

The way forward for the CGIAR System

A statement by the Alliance of CGIAR Centers for discussion
in the CGIAR system and beyond

May 2007

Preface

The context in which the CGIAR operates is changing quickly. New challenges and opportunities for research and innovation serving the poor are rapidly emerging. This memo is an attempt to identify ways forward concerning *what* the Alliance of the CGIAR Centers aims to focus on and *how* the Alliance plans to adapt its mode of operation to facilitate effectiveness, and high impact in an international context.

This memo results from informal discussions of the Alliance in recent months, including with some members of the CGIAR and with the Science Council Chair, at its April 2007 meetings in Rome. The memo is understood as a living document to be adapted in dialogues with the broader community of stakeholders on options for the ways forward of the CGIAR system.

1. Our Vision and sense of purpose

The CGIAR is driven by the vision of a world free from hunger, malnutrition, and absolute poverty. This vision includes the insight that agriculture and agricultural research play key roles for enabling many of the poor to move out of poverty. Agriculture and rural development remain decisive. The World Bank's draft 2008 *World Development Report* on agriculture articulates this view strongly in convincing ways. The Millennium Development Goals can be achieved only with renewed attention to rural and agricultural development, because the large majority of the poor live in rural areas of the developing world. Furthermore, climate change and high energy prices also require increased attention to agriculture, ecology, and biomass.

The CGIAR contributes to sustainable and poverty-reducing development through productivity gains, income and dietary diversification, improved policies and institutions, and ecological responsibility. It must expand the mobilization of funds to more effectively support research for development on behalf of the poor and vulnerable, especially through scientific research and research-related activities. The future relevance and impact of the CGIAR, and the extent of support on which it can continue to rely, will depend on how effectively it deploys these capacities and how nimbly it reaches decisions.

One objective of the CGIAR reform program launched in 2000 was to ensure that the CGIAR captures and is fully characterized by all the assets of a modern institution: accountability, agility, efficiency, effectiveness. New global issues now require that the CGIAR take the next steps to strengthen, adapt, and expand its work to effectively pursue its vision and potential role. Responsiveness, transparency, and increased partnerships within and outside the CGIAR are key elements for the next phase of reforms to address the big global and international public goods issues before us.

Responding to the Major Development Challenges

The world is facing several major development challenges, which the Alliance needs to address with urgency in a coordinated way. Examples include:

- Improve the productivity and the sustainability of developing country agriculture: enhance the capacity of farmers to raise their productivity and income whilst strengthening their systems' ability to generate environmental services, and decrease the ecological footprint of agriculture
- Improve the management of natural resources and environmental services for enhancing livelihoods in developing country agriculture: improve the capacity of farmers, land users and decision-makers to manage natural resources for supporting rural livelihoods in a sustainable manner
- Respond and adapt to climate change: improve the capacity of farmers and poor rural communities in developing countries to adapt to the effects of climate change and respond to opportunities for mitigation.
- Address energy scarcity and its impact on the world food equation: help agriculture contribute to sustainable energy production and biomass supply without jeopardizing food availability for the poor
- Improve health and nutrition and reduce the spread of infectious and chronic diseases: enhance the health and nutrition of the poor through agriculture and food systems improvements and prevent deficient diets and risks of infectious diseases related to crop, animal production and unsustainable water and resource management.

An analysis of such major global challenges in relation to the CGIAR mission is needed to support the identification of those key challenges which the CGIAR is best placed to address, with its partners. A collective discussion, in a retreat mode, and including all parts of the system and some key stakeholders, is proposed by the Alliance to arrive at a system level vision of the role of the CGIAR system with respect to agreed upon

major development challenges. Furthermore, these agreed upon challenges will have to be articulated and communicated in compelling fashion to lead to a significant increase in support for international agricultural research ¹

2. Toward innovative CGIAR System Functioning and effective Structures

Building positive dynamics

The CGIAR must respond to a diverse world with a diverse set of organizational arrangements. Currently the system has three pillars—(1) the Alliance of CGIAR Centers, (2) the Science Council, and (3) the group of shareholders—with a set of System’s Office units serving all three. Critical changes are taking place in all three pillars: the CGIAR has a new chair and a new director; the Science Council has a new chair, and the Alliance has only recently become fully operational. There is now a unique opportunity for a new strengthened collaboration among all components of the CGIAR.

