

## Summary of AGM07 Discussion and Decisions on CIAT EPMR<sup>1</sup>

K. Sierra introduced the item by inviting CIAT EPMR Panel Chair Eduardo Venezian to make brief comments on the CIAT EPMR. E. Venezian noted the difficult time for the Center during the EPMR period, while commending the quality of scientific work and the scientific staff of the Center. The Center has been severely affected by financial problems in recent years and efforts by management to get the Center back on track were not successful. These have affected staff morale and weakened Center governance and management. Critical recommendations from the EPMR Panel included development of a strategic plan for the Center that would reorganize the program structure of the Center around a few outcome lines. Management and governance of the Center needs to be reinvigorated with strong attention to strengthening financial management. The recommendations need to be addressed urgently, but the Center has the opportunity to emerge from the crisis and become a stronger institute.

R. Wang presented the ExCo 13 recommendations regarding the CIAT EPMR.

### *Discussion:*

- Members commended the staff at CIAT for maintaining high scientific quality during the difficulties faced by the Center.
- EIARD welcomed the work of the EPMR Panel and agreed with the recommendation for the Center to conduct a thorough strategic review as part of the reinvigoration plan. The EPMR has brought to light serious failings at the System level. The System needs to take seriously the lessons from the situation at CIAT and carry out a thoroughly documented case study as soon as possible. The CGIAR should use this opportunity to demonstrate that it is a learning organization and strives for continuous improvement to avoid repeating the situation in the future.
- The importance of CIAT's work to the region was noted, and Members generally welcomed the reinvigoration effort. However, serious concerns were raised about oversight responsibilities and how the System reacts to warning signs. Too little was done too late. It is essential for the CGIAR to respond quickly and concretely to the situation.
- It was suggested that the ExCo ad hoc committee on finance that was agreed to be established earlier in the meeting should be set up right away and one of its first tasks would be to address the situation at CIAT. Since time is of the essence, TORs and membership would need to be determined, work started immediately, and not wait for the May 2008 ExCo meeting. Another option would be to have a special meeting in January 2008 to address the situation. It needs to be addressed from a System perspective and not just by a few donors.
- The reinvigoration report prepared by CIAT needs to be developed further with more options that can be considered by the CGIAR. Risks associated with each of the options should also be included. In addition, the Center has a large number

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<sup>1</sup> Excerpt from AGM07 Business Meeting (December 5-6, 2007) Summary Record of Proceedings, January 30, 2008.

of special projects that are not fully costed and the reinvigoration plan asks donors to supply unrestricted funds to support those projects. This is not good practice and doing so would take money away from other well managed programs and set a bad precedent. As previously stated, the reinvigoration plan requires more options and Members would like the opportunity to submit questions and receive answers from the Center in writing.

- One Member noted that CIAT has been “red-flagged” on financial indicators for many years. However, the Center continued to develop program budgets that were unlikely to be funded and that had been marginally costed in terms of what was necessary to fund the programs.
- Staff morale at the Center has the potential to further negatively impact the situation. Many key scientific staff have left the Center, others are considering doing the same, and there is a lack of skill depth in many areas.
- The ExCo ad hoc committee on finance should assess the situation, but it also needs to be examined as part of the change process, since it goes beyond finance and includes issues such as System governance. The System has suffered similar problems in the past and it is essential to examine mechanisms that can help avoid future problems.
- This EPMR has highlighted the critical role that governance plays and how it affects Center performance with respect to research. Future EPMRs should give more attention to governance.
- It was clarified that it is erroneous to see the problem as one of unrestricted funding, but more as one of full cost recovery.
- R. Wang reiterated the System responsibility to deal with the situation at the System level. He noted that he visited CIAT shortly after becoming CGIAR Director and met with staff at CIAT and others, and the appeal he received for assistance in helping CIAT resolve the situation. Since the situation at CIAT is critical, perhaps it is best to separate lessons for the System from the urgent need to stabilize the Center and ensure its long term health. If the CGIAR waits to act, options currently available may disappear. One of the options that should be put on the table, is the possible realignment of CIAT research functions with other Centers or organizations. He agreed with the earlier suggestion to have a special meeting on CIAT in January 2008.
- CIAT Board Chair Yves Savidan addressed the Group expressing disappointment that the current EPMR panel composition did not have more expertise on finance and governance. The Center had put in place some changes recently as the result of its own commissioned external review, and was looking forward to feedback on the effectiveness of these changes. He noted that the Center board has strengthened its capacity on finance and now has three finance experts serving on the board. Renewal of management is underway. Geoff Hawtin has been appointed as interim DG and will serve in that capacity until a new DG is appointed. The search for a new deputy DG on finance is underway, and the search for the deputy DG on research will start soon. The situation at CIAT is an opportunity to put in place a new strategy where the Center will not be just an independent Center, but a unit of the CGIAR System. He thanked all who have supported the Center through the crisis.

- Interim DG Geoff Hawtin stated that he appreciates the difficulty faced by Members on deciding how to support the Center. He is sensitive to the issues but reiterated that the situation is urgent. The board has put in place measures needed to get CIAT back to financial health. He noted that the EPMR commended the excellent scientific staff at CIAT, but he is concerned about staff morale and the potential departure of additional staff. The strategic planning process will start soon and involve NARS and other partners.
- The SC Chair welcomed the decision of the interim DG to start work on a comprehensive strategic plan to help strengthen and revitalize the Center and the morale of staff.
- The Alliance has discussed the CIAT situation and what it can do to avoid crises in the future. It has agreed that finance directors will look at the situation and work more closely to see what can be done to identify such situations.

***Conclusion and Decisions:***

- *The CGIAR endorsed the ExCo recommendations on the 6<sup>th</sup> CIAT EPMR.*
- *To demonstrate its commitment to taking fiduciary and accountability standards seriously, the CGIAR requested CIAT to develop a more specific reinvigoration plan that includes options and takes into account Members' concerns. Members were requested to send written comments on the existing reinvigoration plan to the Center, copied to the finance team at the CGIAR Secretariat within one week.*
- *A special meeting on CIAT will be held at the end of January 2008 to examine details of the reinvigoration plan and make decisions on next steps, including consideration of the option of realignment, if necessary.*
- *The ExCo ad hoc committee on finance should be established immediately and tasked with examining the CIAT reinvigoration plan, including on governance issues in addition to finance. Its analysis will be an input into the special January 2008 meeting on CIAT .*
- *The CGAR Secretariat was requested to develop TORs for the ExCo ad hoc committee on finance and suggested membership, to be approved virtually so the ad hoc committee may start its work as soon as possible. (This decision supersedes the decision in an earlier agenda item (2. CGIAR Change Management Process) for the Change Management Working Group on funding mechanisms to develop TORs for the ExCo ad hoc committee on finance.)*
- *ExCo 14 (May 2008) will take stock of progress on CIAT.*
- *There is also the need for a serious analysis of how to avoid similar situations in the future. The System must use the CIAT case and the outcome of the January 2008 meeting to improve donor behavior and financial management of Centers.*
- *A paper on lessons learned on what could have been done to avoid the current situation will be commissioned. It should be available for discussion at the May 2008 ExCo meeting, and also serve as an input into the governance part of the change management process.*
- *The CGIAR commended the scientific community at the Center for their resilience in the face of severe problems, and for the scientific excellence of their research.*
- *The CGIAR also expressed thanks and support to the Board Chair and Interim DG and their efforts to improve the situation.*