

## **Summary of ExCo 8 Discussion and Recommendations to the CGIAR on CIMMYT EPMR<sup>1</sup>**

I. Johnson introduced the item by commending the EPMR panel for a thorough review. He noted that the review points to some major issues, especially in governance. He illustrated this by referring to two quotes from the report highlighting the seriousness of the problems faced by CIMMYT.

P. Pinstруп-Andersen presented the SC Commentary, stating that SC is very concerned about CIMMYT. He noted that the Center had agreed to almost all of the recommendations of the last EPMR but had implemented only a few of the programmatic recommendations and none of the recommendations on management. Had those recommendations been implemented, the crisis could possibly have been avoided. The new MTP process would help avoid a repeat of the same situation as follow-up to EPMRs is embedded in this process.

The key question is “does CIMMYT have a future?” CIMMYT’s comparative advantage lies in genetic enhancement, which should be the focus of CIMMYT’s future work. Yet, CIMMYT is de-emphasizing plant breeding in favor of other areas such as integrated natural resources management, crop-livestock interaction, and work on livelihoods. These other areas are also important, but should best be left to other parts of the System, with which CIMMYT can collaborate.

On the positive side, SC commends the current management for making important internal managerial changes that have successfully broken down the “silos” that previously existed at CIMMYT. It is important that CIMMYT also modernize its facilities and pay much more attention to modern breeding methods.

SC agrees with the panel that CIMMYT lacks a clearly articulated strategy. There is need for a solid business plan. The MTP due next month should include such an operational plan.

SC believes the situation is sufficiently serious to warrant a follow-up review one year from now by the chair of the EPMR panel and a governance/finance expert.

F. Reifschneider presented the CGIAR Secretariat Commentary and highlighted five main points:

1. Had the last recommendations of the 4<sup>th</sup> CIMMYT EPMR on governance and management been implemented, perhaps the current financial crisis would have been averted. (It is important to think about the last two ISNAR EPMRs and the analogies between the two Centers.)

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<sup>1</sup> Excerpt from Eighth Meeting of the CGIAR Executive Council (May 11-12, 2005) Summary Record of Proceedings, May 31, 2005.

2. CIMMYT has agreed to all but one of the recommendations of the current review. This requires close monitoring of the situation.
3. The recommendations point to the need for the Board to re-examine how it handles business. There is a clear need for a better balance between the Board's oversight of research and science quality, and its oversight of management and finance. The imbalance between the two led to the experienced failure in governance.
4. This EPMR provides yet another example of the significant impact governance, management, and institutional health have on program performance and the need for EPMRs to carefully balance the review of program and non-program matters.
5. It is not enough for ExCo to endorse the panel's recommendations. There should be a consequence for those who were/are responsible for the mismanagement that took place. This will serve as a litmus test for ExCo and the CGIAR.

F. Reifschneider suggested that, in addition to having a follow-up review by the Panel Chair and a governance/finance expert, the CIMMYT Board Chair could be asked to provide a special report at AGM05 on actions taken since the EPMR. This would be in addition to presenting the Center's response to the EPMR.

***Discussion:***

- ExCo expressed strong support for the EPMR recommendations as well as the recommendation for the Board Chair to present a special report at AGM05 and for a follow-up review in one year's time.
- Several members noted their continued support of CIMMYT, while noting they look forward to implementation of the strongly needed reforms in governance and management.
- Concern was expressed about the low morale of CIMMYT staff and the compounding effect of introducing a matrix management system.
- Several members questioned how the current situation was allowed to happen. Why was there no follow-up to the recommendations from the previous EPMR? The failure at the Center also represents a failure of the System. How can a repeat of this situation be avoided?
- It was pointed out that perhaps ExCo should think more carefully about the System's processes for appointment of board members, and especially board chairs, and the competencies that are required to ensure good governance, in order to avoid similar failures in the future. One member noted that in the private sector such a situation would usually warrant either a change of the entire board or, at least, the board chair.
- It was also noted that close monitoring of the CGIAR nominee process would be essential to determine if the process is effective and whether changes will be needed at some point in the future.
- The CBC Chair noted that several Center boards are examining the role of boards and some have adopted some of the CIMMYT EPMR recommendations. However, the autonomy of the Center boards means a "one-size-fits-all" approach should not be the way to go. The autonomy of Center boards also means that ExCo does not select board members and especially board chairs. The principle