The challenges now are to bolster a positive dynamic between the three pillars and to formulate an agenda in terms of the major thematic challenges, to mobilize a higher-level commitment to the CGIAR from investors and policy makers; and help define a mechanism for delivering goods, optimizing transaction costs, and ensuring full accountability matched with responsibility. Achieving these goals will require that all the components of the CG System—members, the Centers, and the Science Council—work together in a climate of mutual trust. This will also entail revisiting the current distribution of accountabilities and responsibilities within the system. Indeed, a balanced set of accountabilities and responsibilities among, and frank, simple, and clear communication between the three pillars is required to promote mutual trust and synergies at the system level.

As we approach ways to build a positive dynamic between the three pillars, the Alliance feels that further change in the way it relates to and works with the other parts of the system is needed. This change is akin to a cultural change, whereby the system recognizes that its different parts have to work in synergy to create greater benefits. More coordination and coherence are needed in the manner we work with the other parts of the System.

¹ The 20 system priorities (SPs) are very technical in nature. They can be considered as areas of comparative advantage within which the Alliance will contribute to addressing the global development challenges. Actions taken by the Alliance on the SPs are presented in a separate paper.

Collective action and space for competition

The CGIAR needs to do better at developing strategy at the system level. To address the system's priorities in a way that links to current major development challenges, the Centers must cooperate with one another and others who are generating relevant science, where such cooperation can help achieve the CGIAR's vision more efficiently. At the same time, while collective action helps in many joint initiatives, there should remain space for healthy competition between Centers, of the kind which leads to scientific and institutional innovation. Cultivating the comparative advantages of Centers or groups of Centers in the Alliance will strengthen the Alliance's productivity.

Problem oriented cooperation and partnering

Streamlining will need to be part of any structural change. The CGIAR system appears to be over-governed. First, the Alliance of 15 individual centers, each with its own Board and medium-term plan, represents a significant investment in governance. In addition, other parts of the System also invest substantially in governance mechanisms. The overall efficiency of these investments would benefit from an assessment.

Addressing global development challenges, as mentioned in section 2, requires scale and expanded partnerships inside and outside the system. Further clustering and mergers of Centers should not be excluded.

It is important to analyze current institutional arrangements to see how they can be enhanced so that best implementation options can be devised for the major global challenges. The Alliance wants to continue to work with a range of modes of operation and not a one-type fits all approach:

- System-wide initiatives are good at addressing some cross-cutting issues.
- Challenge programs and “system+” programs help to engage more with partners outside the CG to draw in new ideas and actors.
- Flexible collaboration mechanisms (e.g., platforms) that bring Centers' research teams together with outside researchers, and that include investors, the private sector, NGOs, and other agencies, e.g. on agriculture and health issues.

It is important to look at whether programs are operating at the appropriate scale given the specific problems they are addressing—some but not all programs, for instance, could benefit by being scaled up, but they must also adjust to specific regional conditions.

In any case, the CGIAR needs to spread the message that it has crucial knowledge and resources to offer in both agriculture and natural resource management. It needs to communicate effectively.

Towards new approaches and structures of operation

The Alliance is engaged in an active debate on change that go far beyond the existing structures to satisfy the needs to address the large development challenges and the concerns of investors for simplified operations.

Three main models have been suggested:

