funding in real terms, and how those funds are allocated by donors. But the CGIAR’s governance structure is at least equally at fault.

A CGIAR based on the founding principles noted above is always going to be difficult to change. The drivers for change do not exist and concerted action is difficult, particularly where interests are conflicted – which is common in today’s CGIAR. Real changes will require acknowledgement that the current foundation principles will themselves have to be revisited.

There have been many reports on ‘ways ahead’ for the CGIAR. Some of these reports are summarized at Section 5 of this report. And, in some senses, many of their findings and recommendations remain as relevant today as when they were proposed. The case for change has been well documented and, in some of the past reviews, so has the appropriate policy prescriptions.

Within the context of the findings of the other three Working Groups, this report has analyzed the CGIAR's problems that derive from governance and structural factors, reviewed past efforts at resolving those problems, and examined five options for changing the governance and organisational structure at the system level. Three of these options were developed by our Working Group, another by the Alliance of CG Centers, and the fifth by the CG External Review. All five have been reviewed by the Working Group from the perspectives of effectiveness, efficiency, accountability and legitimacy. We have used these governance principles with the following meaning:

Effectiveness: The extent to which the option promotes the achievement of measurable and relevant results (outputs, outcomes and impacts) in relation to its strategic objectives.

Efficiency: The extent to which resources (financial, human and physical) are used to generate maximum possible results.

Accountability: The extent to which accounting for actions is clearly defined, accepted and exercised by all actors and components of the CGIAR.

Legitimacy: The extent to which authority is exercised without bias and taking into account the views of those with a legitimate interest, e.g. partners, clients and beneficiaries of the CGIAR.

Making judgements between the five options is not easy, in part because there are trade-offs between these four benchmark norms. But our on balance view is that Option 3 – the Performance Contract Model – should be the central focus for improving governance at the system level. A detailed description of the Option is presented in Section 4.

In essence the Performance Contract Option shifts the center of CGIAR funding from an institutional to a program base. It is envisaged that the CGIAR would manage a portfolio of roughly 15-20 programs, with the portfolio evolving over time in response to progress being made, problems encountered, new challenges and new opportunities. Each program would likely be inter-disciplinary and multi-institutional, and designed to solve a priority problem or closely related complex of problems within one or more of the strategic objectives of the CGIAR. Programs would be time bound, with clearly defined and measurable actions, output and outcome milestones that would be closely monitored. Funds would be allocated using a performance contract modality which would specify the actions to be undertaken, outputs to be produced and outcomes achieved with clear milestones defined. Performance contracts would also set out the rewards or penalties for good or poor performance.

Option 3 also makes a clear distinction between the partners, clients and beneficiaries and those that undertake the research. It puts the voice of partners, clients and beneficiaries at the heart of the strategic planning, program design and fund allocation process. It recognises that research methodology is best left to those with research expertise and that the articulation of key development challenges and their associated priorities are best left to partners, clients and beneficiaries. It addresses conflicts of interest by seeking to avoid them. It facilitates engagement between the CGIAR and other research institutes in the north and south. It promotes the opportunity for partnerships with other Foundations.

Strategic oversight is provided by an expertise-based Board, not a representative Board. This professional, expertise-based Board is appointed by and accountable to an Assembly, the highest decision-making organ of the CGIAR.

In assessing the five system governance options against the parameters of efficiency, effectiveness, accountability and legitimacy, Working Group 3 recognises that there are trade-offs and that ‘on-balance’ judgements have had to be made. We asked numerous questions of ourselves in that process – none more than the challenge put to us by Working Group 1.

‘the world of agricultural research has shifted dramatically... the CGIAR is only one part... unless it changes, the CGIAR risks no longer being perceived as a key provider...’.

The voice of partners, clients and beneficiaries cannot continue as a missing element of CGIAR governance. Nor can we continue without clear lines of accountability. The current Challenge Programs are in flux partly because of the lack of clarity on accountability.

In brief, the Working Group concluded on the five options in the following terms. Option 1 – improving current arrangements – was seen as completely inadequate for the challenges facing today’s CGIAR. Option 2 – the corporate model – was seen as very difficult to implement and more inwardly focused. Option 4 – the alliance model – was too conflicted. Option 5 – the Independent Review model – had some of the shortcomings of Option 4. It is premised more around a research for development agenda but still posed questions about conflict of interest and an inwardness of perspective.

In many senses it would be wrong to conclude that there are significant differences in the diagnosis of the governance agenda between Working Group 3 and the Independent Review. We have traversed the same agenda and come to some of the same conclusions (to quote the Independent Review).

