

CGIAR Secretariat's Comments on the Governance and Management Aspects of the Report of the Third EPMR of the World Agroforestry Center (ICRAF)

The CGIAR Secretariat thanks the EPMR Panel for a comprehensive, incisive, and insightful assessment report, both on ICRAF's research, and on governance and management operations of the Center.

The Review Panel makes six out of 15 recommendations and ten out of 43 suggestions on governance and management. The CGIAR Secretariat supports all the recommendations and suggestions on various aspects of governance and management. We are pleased to note that ICRAF has agreed to all but one of the six recommendations. We understand that the Center would like to study further the recommendation to appoint a Chief Operations Officer.

The Panel has made recommendations and suggestions on many governance and management issues which are of fundamental importance to Center operations. Some of the Panel's observations on management were further highlighted in a confidential letter from the Panel Chair to the SC Chair and CGIAR Director. With the Panel Chair's authorization, the letter was shared with the Chair of ICRAF's Board of Trustees (BOT). The CGIAR Chairman and Director met with the Chair of ICRAF's BOT in Washington, D.C. and discussed recommended actions presented in this commentary.

We would like to highlight a number of points related to the review findings.

Board Issues

The importance of a free flow of information from management to the Board cannot be overemphasized. Providing documents to the Board in a timely manner is critical to the overall organization of the Board meeting and facilitates decision making. The Center, accepted the recommendation to have "a review by the CGIAR internal audit unit of ICRAF management's BOT secretariat policies and management's procedures including, but not limited to, the production and dissemination of documents for all Board meetings". We welcome the Center's decision to review its BOT secretariat policies.

The Panel did not comment on the size of the Board or its views on Board composition. The Board is currently composed of 15 members, a number that, in our view, is on the high side. The recent Stripe Review of Corporate Governance of CGIAR Centers has recommended a size of 9 to 11 members excluding the Director General (DG).

Another issue that we thought that the Panel should have raised is the frequency of Board meetings. Given the deficiencies on aspects of management that the Panel highlighted, we thought that more than one Board meeting a year could have provided a closer monitoring of performance of the DG and his management team.

General Management Issues

The Panel raised major concerns on, among others, a) deficiencies in managerial and decision making processes, and b) issues on human resources policies.

The Panel observed that the DG has more of a “hands-on style of management”. The level of delegation to the Directors and mid-level managers is “limited and inconsistent.” The Senior Leadership Team (SLT) is not functioning with delegated authority and responsibility that enables it to contribute to better management of Center operations. The Panel noted that management processes and decision-making are sub-optimal. For example, the SLT has not put in place processes or management information systems that are essential in monitoring an organization’s health. Systematic monitoring of organizational performance is therefore limited.

The Panel also observed a disconnect between SLT, the Theme Leaders and Regional Coordinators. The ICRAF matrix structure and the matrix management processes need to be strengthened.

Human resources management in the Center also needs immediate attention. We are concerned about the Panel’s observation that the HR unit has been “seriously dysfunctional for some years”. The Panel observed that normal reporting channels are bypassed and staff are re-directed at short notice leading to lowering of staff morale. We fully support the Panel’s recommendation that the Center should appoint a professional HR manager.

Increasing risks of malfeasance should have prompted management to take decisive action, i.e. to put in place measures that would prevent their occurrence. That management failed to take appropriate action is a major cause of concern. We fully agree with the Panel’s view that misconduct can pose seriously high financial and reputational risks to the Center and the CGIAR System.

Financial Services and Management Issues

We commend ICRAF for its sound financial status based on key indicators. However, we share the Panel’s concern about the risks associated with ICRAF’s high ratio of restricted to unrestricted funding, which is among the highest in the System.

The key factors that contribute to low proportion of unrestricted funding are basically the same for all Centers. However, it seems that ICRAF’s propensity to involve itself in numerous but small project grants supporting mostly development activities contribute much to the existing funding situation, and represents both financial and programmatic risks. We agree with the Panel’s and SC’s conclusions and recommendations relating to this issue.

Recommended Actions

The recommended actions, below, were discussed by the CGIAR Chair and Director with ICRAF's BOT Chair during his recent visit to the CGIAR Secretariat.

The ICRAF EPMR clearly points to deficiencies in the Center's managerial and decision-making processes, and HR policies. This is a matter requiring urgent attention because of the high risks that it poses to ICRAF as a Center and the CGIAR as a System. We would like to recommend the following:

- ExCo requests ICRAF's BOT to develop and implement a performance improvement plan (PIP) for the Director General (DG), and if required for his senior leadership team. This would include, among others, the appointment of management consultant(s) to provide one-on-one executive coaching and advice to the DG and help to put in place appropriate managerial processes, HR policies and other systems that seriously affect the Center's performance, as highlighted in the EPMR report.
- ICRAF BOT, in collaboration with the CGIAR Secretariat, makes an assessment of the progress that has been made (by end of October 2006) through a specific review. We believe it is critical to conduct an assessment of the effectiveness of management improvement measures early enough, and not wait for one year as recommended by the Science Council. The report, including eventually required next steps, is expected to be made available for discussion at AGM06 in conjunction with the EPMR report.