

## **Progress Report on the Stripe Review of Corporate Governance of CGIAR Centers**

The conduct of a stripe review of corporate governance of CGIAR Centers was announced by the CBC Chair at AGM04. In collaboration with the CGIAR Secretariat, the terms of reference (TOR) was prepared (see attached) and the review panel was organized. The composition of the panel is as follows:

- Panel Chair - Samuel Paul (India)  
Founder/Chairman of Public Affairs Centre,  
Bangalore, India; former Director, Indian Institute  
of Management - Ahmedabad; Panel Chair of  
ISNAR EPMR (1996), and IFPRI EPMR (1998)
- Members - Lili-Ann Foster (Canada)  
President and CEO, Renaud Foster Management  
Consultants, Inc, Canada; former Principal and  
Director, Ernst & Young, Ottawa
- Paul Egger (Switzerland)  
Lecturer, ETHZ, The Swiss Federal Institute of  
Technology; former Head, East Asia Division, SDC;  
former Head, Agricultural Division, SDC; former Head  
of Swiss Delegation to the CGIAR

As specified in the TOR, an advisory group for the panel has also been organized with the following as members: Uwe Werblow (Board Chair of ILRI), Francisco Reifschneider (CGIAR Director), Kevin Cleaver (Director of ARD, World Bank), and Usha Barwale (Chair, CGIAR Private Sector Committee).

The review is now underway. The panel held its first meeting at the CGIAR Secretariat in Washington, DC on Sept 26-27. A work plan was prepared in consultation with the CBC Chair and the CGIAR Secretariat, and in accordance with the timeline specified in the TOR. The panel will interact with stakeholder groups at AGM05.

## **Terms of Reference**

### **Stripe Review of Corporate Governance of CGIAR Centers**

#### **Background**

The effectiveness and efficiency of corporate governance at the Board of Trustees (BOT) level, particularly in the context of the reform program initiated in 2001, is important for the CGIAR System. This is because the final responsibility for the future of the centers rests on the BOT and the essential role of each center's board is "to create tomorrow's center out of today's" The CBC has recognized this role when it stated, as one of its primary goals, the willingness to be prepared to identify the need for and to lead change.

At its meeting in Mexico on October 21-23, 2004, the CBC decided to commission an external stripe review of corporate governance of CGIAR Centers. At the 2004 CGIAR Annual General Meeting (AGM04), the CBC Chair informed the Group of this decision, and that the terms of reference (TOR) for the review would be prepared together with the CGIAR Secretariat. The present TOR is a result of that collaboration.

#### **Objectives**

1. To assess and evaluate the current corporate governance structure, processes, procedures/ practices, and overall performance of CGIAR Centers' Boards of Trustees (BOTs). Specifically the review will canvass the Boards to examine (i) the effectiveness of Center Boards in providing oversight and policy directions to the Centers operations, including financial, program and administrative matters, (ii) capture some of the best practices of Boards and survey the extent to which Boards have responded to the particular operations , needs and circumstances of Centers. It will also examine composition and structure of the BOTs and how they conduct their business, and how they assist Centers in the fulfillment of their mandates compared to the best practice in corporate and non-profit governance.
2. To recommend to the CBC measures for improving the performance (i.e., effectiveness and efficiency) of Center Boards.
3. To develop a Code of Best Practice for Center Boards and propose changes to the existing "Guidelines on the role, responsibilities, and accountability of center Boards of Trustees in the Consultative Group on International Agricultural Research".

## **Scope of Work**

The stripe review will provide an analysis of the following aspects of BOTs' characteristics and operations:

### **1. Organization and Management of BOTs' Business**

#### **Composition and Structure**

- BOT size and profile; fields of expertise, experience, diversity and tenure (terms of appointment) of members;
- Professional expertise in the Board in the areas of financial management science oversight, and institutional governance;
- Process of succession planning and selecting BOT members;
- Adequacy of the number of BOT meetings per annum; management of Board and committee meetings;

#### **Orientation, Assessment and Adequacy of Information**

- Performance measurements of BOT members and chairs; BOTs' annual self-assessments;
- Level of understanding (by members) of their role as BOT members and as members of board sub-committees (Executive, Program, Audit, Finance, HR, Nomination, etc);
- Board's familiarity with the CGIAR, its mission, goals, strategies and priorities, the issues of priority being addressed by the CGIAR System, and how the Center fits into the overall System;
- Understanding of the delineation between BOTs' and Center management teams' responsibilities;
- Board's familiarity with the CGIAR issued guidelines on Boards;
- Adequacy and timeliness of information made available to members, prior to BOT meetings;

### **2. BOTs' Engagement with Centers' Strategic Business**

#### **Participation in Strategic Planning and Program Review**

- Level of knowledge/understanding by BOT members of their respective Center's vision, mission, strategy and their implementation; the engagement of the BOT in the formulation of Center's mission and strategy and in monitoring the Center's performance;
- Oversight of Center program/science policies including intellectual property (IP), outputs and impacts analyses;

#### **Involvement in Fiscal Oversight**

- Financial oversight, budgeting and reporting;
- Implementation of clear policies for appointment, review and rotation of external auditors

### **Involvement in Policy Development**

- Formulation of science and program policies as well as finance, human resources, and partnership policies;
- The role played by the BOT in handling grievances;

### **Adequacy of the annual DG evaluation process**

- Process for annual evaluation of the Center Directors General (DG) and the methodologies used for the review of the DGs' remuneration;

### **Donor Relations, Partnership Facilitation, and Resource Mobilization**

- Relationship to donors, clients, and partner institutions
- Involvement in establishing marketing and fund raising strategies

## **3. Other areas pertinent to understanding how effectively the BOTs have performed their governance role.**

### **Overall Approach and Process**

- A team of up to three eminent individuals: one with expertise in governance, a second with expertise in finance from outside the CGIAR and a third who is highly respected individual with a good knowledge of the CGIAR to constitute the Review Panel; membership composition to be jointly determined by the CBC and the CGIAR Secretariat;
- A CGIAR Secretariat staff to serve as Secretary to the Panel and coordinate the logistics of the review;
- The Review Panel to report their findings initially to the CBC and the CGIAR Secretariat.
- Any boards that are conducting independent reviews should make the results available to the panel.
- A representative of the CBC, a senior member of the Systems Office and two persons representing the stakeholders of the CGIAR (one CGIAR member and the second one with expertise in governance) to serve as "advisory group" for the Review Panel;
- Review to rely on examination of relevant documents, use of survey questionnaire, interviews of every Board Chair and every Center Director-General and other data collection instruments;

### **Indicative Timetable and Output**

- Agreement on TOR, budget, and support staff for the review – 30 June 2005
- Establishment of Review Panel – August 2005
- Briefing of the Review Panel by the Advisory Board/support staff and formulation of the Panel's work plan – September 26, 2005
- Initiation of Review activities – October 1, 2005

- Submission of Review Report to CBC and the CGIAR Secretariat – February 15, 2006; CBC to prepare and attach its response to or commentary on the report
- Review Report (with CBC's response) to be shared with ExCo for discussion at its May 2006 meeting
- Review Report with CBC's written response and ExCo's recommendations to be forwarded to the CGIAR for discussion at the AGM06 Business Meeting.