- ‘- Evolutionary approaches to restructuring have not worked and are unlikely to work if attempted again.*
- The core problem of CGIAR governance is structural (as the Sub-Saharan Africa Task Force rightly concluded), but change efforts have proceeded on the basis that form (structures) would follow function. The probably case in the CGIAR is that function will need to follow form.*
- Most CGIAR change efforts began by reaffirming three main founding principles of the CGIAR: donor sovereignty, Center independence and consensus decision-making. In light of the Paris Declaration, these principles are outdated and are root causes of dysfunction on the governance of the CGIAR.*
- Sound governance requires that responsibilities be clearly assigned and that effective authority and accountabilities accompany responsibilities.*
- There has been a serious absence of ex ante incentives to catalyse and reward change.*

- From the perspective of the Centers, the benefits of membership in the CGIAR have become unclear and contested. ‘

Working Group 3 would only caveat the last point – it’s not just from the perspective of the Centers. And we would not support proposed solutions that are inherently conflicted in their design and leave out partners, clients and beneficiaries from major decisions about the future directions and programs of the CGIAR.

As we have reflected on system governance issues, Working Group 3 has discussed what should constitute the system. The trend towards more restricted funding and the double accountability that this imposes on Centers was a key element of our discussions. On balance, our view is that the system boundaries should be defined by what is funded from the common fund. If activities by Centers are funded outside the common fund, they are, in our view, outside the system governance framework. But there are important caveats of full cost recovery that must be adhered to by the contracting parties. What is important is that a unitary accountability framework is respected by all parties. If the engagement is funded centrally, so should be the accountability. If the project specific activity is funded bilaterally, it has its own accountability mechanisms that should not be replicated at the system level.

All five options considered by the Working Group are built around the assumption that CGIAR would establish a common fund, an instrument that fetters donor sovereignty. Working Group 3 argues that this fund should be allocated primarily with a programmatic focus – a small number of programs focusing on key global development challenges that could be addressed through international agricultural research. But legitimate questions were posed by the Working Group in coming to this view.

The first is what is different between our programmatic advocacy and the current Challenge Programs? The current Challenge Programs have strengths. They are more open, they are task-focused and they are larger in scale. On the other hand, they have no clear lines of accountability to the CGIAR, they have high transactions costs and are conflicted in their interests. In a programmatic context, the Working Group envisages larger scale programs with a single legal entity serving as the commissioning agency. This could be a single CG Center or the Alliance if it was a legal entity. Or it could be a non-CG entity. In all cases the commissioning agency would have collaborating parties but it would be directly accountable to the CGIAR Board for the performance of the Program through a performance contract.

The second is the question of the financial viability of the Centers as institutions? Scientists must have a home base and some degree of employment security. This should be recognised by all. If done properly, a programmatic approach should account for all institutional overheads. Think about a single CGIAR program funding the gene banks held by the ten Centers. And a programmatic focus does not necessarily preclude institutional support in and of itself, at least during a transition period.

This programmatic approach has long been advocated for the CGIAR. The Conway Panel of 1994 saw the CGIAR using a program-based approach with two types of programs – global programs responsible for addressing strategic research problems of international significance and regional action programs responsible for addressing specific sustainable production problems faced in significant geographic regions.

In its review of governance options at the Center level, Working Group 3 saw considerable merit in having an operating arm of the CGIAR with two types of Centers: those that produce global public goods and those that are regional, much closer to partner countries and institutions and development agendas. Section 5 details a number of options without being definitive.

Section 5 also makes a strong case for the Centers to consider forming clusters. Again, this concept of clustering in a CGIAR context has its own history. It was advocated by the Change Design and Management Team (CDMT) in 2001 without any substantive follow-up. The term ‘cluster’ 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. Again the Working Group sees merit in having clusters of Centers that parallel global and regional needs. In any event, the size of the programs advocated by the Working Group would encourage Centers to form clusters or make other sound cooperative arrangements in order to undertake execution such large-scale programs.

If the CGIAR does not change, it will inevitably become less relevant over time. This is truer for some parts of the CGIAR than others. Aggregate funding is likely to continue declining in real terms and, periodically, Centers will continue to face financial difficulties. This doesn’t have to be the future. Substantive reform will produce a global networked CGIAR capable of contributing to substantive and sustainable development impacts. Governance is a key reform area. Lines of accountability need to be established and respected. Governance mechanisms need to be much more cost-effective. This reform needs to occur at the System and Center levels. Otherwise, partners, clients and beneficiaries will, over time, move towards other development options.

Recommendations

Working Group 3 makes the following recommendations for reforming the governance of the CGIAR:

1. That the foundation principles on which the CGIAR should be built need to be revisited. As input into that discussion, WG3 proposes the following five principles for consideration:
 - System coherence and focus
 - Collective donor action (paralleling norms set by the Paris Declaration)
 - Inclusion (of partners, clients and beneficiaries)
 - Accountability
 - Cost-effectiveness
 - Avoidance of conflicts of interest

At the System level:

2. That an International Fund for Agricultural Research (IFAR or a collective fund with a similar name) be established to which donors would contribute at the System and Program levels. Governance at the System level would focus primarily on the operations of IFAR.
3. That an expertise-based Board be appointed by the CGIAR Assembly to oversee and manage IFAR. A Nomination Committee established by the Assembly would be responsible for proposing the membership of the Board. The Board would not be representational and would be accountable to the Assembly for its stewardship of IFAR funds.
4. That the ‘Performance Contract Model’ proposed by the Working Group should be the central focus for improving governance at the System level. Details on this model are put forward in the report of the Working Group for further consideration.
5. That an independent evaluation unit be established that would report directly to the Assembly and be accountable to it.
6. That the Board establishes two panels, one on Science and the other on Partnership, to provide advice on science, development and partnership policy and priority matters.

