

Draft Response to the Findings and Recommendations of the Independent Review of the CGIAR System¹

The report of the Independent Review of the CGIAR System was presented and discussed at the 15th meeting of the CGIAR Executive Council (ExCo) held on October 1-2, 2008 in Lisbon, Portugal.

ExCo congratulated and thanked the Independent Review Panel for the report, for its depth, and for the professionalism in conducting the evaluation. It expressed broad agreement with the Panel's overall recommendations. However, it raised concerns with some of the sub-recommendations. It was, nonetheless, recognized that the full report included a rich analysis of many key issues pertinent to the topics covered in the evaluation panel's terms of reference, along with suggestions on course of action that the CGIAR could take. This note is an ExCo-endorsed draft response to the overall findings and recommendations of the review for the consideration of the CGIAR at AGM08.

On Key Findings:

The CGIAR welcomes the Panel's recognition of the System's contributions to international agricultural research and the high rates of return on investment that have been generated. The Panel pointed out that this has been particularly evident from studies on impact of crop genetic improvement research in Asia and biological control research in Sub-Saharan Africa. Along with contributions from research on natural resources management, livestock, fisheries, forest management, and policy, the resulting productivity enhancement and rural livelihood improvement demonstrate the benefits resulting from CGIAR research, both regionally and globally.

The CGIAR recently commissioned the International Food Policy Research Institute (IFPRI) for a study on the potential impacts or benefits of scaling up research. The IFPRI paper, *"International Agriculture Research for Food Security, Poverty Reduction and the Environment: What to Expect from Scaling Up CGIAR Investments and "Best Bet" Programs"*, estimates high payoff from increased public investment in agricultural research. If the increased CGIAR investment is targeted at maximizing total agricultural output, the focus of the investment would be placed in East and Southeast Asia, resulting in an increase in output growth coming from research and development from 0.5 to 1.5 percentage points and a reduction of the number of people living under \$1 per day by 204 million by 2020. If, on the other hand, the target is on poverty reduction, the focus of the increased investment

¹ The Independent Review Panel presented a report with only 5 recommendations at ExCo 15. The Panel has revised the report since then to include a specific recommendation on adoption of a gender strategy. This draft response reflects ExCo's discussion and includes a response to the recommendation on a gender strategy.

would be in Sub-Saharan Africa and South Asia, and the total agricultural output growth would be slightly less and 282 million people would be lifted out of poverty by 2020.

Another important issue singled out by the Review Panel was the inadequate manner by which intellectual property protection has been handled at the Center level. The CGIAR agrees that the way the CGIAR is managing intellectual property protection needs greater attention as the Centers' external environment is rapidly changing. CGIAR supports the suggestion that the Centers need to better understand and stay up-to-date on the agricultural IPR environment at the national and international level. It heeds the advice to play a more significant role, for instance, in the ongoing negotiations of the Convention on Biological Diversity on access to genetic resources. CGIAR expects that with the creation of a Centers' Consortium, a more consistent approach to IP management across the System could be adopted, and that there is also sufficient leverage for exploring novel proprietary models to agricultural research.

The greater part of the review was focused on partnerships, governance, and funding mechanisms. These are the same key issues that the Change Management Process is focused on, and the Change Management teams benefited immensely from the studies and analyses conducted by the Independent Review. It took a hard look at the overall findings of the Review, namely: "a) the need for the CGIAR to take a more strategic approach to partnership, b) the Centers being in a quiet financial crisis, and c) dysfunctional governance and management which constrain the System's potential." Responses related to these findings and on the adoption of a gender strategy are included in the responses to the individual recommendations below.

The interactions that took place between the Review Panel and the Change Management Steering Team (CST) and Working Groups enabled an effective cross-fertilization of ideas. The product of such exchanges is a set of recommendations that are elaborated in the Change Steering Team's Integrated CGIAR Reform Proposal. The key elements of the proposal have been endorsed by ExCo15 and will be presented at the Annual General Meeting of the CGIAR in December 2008. The following responses to the Independent Review's key recommendations are based on the results of the analysis and conclusions elaborated in the CST proposal.

On Recommendations:

1. Rebalance the Center-donor partnership to sustain the CGIAR's unique contributions.

CGIAR broadly agrees with the recommendation, and recognizes the critical need for rebalancing the partnership not only between Centers and donors but also between Centers/donors and other partners in the production and delivery of international public goods (e.g. NARS, CSOs, ARIs, private sector). The unique contributions of the CGIAR for improving food security and reducing poverty can be sustained in the long term only through such partnerships. The importance of these partnerships was also recognized by the panel in Recommendation 6 below.

