

**CGIAR Secretariat's Comments on the Governance, Management and Finance
Aspects of the Report of the Third EPMP of the International Water Management Institute
(IWMI)**

The CGIAR Secretariat thanks the IWMI EPMP Panel for its report. Four out of a total of 17 recommendations made by the panel are on governance and management; two on Center Board's functioning and two in relation to management and administration. The Secretariat notes from IWMI's response that the Center fully agrees with three of the recommendations and partly agrees to one (Recommendation 15).

Governance

- We compliment the center for having a diverse and multidisciplinary Board. While we agree with the Panel's recommendation that the Board provide more strategic guidance to management on science and programs without getting involved in operational matters, especially using the budget approval process to influence strategic focus, we do not think that creation of a Center Science Council/Advisory Board is the only way to sharpen the strategic guidance that the Board needs to provide the center. Rather we concur with IWMI that another possible way of achieving the same objective could also be through a smaller, more focused Program Committee. We would however, recommend that the center also monitor the experience of other centers which have experimented with a Center Science Council and compare its experience with that of other Centers in the future.
- We strongly encourage IWMI to strengthen professional financial expertise on its Board, as also brought out by the Performance Measurement data for 2006.
- We strongly support the panel's suggestion to make it mandatory for new Board members to participate in the CGIAR Board orientation program and for the center to also develop a center-specific Board orientation for new members. The panel noted that this recommendation from the last EPMP has not been fully implemented.
- We fully agree with the panel's advice for the Board to strengthen its role in formulating a schedule for CCERs, and also in ensuring that lessons learnt from CCERs are applied by the center, as part of its oversight function.
- Supporting the Board with timely and adequate documentation is critical for effective functioning of the Board. We are therefore pleased that IWMI agrees with the panel's recommendation for further strengthening this support to the Board.

Management

- IWMI has taken some pioneering initiatives in the field of human resources-including the One Staff concept, designing its own Leadership Development Program, introducing a performance management system, conducting a 360 degree feedback exercise for its management team, improving diversity among its staff and also conducting staff satisfaction surveys.

- We congratulate the two Centers - IWMI and WorldFish for their innovative efforts at cooperation and closer alignment by setting up a joint venture on corporate services. We do agree with the Panel that IWMI should monitor closely the implementation of the agreement.
- We fully agree with the panel's emphasis on the need to clarify the roles and responsibilities between IWMI and the Challenge Program on Water and Food (CPWF) and the risks it carries as the lead institution in implementing the CP. We agree that IWMI should clearly distinguish its own programs (operationally and financially) from the CP, and that the IWMI Board needs to be diligent in its oversight of IWMI's roles and responsibilities in the CP. This issue is also expected to be examined in depth from the CP perspective by the panel that is currently conducting an external review of CPWF.

The Science Council Chair and the CGIAR Chair and Director received a confidential note from the panel regarding some management issues at the center. The CGIAR Director consulted with the IWMI Board Chair and was assured that due diligence was done and the matter was adequately resolved.

Finance

While the panel did not make any formal recommendation on finance, we encourage IWMI to further strengthen financial risk management with emphasis on:

- continued focus on improving the adequacy of reserves indicator
- close monitoring of the implications of migration from one financial information system to another managed by the new joint venture between Worldfish and IWMI.
- further clarifying and separating financial information on IWMI from that of CPWF.
- Further strengthening the risk management strategy on key areas like staffing, financial information system, and control environment.