At the Program level

7. That the CGIAR gradually shift its funding focus from CG Centers to CGIAR mega programs focused on key development challenges. A benchmark parameter of \$20–50 M per annum for each program is suggested.
8. That the CGIAR establish two types of programs – global programs responsible for addressing strategic research problems of international significance, and regional action programs responsible for addressing specific sustainable production problems faced in significant geographic regions.
9. That CG funded programs be mega in character focused on key development challenges. A benchmark parameter of \$20–50 M per annum for each program is suggested.
10. That leadership of these mega programs rest with a legal entity which would be accountable to the CG Board for its execution and specified deliverables. This legal entity could be a CG Centre or the Alliance of CG Centers if it was a legal entity. The CGIAR should not preclude the option of a non-CG institution being the nominated program executor if the program competencies rested outside the CGIAR or were stronger outside the CGIAR.

At the Center level

11. That the CGIAR seek a reduction in the number of Centers to combine complementary assets, reduce costs and overlapping mandates, and promote greater focus. A ‘mega programs’ approach should encourage this rationalization. The Working Group is attracted by an integrated structure of global and regional entities, (centers or clusters of centers) focused on major programs and priority eco-regions.

Annex 1. Detailed Description of Governance and Structure Issues Faced by the CGIAR

WG3 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 the 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 responsibility is defined, accepted and exercised by all actors and components within the System; and
- **legitimacy**, the extent to which the exercise of authority in the System takes into account the views of those with a legitimate interest, e.g., partners, clients and beneficiaries.

1. Effectiveness

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

1. operating as a “system,”
2. partnerships with the “other 94%,”
3. alignment of activities with strategic objectives and priorities, and
4. attracting and retaining the 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.”⁸ 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 a given, the question is whether the System has been able to act as one? The answer is “rarely” — despite the efforts made by the CGIAR through the 2001 Reform Program and by the Centers through the Alliance. This is because of weak incentives for cooperation among the Centers; unhealthy competition between Centers for the attention of donors and engagement with R&D partners; inefficient duplication in activities between Centers; insufficient complementary behavior among donors; inadequate value-added cooperation, as most value is added through individual institutions, not through intra-System partnerships; the limited capacity of the System to speak with one voice in regional and global forums, especially on agenda

⁸ CGIAR Charter, p. vi

setting; etc.⁹ Regarding the last point, had the System been able to speak with one voice, it would have responded as a system to the recent food price crisis much 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 in the future it would want to operate as an exclusive System as currently defined in the *Charter*, to act as an independent set of actors, or to expand the concept of “system” to embrace a systems approach that brings together a broader set of actors in the community of global agricultural research and development, which the CGIAR would help catalyze to work in a purposive and coordinated manner. If the CGIAR is to work either as an exclusive system or as a more open and inclusive system, the relationships among its components should generate a whole that is greater than the sum of its parts. This means that the roles, responsibilities and accountabilities of each actor vis-à-vis all other actors needs to clear, including the accountabilities of the Centers, those of other possible implementing organizations, and those of the donors.

Partnerships with “the other 96%.” 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 a broader level, however, the CGIAR’s capacity and role in contributing to setting an international agricultural research for development agenda and in helping mobilize complementary partner efforts regionally and globally 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. Centers’ engagement and partnership in a target region is ultimately decided by each Center, not by 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 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 in the System is that the 20 sub-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 strategic objectives. The exercise will need to be followed with further drilling down to

⁹ This does not negate the need for some Centers being the most appropriate advocates for the CGIAR in some specialized forums (e.g., sectoral forums on forestry, fisheries, etc.).

identify priorities for the System. Next, the outputs (goods, services, material, information and knowledge) of the Centers and key partners will need to be linked with the System's priorities to assess their alignment.

Attracting and retaining the best scientists. The effectiveness of the CGIAR currently depends on the quality of the science practiced at the Centers. In its early years, the CGIAR Centers were the institutions of choice for the best scientists around the world, as evidenced by the scientific awards received. It is not clear that 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 force Centers to pay less attention to improving facilities and equipment. The 15 Centers have 15 different human resource systems and policies, making it difficult to plan one's career in this large research enterprise. Topping off the reasons, uncertain tenure and the impression that scientists in the CGIAR spend a lot of time on bureaucratic activities like reviews and medium-term plans make it increasingly difficult for Centers to attract and retain the best scientists globally. At the same time, human resource capacity in many non-CGIAR agricultural R&D institutions has improved significantly in recent decades thanks to major investments in training programs. Often constrained by inadequate operating funds, these researchers represent a valuable but underutilized resource that could, if properly mobilized, contribute significantly to the goals of a more inclusive CGIAR.