The Change Management Process has developed “foundation pieces” for a reformed CGIAR which are aligned with the recommendation of the Independent Review panel. The changes envision a new partnership compact through a clearer separation of “doers” from the funders. It would involve

- (i) the establishment of a legally constituted Consortium of Centers that is accountable for the delivery of high quality results by the Centers and their partners,
- (ii) a new CGIAR Fund to support the research of the Consortium and its partners,
- (iii) the development of a strategy and results frameworks by the Consortium, through an inclusive and consultative process involving the funders and other partners, and
- (iv) designated funding in the programs to encourage the Centers to work with partners to achieve the CGIAR objectives within the results framework.

The CGIAR believes that this will constitute a major step towards more balanced partnership in the conduct of international agricultural research for development.

2. Establish a legally structured Consortium of Centers.

CGIAR agrees with the main thrust of this recommendation, i.e., the establishment of a new legal entity that would serve as an umbrella body for the Centers. Having an authoritative body that is empowered to represent the Centers and act on their behalf on issues of common interest would streamline management and increase efficiency. CGIAR also recognizes that the success of the Consortium would depend on the willingness of the Centers, collectively, to delegate their authority to the Consortium in a number of areas and on whether they each agree to abide by the decisions of the Consortium on important matters such as mergers or formation of clusters of the Centers. The Alliance has indicated that there is strong collective will among the Centers to make the Consortium concept work. However, it needs to be emphasized that the authority of a central Consortium board has to be balanced with the need for subsidiarity for decisions on scientific matters to ensure that the Centers continue to be empowered for innovation.

The CGIAR would like to stress that one major reason for the creation of a Consortium is to be able to generate structural change in the Centers to optimize the mandates and management efficiency and delivery capacity, including possible consolidation of the Center governance and management units.

The Independent Review conceives the Consortium as an entity that is "owned by the Centers, governed by a Board chosen by them." Some concerns have been expressed that such an arrangement could create a conflict of interest situation. For this reason, a tripartite nominating committee with donor, Center and partner representation was suggested by the CST and endorsed by ExCo 15. This selection and nomination process is being further considered by the CST and Alliance of CGIAR Centers.

3. Establish a CGIAR Fund for Agricultural Research

CGIAR appreciates the Panel's thorough review of resource mobilization and financial management of the CGIAR. The CGIAR concurs with the Panel's overall assessment of the flat real trend in CGIAR funding, and the decline in unrestricted as a percentage of total funding. It agrees that these trends posed financial management challenges to the Centers, led to dispersion of efforts, and adversely affected the System's programmatic coherence. Changes in the funding practices of CGIAR Members have led to changes in business practices at the Centers as the financial flexibility provided by unrestricted resources decreased. This challenge and the painful consequence of failure to adapt have been observed in several Centers over the last several years.

The CGIAR agrees with the Panel that a new CGIAR Fund should be established as an outcome of the CGIAR reform. As indicated by the Panel, a collectively agreed strategy and results framework should guide the allocation of resources from the new Fund. The details of how the Fund will be structured and operate are being developed through the Change Management Process, taking into account the recommendations of the Independent Review Panel, the report of Change Management Working Group on Funding Mechanisms, and stakeholder consultations.

The Independent Review suggested that the Fund takes a multiyear replenishment approach. While the idea has merits for further deliberation, the CGIAR feels that this approach may be constrained by current policies and procedures of other donors, hence risking the continued support of these donors especially during the transition phase. The new Fund Council will need to carefully examine the pros and cons of the replenishment model and all options for the most effective strategy for resource mobilization to ensure adequate and stable funding to support the thematic programs, the Centers and their partners.

The CGIAR notes that there is a great deal of similarity between the findings and recommendations of the Independent Review and those of the Working Group on Funding Mechanisms of the Change Management Process. In particular, both reports have noted a need for full cost recovery on all projects, common financial reporting systems across the Centers, transparency regarding financing of all projects, and predictability and harmonization of funding. In addition, the Centers may benefit from placing a minimum size on small grants.

For the past year, the issues of full cost recovery on restricted projects and the increase in the benchmark for reserves have been exhaustively discussed in the System. The recently endorsed new minimum reserves benchmark of 90 days is less than the 180 days recommended by the Panel. This is expected to be reviewed by the Consortium.

On the Challenge Programs (CPs), the overall observation by the Panel that they did not drive revenue growth for the System is debatable. Previous analysis has shown that some new funds were brought in by traditional donors to support the pilot CPs. In addition, the Gates Foundation was a new donor that started its contribution to the CGIAR through the HarvestPlus CP. Through this entry, CGIAR Centers found a gateway to explore more funding opportunities from the Foundation. Also, the CPs did not just absorb funding that otherwise would have gone to the Centers. Over the past five years, 70 percent of total

CP funding has gone to the Centers. The CGIAR notes that many NARS partners have voiced their positive experiences with the CPs as new platforms for partnership and innovation. It is expected that the CPs will be integrated into the “Mega Programs”, or become the core of new “Mega Programs”, with streamlined governance mechanisms.