- that was accepted when developing the CGIAR-Nominee to Center Boards process clearly stated that such CGIAR nominees do not report to ExCo or to the CGIAR. The process avoids creating two classes of board members.
- Boards have traditionally served primarily as program advisory committees rather than true governing bodies. It is clear that this is no longer appropriate and that there is need for modifying modalities of governance to fit today's realities. While the autonomy/independence of boards is appreciated, at the end of the day, the entire System pays a price for failures.
  - Several members commended the efforts of the current DG, who inherited a very difficult situation upon taking office in 2002.
  - Members agreed that the Center needs to sharpen its focus and develop a more coherent strategic plan that concentrates on its strengths in genetic enhancement.
  - CIMMYT needs to reassess its modes of partnerships with private sector and other civil society organizations in view of the fact that it should not try to duplicate competencies that exist in partner organizations inside and outside the CGIAR System.
  - The lack of synergy in several areas among CGIAR Centers is not limited to CIMMYT but is a larger problem faced at the System level. While members noted that the situation between CIMMYT and ICARDA needs to be resolved, and that the Centers collectively have not been able to address it, this is only a symptom of a larger problem.
  - Discussion of the EPMRs underlined the need for reform of M&E discussed above.

The Chair invited the CIMMYT DG Masa Iwanaga and the Vice-Chair and Incoming Chair of the Board Lene Lange, who attended the ExCo meeting as observers, to make comments.

Masa Iwanaga, stated that the Center recognizes its past failures and is working to rectify the situation and is making a major effort to develop a clear strategy both programmatically and financially. He noted his belief in the future of CIMMYT and the CGIAR. He looks forward to contributing to the System's effort to avoid similar situations in the future.

Lene Lange stated that she appreciated the comments from ExCo, the SC and CGIAR Secretariat in terms of what needs to be done. The problems at CIMMYT are not intractable and the Center will respond very carefully to the EPMR recommendations. CIMMYT looks forward to its role in implementing the SSA TF recommendations and furthering the alliance with IRRI, as well as resolving problems with ICARDA.

F. Reifschneider clarified some of the issues raised during the discussion. In the future, it is expected that EPMRs will be conducted every five years, not extend to six or seven years as happened in the case of some Centers. CCERs are expected to play a more relevant role as well, and their quality will need careful monitoring. The MTPs, increasing use of the peer review mechanism on financial reports, ExCo's role in the oversight of follow-up to EPMRs, and the Performance Measurement (PM) system will

help strengthen the CGIAR's early warning systems. He also noted that an evolution in governance is taking place in the System, but the CGIAR may not be able to afford to take the time necessary for an evolutionary process to show results.

***Conclusions and ExCo Recommendations to the CGIAR:***

- *ExCo commends EPMR team for an incisive and thoughtful report and recommends that the CGIAR endorse the Panel's recommendations.*
- *ExCo requests the CIMMYT Board Chair to submit a short written report on progress to ExCo 9 in October 2005. It also requests the Board Chair to make a special report to AGM05, in addition to the Center response to the EPMR, with detailed updates on key issues raised by the Panel on programs, strategy, governance, finance and staff morale.*
- *SC and the CGIAR Secretariat should commission a follow-up focused review to be conducted in May/June 2006 by the EPMR Panel chair and a governance/finance expert. TOR for the review should be reviewed by ExCo.*
- *Besides the specific CIMMYT issues, ExCo should also consider the lessons for the System emerging from this EPMR. Regarding governance, the System must at one point address if it needs to have more than 200 board members for a \$450 million program. Although Center Boards are autonomous, their governance needs to be balanced with oversight provided by the CGIAR, through ExCo, without becoming too intrusive. Of particular importance is the accountability of the Board Chairs, which needs to be clarified. The CGIAR Secretariat should prepare a note for discussion by ExCo covering these broad governance and oversight questions, with special emphasis on the role ExCo could play to add maximum value to the System.*