2. Efficiency

During the first 2 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 certification from international business practice audit firms. In terms of best practice, problem areas persist in some Centers (such as in Center governance), but, by-and-large, the Centers use modern business practices to manage their operations.

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

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

Organizational complexity. This is one area requiring urgent reform. Over time, the CGIAR has grown into an organization with many levels, units, committees and other bodies, some of which exhibit redundancies. Its complex web of reporting and accountability relationships is difficult to understand, limiting transparency and engendering lack of confidence and trust. Partner organizations face even greater difficulty because they encounter the CGIAR at many different points of entry. Some Centers work in areas in which they may not be the most cost-effective 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 integrating efforts. These

complexities, some of which result from the informal nature of the CGIAR, bring high transaction costs, as do conflicting recommendations made to Centers by CGIAR evaluation teams and 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 can divert focus from high-priority activities for the System. As a result, resources are not necessarily focused on activities that are closely aligned with agreed priorities and that may have the greatest impact.

About 10% of the CGIAR resources (the \$50 million/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 System priorities, actual support rarely considers advice from the Science Council, Performance Measurement System results, or the recommendations of external program and management reviews (EPMRs). Instead, donors' own reviews have taken precedence over the System's and the Centers' review mechanisms, adding 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 CGIAR meetings. However, in the final analysis, the Centers are autonomous, and the decisions of the CGIAR are no more than requests and suggestions from an informal group. As a result, the System's ability to make and enforce critical decisions is weak, including decisions on Centers based on the recommendations of EPMRs or 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, decision by consensus reduces the System's flexibility and nimbleness in taking advantage of opportunities in a timely manner.

3. Accountability

Over time, the CGIAR has built a complex, multilayered 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 exist in addition to the internal accountability tools used by the Centers themselves and the review and reporting requirements of bilateral donors funding special projects. The CGIAR may have gone overboard in building its accountability mechanisms, perhaps in reaction to the lack of clear Center accountability to the CGIAR. As autonomous institutions, the Centers should be accountable to their ultimate beneficiaries (the poor in developing countries), partners, host countries, staff,

individual donors, and the Consultative Group. But when an institution is accountable to so many, one questions whether it is really accountable to any?

WG3 considers that at least four areas require attention during the change management initiative:

1. accountability to clients and beneficiaries,
2. mutual accountability of Centers and donors,
3. governance of Centers and CPs, and
4. the monitoring-and-evaluation system.

Accountability to clients and beneficiaries. The ultimate beneficiaries of CGIAR programs are poor farmers and consumers. To achieve impact at that level, the Centers generally work with and transfer their outputs through intermediary organizations or clients. The latter includes national agricultural research institutes, national extension agencies, universities, farmers' associations, nongovernmental organizations and other civil society groups. To ensure effectiveness, the Centers should be accountable to those groups for providing high-quality and relevant outputs and support, and for the quality and appropriateness of the partnership modalities employed. Current accountability mechanisms are generally ineffective, however, especially at higher System levels. At Centers, a range of approaches are employed most often at the project level and with varying success. In short, the voice and influence of clients and beneficiaries are not systematically assured. It is important both for effectiveness and legitimacy that they be assured, as considered below.

Mutual accountability of Centers and donors. While essentially all project obligations are documented by individual contracts, there is no Systemwide compact among donors and Centers showing obligations and accountability to one another. As a result, some donors resist covering the full cost of the projects they finance, requesting that core resources be used to complement project funding. At the same time, with the decline in core funding, Centers feel less compelled to follow the policies and priorities of the CGIAR.

Perhaps more importantly, the shift of Centers' funding from mainly unrestricted to mainly restricted status has elevated the visibility of the double-accountability phenomenon faced by Centers. Briefly, the CGIAR demands accountability for 100% of a Center's program through its EPMRs and medium-term plans, while providing only 36% 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%.)

Governance of Centers and CPs. As noted above, Center governance has improved significantly over the past 2 decades, and some Centers are quite advanced in terms of using best global practice. The same cannot be said about the governance of CPs, which in most cases has become overly complex. In addition, CPs' accountability to the CGIAR is weak. 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 as the Centers, if not more so.

The monitoring-and-evaluation system. One of the Centers’ complaints is that they are overly reviewed, in part as a result of the double-accountability phenomenon noted above. There is also demand from the System for the Centers to conduct Center-commissioned external reviews as inputs to CGIAR external reviews. One possible result of this is that Centers see reviews more as bureaucratic necessities than as learning tools for organizational improvement. An overhaul of the monitoring-and-evaluation system — from commissioning to follow-up — seems to be in order.

4. Legitimacy

The CGIAR has been deeply concerned about questions of legitimacy from its very beginning. It decided to invite representatives of developing countries to participate in the deliberations of the Consultative Group, which then had a membership of only developed countries, foundations and international organizations. The practice was discontinued when several developing countries joined the CGIAR as fully fledged Members. Similarly, the Science Council and Center boards have always been composed with full attention to regional and South-North balances. WG3 is aware of and applauds these sensitivities. Nevertheless, it has identified two issues that require further attention during the Change Management Initiative:

1. voices of partners, clients and beneficiaries and
2. 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 the annual general meeting and ExCo, but few of their voices are heard strongly in these forums. Their rate of attendance at CGIAR and ExCo meetings is low, as is their participation in discussions. The distribution among paying CGIAR Members is uneven, with very few such Members from the 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.¹⁰ There is a perception among some stakeholders that the CGIAR is a conflicted system. Practices that give rise to this concern include the following:

¹⁰ “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, Stark A (eds). 2001. Conflict of interest in the professions. Oxford University Press, New York.