1. **Rule based and strengthened Alliance of Centers:** The Centers recently adopted a rule-based system that links and clusters Centers around thematic issues and operates using incentives, mutual enforcement, and transparency. The strengthened Alliance establishes codes of conduct and has the capacity to enforce and exclude. The Alliance aims at streamlined services and governance, and the Alliance as a whole will share more formal governance via a strengthened Alliance Executive (AE) and Alliance Board (AB) and Alliance Office. This rule-based modus operandi is currently being implemented. We plan to enhance and accelerate the approach. Such a streamlined Alliance is expected to work in a more coherent and coordinated manner with the other two pillars of the CGIAR. By promoting greater cooperation and efficiency, this model is expected to result in more resources for and stronger outputs by the Alliance. An effective mechanism for allocating resources within the Alliance still needs to be developed. This model favors a gradual evolution toward addressing all the needs of the second phase of reforms for the system. As such, it may be deemed too slow, whilst maximizing nimbleness within the system.
2. **Alliance-owned umbrella holding (Alliance inc.):** The Alliance would establish itself as a legal entity. The 15 Centers would probably evolve into a cluster of say, 5 to 7 functional units to streamline activities and services. Each cluster or merged set of Centers would remain independent legal entities and accordingly have a governing board, whose membership would overlap somewhat with the governing board of the holding. This approach would allow for continuity and integration between the levels of governance. The structure would maintain some of the key advantages of independent and nimble Centers. Governance of the holding could evolve from the AB/AE structure already put in place by the Alliance. The advantage of Alliance inc. would be that it could facilitate joint services for the Centers / clusters of Centers, and a streamlined interface for donors to invest, monitor and evaluate could be implemented. With some joint Board memberships and cooperation in services and programs this option is already an emerging reality. This model provides a more rapid evolution than the first toward addressing key system issues. At the

same time, it requires careful balancing of centralization versus ability to respond to the needs of the regional and local partners and stakeholders.

- 3. International Fund for Agricultural Research (IFAR):** This option would be a centralized research organization, aiming for a five-year funding cycle with annual funding security assured between five-year reviews on the basis of legally binding commitments. This would address shareholders' requests for simpler funding mechanisms and Centers' requests for more funding stability. On the negative side, the precedents from existing multilateral agencies and national research institutions of comparable size, in terms of bureaucratic inertia, slow decision making, and lack of impact, are causes for concern. Research creativity is probably the most precious asset of the Alliance of the Centers, and nurturing this creativity in a context of centralization and associated rules is a very tall order. Whilst the Centers could retain some of their personalities within such an agency, much of the System's administration and governance could be streamlined, thereby freeing up resources for research, with smaller Center Boards having much more limited responsibilities. Governance would largely be centralized with donor influence maintained through participation on the Governing Board. This model provides the most rapid evolution, when compared with the previous two models.

The Alliance is open to other models and will seek external input from organization design experts from both the private and public sectors.

3. Funding Mechanisms

New thinking on funding mechanisms is required in the current environment of changing issues and donor concerns. There is an inherent challenge for the Centers in implementing research activities, some of which are long-term undertakings, through funding mechanisms which can vary in unpredictable ways from year to year. Attracting high caliber scientists in an uncertain funding environment (including uncertainty with respect to salaries) is also a challenge.

Donors have new concerns of their own. Donors demand choices about what to fund. We note that some donors want to tie funding to priorities rather than to Centers. Donors are also expressing their desire to see (short-term) results. They want to know more about what the CGIAR does and what they are getting for their contribution. This emphasis on concrete results can make it difficult for Center to obtain core funding that allows

them to develop the competencies required to do their jobs, including risky research with uncertain but potentially high payoff outcomes.

Donors are also expressing the need for lower contract management burdens. Some donors no longer have the time and administrative capacity to operate on a center-by-center basis and need to reduce the management load.

Within any of the above mentioned three organizational arrangements, Centers can adopt new ways of managing funding (e.g. manage funding in a way that minimizes risk; coherence regarding indirect costs; outcome contracting, in which a donor and a center make a contractual agreement to produce a specific result).

4. Towards a Road Map

1. The renewal of the CGIAR needs to be driven by the vision of the CGIAR and the development challenges we need to address.
2. Operational constraints need removal fast. There is a need to move forward with a collective, shared vision for the second phase of reform—without adding new layers of management and transaction costs. The Alliance of CGIAR Centers will continue its dialogue with Members and the Science Council and hopes that this dialogue will contribute, through a retreat, to the development of this shared vision.
3. We propose to make choices of program designs depending on the research issues to be addressed. The *Challenge Programs* are one example of innovative mechanism. In addition, we should explore increasing the use of *bilateral or trilateral partnerships* to minimize transaction and governance costs and creation of unnecessary infrastructure. Simple collaborative mechanisms that bring together Centers, outside researchers, investors, and implementing agents to better address problems for impact should be explored.
4. As we seek to realize the CGIAR's vision, it is also important that we mobilize the necessary buy-in from policy makers. We should therefore plan a high-level and broad based policy meeting (a la Lucerne in the 1995) as soon as practically possible