4. Support the Consortium and CGIAR Fund with a science advisory board and an independent evaluation unit.

The CGIAR accepts the recommendation to develop a strategy and results framework which will serve as a link between the Fund and the Consortium, two components of the integrated reform proposal that emerged from the Change Management Process. Under the proposal, the development of such a framework is the responsibility of the Consortium with advice from a scientific advisory body. However, this scientific advisory body, called Independent Science and Partnership Council (ISPC), differs from the Science Advisory Board that the Independent Review panel has recommended to establish in that the body is also expected to provide advice on effective networking and partnerships with development partners and advanced research institutions, in addition to its scientific advisory role.

The CGIAR fully recognizes the need for and the value of independent evaluation in various facets of its work. In order to streamline evaluations and reviews at the System level, especially to avoid individual donors conducting their reviews and evaluation on the programs they each fund, it will be necessary to establish a credible and truly independent evaluation and review mechanism for the thematic programs at the System level. For example, it is envisaged that the “Mega-Programs” will be subject to independent evaluation every 5-6 years. The Fund Council will make arrangements for independent review panels that will conduct the evaluations. External program and management reviews of the Centers are expected to be commissioned by the Consortium.

5. The Consortium and the Fund adopt a gender strategy based on accountability for integrating gender in the work of partnerships.

CGIAR welcomes the Panel’s comments on the extent to which the CGIAR has made important progress in addressing gender issues across the System. It agrees with the observation that the CGIAR has not fully integrated gender into its research and outreach mandates. It needs to improve “accountability through more gender analysis and performance measurement and reporting,” and take proactive measures to increase women’s access to farming inputs and to improve the health and nutritional needs of women and girls, as suggested by the Panel.

More specifically, CGIAR agrees with the Panel’s recommendation to develop a gender strategy based on accountability. Rather than approaching gender issues on an *ad hoc* basis, as issues of behavior or perception, the need is for a broader systematic approach that focuses on integrating gender in the work of Centers and their partners. The gender strategy will be useful to the Consortium and its partners as a guiding principle in the development of future "Mega-programs" and as a yardstick in gauging impact.

CGIAR also agrees that internal gender and diversity at the workplace needs stronger commitment by the System, with adequate data collection and analysis, as well as

performance monitoring and accountability. At the System level there is already an attempt to demonstrate accountability and set incentives for more diversity in Center staffing through the CGIAR Performance Measurement System (PMS). The PMS monitors four indicators of diversity on an annual basis that are being reported in the CGIAR Annual Report.

6. The Consortium and the CGIAR Fund together take a more strategic approach to partnerships with other actors in the production and delivery of international public goods.

The CGIAR accepts this recommendation and agrees that strategic partnerships at all levels of CGIAR's activities are crucial to achieving maximum impact. Given the critical importance of the challenges highlighted by the food price crisis and their particular relevance to partner countries, notably in Sub-Saharan Africa, that can only be addressed through full partnerships with other research institutions and in collaboration with development institutions. The formulation of a robust multi-dimensional strategy on partnerships will be one of the major tasks of the new CGIAR. This requires a new understanding or "compact" not only between Centers and donors, but also between Centers/donors and their partners at the regional, sub-regional, and national levels.

The Consortium, the Fund and the ISPC are expected to show greater sensitivity to strengthening and sustaining partnerships, paying particular attention to partners' expectations. There have been many past (and current) successful partnerships at the Center level; the challenge going forward is to leverage these partnerships at the System level to create synergies, reduce overlap, and ensure adoption of scientific technological advances on the ground. One enabling partnership mechanism that can be considered, for example, is the creation of special funding at the "Mega Program" level for partners participation as well as to ensure bringing the best of science to serve the CGIAR's broader goals and objectives.

The CGIAR agrees to the Independent Review's suggestion on the role that the Global Forum on Agricultural Research (GFAR) is envisaged to play in promoting and enabling effective partnerships and dialogue between the CGIAR and its partners/stakeholders. The CGIAR would like to see a revitalized GFAR as the most appropriate institutional mechanism to facilitate stakeholder engagement. GFAR is expected to organize a biennial Conference on Agricultural Research for Development (CARD, name to be decided) in collaboration with the Consortium. CARD will provide a platform for interactions among the donors, the Consortium, partners, and other stakeholders on important global and regional issues with implications on agriculture and agricultural research for development. It is a mechanism that will provide input for the System's strategy and results framework.