“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.”

- 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 the 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 Science Council in System-level decision making creates conflict of interest in making decisions on matters recommended by the Science Council.

In most of these cases, the potential conflicts could be managed by adopting appropriate procedures. However, even in those cases, managing potential conflict of interest does not fully eliminate the perception of conflict of interest.

— Drewnowski S. 2007. Identifying and addressing partnership conflict of interest in global programs and partnerships. World Bank, Washington.

“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.”

— Coleman S. 2005. When conflicts of interest are an unavoidable problem. Presented at the Australian Association for Professional and Applied Ethics 12th Annual Conference, 28-30 September, Adelaide.

Annex 2. Members of the Working Group 3 on Governance

Team Members

Chair: Peter Core (ACIAR, Australia)

Members:

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Marc Debois (EC, Belgium)

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Administrative Support: Josephine Hernandez (CGIAR Secretariat)

Annex 3. Working Group 3 Presentation to Stakeholder Meeting, Los Banos, 8 September 2008

CHANGE MANAGEMENT
TRANSFORMATION OF THE CGIAR

**Transforming the Governance
of the CGIAR**

CGIAR Working Group on Governance

IRRI, Los Banos – September 8, 2008

CONSULTATIVE GROUP ON INTERNATIONAL AGRICULTURAL RESEARCH 1

CHANGE MANAGEMENT
TRANSFORMATION OF THE CGIAR

Outline

- TOR and approach of the Working Group
- Diagnosis and key challenges
- Lessons from past reforms
- Governance criteria and options
- Conclusions and recommendations
- Risks and next steps

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CHANGE MANAGEMENT
TRANSFORMATION OF THE CGIAR

Terms of Reference

Propose governance and organizational structure options for the CGIAR, covering the system-, center-, and program-levels that are:

- simple
- transparent
- cost-effective

... and promote:

- openness
- inclusion
- accountability
- impact

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CHANGE MANAGEMENT
TRANSFORMATION OF THE CGIAR

Approach

- Analysis of CGIAR governance challenges
- Examination of past reform proposals and results
- Lessons drawn from similar complex institutions
- Development of 3 governance options
- Assessment of 5 governance options (3 by the WG + Alliance and Independent Review Panel proposals)
- Recommended option elaborated

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CHANGE MANAGEMENT
TRANSFORMATION OF THE CGIAR

Diagnosis and Key Challenges

- Profound changes in global agricultural R&D landscape
- Complicated and indecisive governance practices
- Weak lines of accountability
- Unfocused research agenda
- Overlapping and competitive Center mandates
- Declining and lower quality funding

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CHANGE MANAGEMENT
TRANSFORMATION OF THE CGIAR

Lessons Learned

System

- “System” concept needs redefinition to promote openness and inclusion

Governance

- Structure is a core problem
- Governance principles need revisiting
- Need for a legal body
- Clear lines of accountability needed
- Partner roles in decision-making need to be institutionalized and strengthened

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CHANGE MANAGEMENT
TRANSFORMATION OF THE CGIAR

Lessons Learned (continued)

Funding

- Funding should be less fragmented and more predictable
- A common fund is needed
- Resource use needs to be linked to results
- Program funding considered key for focus and impact

Reform implementation

- Evolutionary approaches have not worked

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CHANGE MANAGEMENT
TRANSFORMATION OF THE CGIAR

Governance Criteria

- **Effectiveness:** Clear strategic focus; results and impact oriented; attracts resources
- **Efficiency:** Streamlined decision-making; low overheads; cost-effective operations
- **Accountability:** Responsibilities clearly defined, accepted, exercised and answerable; conflict avoided where possible, and managed where not
- **Legitimacy:** Authority exercised to give genuine consideration to views and interests of partners, clients and beneficiaries

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TRANSFORMATION OF THE CGIAR

Governance Options Considered

1. Present Governance Reformed
2. Corporate Model
3. Performance Contract Model (recommended by WG3)
4. Partnership Board and Donor Council Model (preferred by the Alliance)
5. Separate Consortium and Fund Model (recommended by the Independent Review Panel)

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TRANSFORMATION OF THE CGIAR

The “Performance Contract” Model (recommended by WG3)

DEFINING FEATURES

- Incorporated as international non-profit-organization
- Centers remain autonomous
- CGIAR Assembly: highest decision making body (Shareholder with voting rights and invited Members from among Partners)
- Programmatic funding through a central fund
- Professional Board, which oversees programs and fund allocation
- Central CGIAR Office
- Independent Evaluation Unit
- CGIAR Board approves performance contracts with Centers AND other qualified organizations through competitive bidding and by invitation

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Partnership Board and Donor Council Model (preferred by the Alliance)

NEW PARTNERSHIP BOARD

Donors + Centers + Partners + Co-sponsors

Functions:

- Allocation of unrestricted funds to the Centers
- Foresight and strategic planning
- Rationalization of mandates
- System level fundraising
- Encourage synergies / clusters

CEO & corporate office

DONOR COUNCIL

Donors providing unrestricted funds

Chair

Functions:

- Agree on vision, Strategic Objectives
- Establishment of replenishment fund
- Oversight of replenishment fund

Manager of Fund

DEFINING FEATURES

- Institutional funding through CGIAR cooperative fund
- Centers remain autonomous but limited by the prerogatives of the Partnership Board
- One Corporate Office
- Partnership Board has representatives from Donors, Centers, Partners & Co-Sponsors
- Donor Council approve vision, strategic objectives
- Fund allocation by Partnership Board

CENTRES

(15, and/or clusters, and/or less than 15)

Appoint members → Provide funds

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CHANGE MANAGEMENT

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Separate Consortium and Fund Model (recommended by the Independent Review Panel)

DEFINING FEATURES

- Two legal entities:
 - (i) Centers form a legally incorporated Consortium for common voice and joint operations
 - (ii) a pooled fund provides both programmatic and institutional funding, where Centers continue to receive some funds individually
- Strategic and performance-based fund allocation through Donor Council
- Consortium Board of 15 with eminent researchers, development specialists and other experts
- Independent Evaluation Unit

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CHANGE MANAGEMENT

TRANSFORMATION OF THE CGIAR

Side-by-side comparison of the three governance options

	"Performance Contract" Model	Partnership Board and Donor Council Model	Separate Consortium and Fund Model
Legal Structure & Center Autonomy	<ul style="list-style-type: none"> Incorporated as international non-profit-organization Centers remain autonomous 	<ul style="list-style-type: none"> Centers remain autonomous but limited by the prerogatives of the Partnership Board 	<ul style="list-style-type: none"> 2 legal entities: (i) Centers form a legally incorporated consortium (ii) donors form a pooled fund
Funding Structure	<ul style="list-style-type: none"> Programmatic funding through a central fund 	<ul style="list-style-type: none"> Institutional funding through Central Fund (IFAR) 	<ul style="list-style-type: none"> A pooled fund provides both programmatic and institutional funding
Fund Allocation	<ul style="list-style-type: none"> Fund allocation by Professional Board 	<ul style="list-style-type: none"> Fund allocation by Partnership Board 	<ul style="list-style-type: none"> Fund allocation through Donor Council
Governance	<ul style="list-style-type: none"> CGIAR Assembly Professional Board Science Panel; Partnership Panel CGIAR Board approves performance contracts with Centers and other providers Central CGIAR Office 	<ul style="list-style-type: none"> Partnership Board composed of representatives from Donors, Centers, Partners and Co-Sponsors Donor Council approves vision and strategic objectives One Corporate Office 	<ul style="list-style-type: none"> Donor Council Consortium Board of 15 with eminent researchers, development specialists and other experts appointed by Centers
Evaluation	<ul style="list-style-type: none"> Independent Evaluation Unit 		<ul style="list-style-type: none"> Independent Evaluation Unit

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CHANGE MANAGEMENT

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Assessment of the WG3 and IR governance options

	WG3: "Performance Contract" Model	IR: Separate Consortium and Fund Model
Effectiveness	<ul style="list-style-type: none"> Open and inclusive planning and governance increases relevance and ownership Highly consultative process in developing strategic program priorities and business plans Programs provide clear tie between resources and results Performance contracts promote/enforce concerted action Programs are run by the most qualified providers (open funding system) Program approach likely to increase overall funding 	<ul style="list-style-type: none"> Joint results framework and strategy promotes commitment by Centers and donors Joint framework development assures direct access to Centers' knowledge but likely to reduce objectivity and focus Consortium facilitates possibility of concerted action by Centers but weakens enforcement due to conflicted Board composition Funding to most cost effective research provider not assured (closed system)
Efficiency	<ul style="list-style-type: none"> Professional Board with authority to make decisions Performance contracts create incentives for consolidation of Centers Only one legal entity (CGIAR) 	<ul style="list-style-type: none"> Two legal entities increase complexity and cost Authority of Consortium Board to be defined Center's influence on Board reduces capacity to make and enforce consolidation decisions. Common services through Consortium will generate efficiency

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CHANGE MANAGEMENT

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Assessment of the WG3 and IR governance options

	WG3: "Performance Contract" Model	IR: Separate Consortium and Fund Model
Accountability	<ul style="list-style-type: none"> Performance contracts provide clear norms of accountability The Board has clear accountability to the Assembly Accountability to partners/clients and beneficiaries reinforced through several governance units 	<ul style="list-style-type: none"> Centers' accountability to Consortium are to be defined Centers and Donors are mutually accountable (but mechanisms are not clear)
Legitimacy	<ul style="list-style-type: none"> Inclusiveness in governance (assembly, partnership panel) and in execution (various providers) enhances legitimacy Conflicts of interest are avoided 	<ul style="list-style-type: none"> Stakeholder voice enters through Consortium Board and through participation in planning Conflicts of interest built into structure and must be managed CGIAR remains a closed club reducing legitimacy

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CHANGE MANAGEMENT

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Recommendations

1. Shift from institutional support to program support

- Global programs and regional action programs
- Each program led by single legal entity accountable through contracts to CGIAR Board
- CGIAR open to fund non-CGIAR institutions as Mega Program leaders or participants

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Recommendations (continued)

2. Adopt new governance principles

- System coherence and focus
- Collective donor action
- Openness and inclusion
- Accountability
- Cost-effectiveness
- Avoidance of conflict of interest

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Recommendations (continued)

3. Recommended governance option: Performance Contract Model of WG3

- Creates platform for **program funding**
- Establishes an **International Fund** for Agricultural Research
- **Professional Board**, nominated by and responsible to **Assembly**, oversees the Fund
- **Science Panel** and **Partnership Panel** advise Board
- Establishes an **Independent Evaluation Unit**
- **Opens System** to funding non-CGIAR entities based on comparative advantage and cost-effectiveness

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Recommendations (continued)

4. Promote early structural consolidation

- Reduce the number of centers to increase effectiveness and efficiency
 - Combine complementary assets
 - Achieve scientific critical mass
 - Eliminate unhealthy competition in closely related programs
 - Reduce governance and administrative overheads
- WG proposes an integrated structure of global and regional centers focused on major programs and priority ecoregions
- Successful consolidation requires strong incentives and assured transition funding

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Initial Risks

- Disruption of on-going research as funds shift to IFAR, including research within new program areas
- Loss of funding by Centers that are not competitive
- Possible loss of staff and other scientific resources
- CGIAR brand, once synonymous with Centers, could be muddled

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CHANGE MANAGEMENT
TRANSFORMATION OF THE CGIAR

Transition Plan

- Change must be carefully managed over 5-year period to minimize risks
- 18-24 months needed to:
 - establish new governance structure and fund
 - set funding priorities consistent with strategic objectives
 - establish program portfolio, including new programs
 - begin awarding of performance contracts
- Gradually shift restricted and core funding into IFAR
- Institutional funding provided to CGIAR Centers occupying key positions in new program areas

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Transition Plan (continued)

- Transition funding needed to cover transactions costs:
 - Phase-down of research falling outside of program portfolio
 - Staff departures
 - Transfer of vital assets between Centers
- Develop proactive communications strategy

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Annex 4. Summary of Stakeholder Feedback

On September 8, 2008 the Working Group on Governance met with the stakeholders who participated to the consultation organized by the CGIAR Change Management Team. The Working Group had opportunity to present its analysis and recommendations to three sub-groups of stakeholders and receive feedback from each. This note summarizes the major comments of the stakeholders and the Working Group's response to these comments.

- 1. A large majority of the stakeholders who expressed their opinion of the five governance options stated their preference for the Performance Contract Model. They applauded the underlying analysis and believed that that model offered the best opportunity to achieve the goals of the CGIAR reform process. Follow-up work was recommended to further refine and simplify the basic model.**

The Working Group appreciates that its recommendations have been well received and acknowledges that they constitute an initial framing that can be further improved through more in-depth and detailed work. In this regard, the CST may wish to consider setting up a planning and design task force to advance this initial work, with an eye towards implementation of the agreed recommendations. Such a task force should include specialized expertise in the areas of law, governance and organizational development, and should consult further with centers, donors and additional stakeholders to further refine critical dimensions of the design.

- 2. The results-based program funding approach was strongly endorsed. Stakeholders observed that additional work was needed to better define the nature and characteristics of mega programs as well as the modalities for program design and implementation. Three concerns were highlighted. First, it is important to ensure that key heartland activities of the centers must be protected, including such areas as germplasm conservation and exchange. Second, considerable care must be taken to ensure that complex and costly governance and management structures not emerge within the mega programs. Third, it is important that appropriate performance contract modalities be developed to support research with long-time horizons.**

As the Working Group has defined results-based mega programs, germplasm conservation and exchange could be easily integrated as central components of a results-based program framework. The Group recognizes that important lessons must be drawn from the experiences of the current Challenge Programs and Systemwide and Ecoregional Programs to optimize simplicity and efficiency in program governance and management. Analyses provided by the Independent Review Panel

provide a good source, as are the CP and SWP reviews conducted to date. The Working Group believes that performance contracts with lead institutions should, in general be more flexible and less driven by prescribed instruments and procedures than has been the case in most CPs to date. Finally, the Working Group recognizes that most research is an uncertain, discovery process, and that this is particularly true of long-term research. To take this into consideration, performance contracts must include provisions that enable implementing entities to regularly and formally update research directions and milestones (based on progress, problems encountered and new opportunities) for review and approval of the Board.

- 3. Some stakeholders expressed concern that structures and procedures did not provide partners and beneficiaries with adequate voice and influence in program design and implementation. Although it was recognized that stakeholders would participate as invited non-voting members in the Assembly, and that their interests and perspectives would be the focus of the Partnership Panel, discussion focused on whether stakeholders should also be included on the CGIAR Board, whether a Partnership Panel was necessary, and whether attention should be placed on ensuring stakeholder participation during program design and implementation. Advantages and disadvantages of these arrangements were recognized and no clear recommendation emerged. It was also suggested that consideration be given to transforming the Partnership Panel into a Development Panel to ensure that appropriate attention is given to delivery and impact issues.**

The Working Group considers that the CGIAR Board should be a lean, professional board that does not include anyone in a “representative” capacity. The Group believes inclusion of either partner or Center representatives could create a conflict of interest situation in which such Board members might inadvertently seek to advance their institutional interests rather than the interests of the system as a whole. Moreover, the WG believes that the provisions already introduced into the preferred option, if properly implemented, will ensure that partners and beneficiaries would exercise optimal influence in program design and oversight. This means that the views of non-voting partners and stakeholders in the Assembly must be given genuine weight during decision-making. Similarly, the Partnership Panel must be given equivalent authority as the Science Panel when advising the Board. Finally, the extent to which the Partnership Panel represents development interests depends upon the ultimate framing of the strategic objectives and the definition of program deliverables.

- 4. Most stakeholders who expressed their opinion on the open funding nature of the performance contract model expressed support, agreeing that it could be a**

good means of engaging the most cost-effective research providers while broadening the partnership base. Four principal concerns were raised. First, it was not certain that national institutions would be attracted to conduct international public goods research. Second, national institutions that already enjoy a large public subsidy might have a cost advantage when bidding for competitive performance contracts. Third, some CGIAR Members would have difficulty to have ODA funds channeled directly by the CGIAR to institutions in the North. Fourth, some institutional support for CGIAR centers needs to be considered along with program funding to ensure institutional viability and competitiveness, and to remain and attractive work environment for the best scientists.

Successful grant-making experience by a number of private foundations shows that national agricultural research institutions are often well positioned to generate regional and international public goods cost effectively. To achieve this, grant agreements or contracts must contain provisions which stipulate that research results will be in the public domain and freely shared. The Group recognizes that not all publicly-funded national institutions have a cost advantage derived from public allocations to cover many organizational overheads. Indeed, a trend in many northern institutions is increasing dependence on special project funding to cover operations and a significant portion of those overheads. For those that do benefit from more substantial public support, such funding should be viewed as co-financing. In those cases, the net result would be that funding from the CGIAR could leverage greater research output and returns. The Working Group sees this as an advantage to achieve the CGIAR's mission.

On the question of use of ODA funds, the WG considers that practical means could be found to maintain the desired openness of the System, while satisfying the conditions in the use of ODA funds. The planning and design task force could explore these means.

Finally the Group agrees that those CGIAR centers occupying uniquely strong positions to deliver key program elements should be considered for sustained institutional support to ensure organizational viability. Such support could be provided through institutional performance contracts, and would be particularly important during the transition phase. For all centers, the principle of full cost recovery is key to help cover overheads. Longer term institutional support in priority areas could be considered to help ensure that centers would continue to attract world class scientific talent.

- 5. Early consultations are needed with donors to ensure that the International Fund for Agricultural Research would in fact attract adequate funding. Differences between donors regarding funding preferences and modalities that could limit the commitment to a common fund that is program oriented.**

The Working Group agrees and suggests that these consultations be led by the planning and design task force mentioned earlier. It also considers that the CGIAR Chair could play a proactive role with donors to secure more and longer term unrestricted support to mega programs.

- 6. Strong support was expressed to reduce the number of CGIAR centers as a means to improve effectiveness and system efficiency. Early movement in this direction was urged.**

The Working Group strongly agrees and has included in its report an initial framing of how center mergers or clusters might be conceptualized.

- 7. Recognizing that the Working Group had developed a skeletal transition plan, participants urged that more detailed planning be conducted soon to ensure that unintended costs and consequences were minimized. Particular concern was expressed regarding premature phasing down of institutional funding in favor of program funding.**

The Group agrees and recommends that a thorough identification of risks, and the development of a detailed transition plan to manage and minimize those risks, be included as an integral element of the terms of reference of the planning and design task force.

- 8. Stakeholders agreed with the Working Group's assessment that the CGIAR brand could become unclear under the performance contract model, and feared that the CGIAR might find it difficult to have one voice, particularly on policy issues.**

Through a concerted and proactive communications strategy the CGIAR brand would have to be transformed from one based on a discreet set of centers to one that focuses on the mission and program agenda of the new CGIAR funding facility. The new CGIAR CEO, Board Chair and the Chair of the Assembly could provide the unified voice of the CGIAR in global fora on a range of issues, including policy. Policy positions would be drawn from and formulated by the Board, the CGIAR office and from the research results of CGIAR funded work on policy issues.