

CIAT's Institutional Crisis – Lessons Learned

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Executive Summary

The purpose of this paper is to explore the factors that contributed to the institutional crisis at CIAT and draw lessons for the CGIAR System and Centers, in order to avoid similar situations in the future. The paper responds to a decision of the Group associated with discussion of the 2007 External Program and Management Review (EPMR) of CIAT.

This paper examines the period of the recent CIAT EPMR (2000-2007). During this period, CIAT underwent an institutional crisis, due to failures at the Center and CGIAR System levels. The ramifications of the turmoil extend beyond CIAT to the CGIAR System. Thus, lessons address both Center and System considerations (with emphasis at the Center-level on broad governance as opposed to management issues). The situation at CIAT has not stabilized and continues to change, and further lessons will no doubt become evident.

The CIAT case clearly shows the importance of Board oversight of all aspects of Center operations, and the limitations of the CGIAR's current governance model and operating practices. The CGIAR has little authority to induce change at the Center level, even when there is governance or management failure. CGIAR program and financial oversight mechanisms are not well integrated or as effective as they could be. The CGIAR's current Change Management Initiative may lead to adoption of a different governance model. The CIAT experience points to lessons and principles that are relevant whether the CGIAR operates in the present model or under a new one.

Need for strategic donor coordination. Center funding is from multiple donors, is largely short-term and restricted or project-based. Some form of centralized funding and allocation system is needed, which would address the critical challenge of doing long-term research with short-term funding. This could be a formal new collective funding mechanism or a more informal mechanism developed through better donor coordination.

Need for explicit accountability of centers. As the Centers are autonomous, Center Boards are essentially self-accountable (except for legal requirements in the countries where they operate). Funding has been used effectively, on occasions, by individual donors (notably the World Bank) to reinforce accountability for performance. Donors could coordinate such efforts, but this would not be a formal or systematic mechanism. A formal arrangement or new "contract" between the CGIAR and Centers would be needed to create explicit and systematic accountability of Centers.

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Need for clarity in oversight roles and responsibilities of system actors. Greater clarity is needed in the oversight roles played by the various System entities in order to help avert or manage a Center crisis. In such circumstances, a clear System-level lead is required – and a proactive response. Efforts should be coordinated, with clear roles of involved entities. A code of donor conduct would help clarify expectations of mutual donor-Center accountability – which, among other benefits, could help avert crises.

Need to improve the CGIAR's operating practices. Lack of transparency and reliable information hindered a System response to CIAT's difficulties. Despite repeated "red flag" warnings, the System did not initiate an independent analysis or review of the situation at CIAT until the 2007 EPMR. If System decision makers were better informed earlier, they might have been able to respond more effectively. To help guide a System response in the future, crisis management rules are needed, with clarity around early warning signs and associated action.

Need for proactive and integrated responses to warnings. To avoid crises in the future, the Center and System lead (see above) need to: (1) Be vigilant to warnings, and take measures to understand and respond to underlying issues; if Center efforts are insufficient in this regard, an external intervention may be needed (such as an expert visit to the Center). (2) Establish clear benchmarks for progress, accountability (of the Center and System), and consequences. (3) Develop and implement an action plan. Where this does not lead to expected results, examine why and respond decisively.

Need to strengthen leadership by Center Boards. The CIAT case revealed failures in critical aspects of governance and management. The Board's oversight of the DG's performance and of CIAT's finances was not sufficient to identify and take decisive actions to resolve problems in a timely manner. A Board's decision to intervene in a crisis situation is appropriate, but the parameters and timeline of this role should be clear. Challenges include ensuring that capable individuals fill key Board and Center leadership positions – and developing a sound and convincing recovery plan. Where Board-level changes are needed, these may be difficult to induce strictly through internal efforts.

Conclusion. CIAT is one of the most innovative Centers in the CGIAR System. Being innovative requires risk taking, boldness and some degree of opportunism. The CIAT crisis is, in part, a reflection of the Center's drive for innovative solutions. This drive led to unchecked growth. It also led to careless management of the assets entrusted to the Center by the donor community. The lesson from the CIAT experience should NOT be to curb innovation, but to promote it strategically, taking into account the full circumstances of the Center. A second key lesson is that the CGIAR System needs to re-examine the relationships between the Centers and the Group in order to promote stronger performance and accountability.

Introduction

The purpose of this paper is to explore the factors that contributed to the institutional crisis at CIAT and draw lessons for the CGIAR System and Centers, in order to avoid similar situations in the future. The paper responds to a decision of the Group in December, 2007, following a recommendation of the Executive Council (ExCo) – associated with discussion of the 2007 External Program and Management Review (EPMR) of CIAT.

- **ExCo Recommendation.** *The CGIAR System should reflect on how it reacts to warning signs, and what might have been done differently given the complexities and limitations of the System.*²
- **CGIAR Decision.** *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.*³

This paper begins with an overview of the crisis at CIAT. This is followed by a summary of how the CGIAR provided oversight to CIAT during the crisis period. The paper closes with lessons learned and conclusions. In drawing lessons, we benefited from the input of more than 50 individuals who participated in a questionnaire survey, telephone interviews, or related communications. Survey results and a sample of the frankly-stated opinions of respondents are presented in the Annex,

While many lessons are evident at this stage, as the situation at CIAT has not stabilized and continues to evolve, further lessons no doubt will emerge.

CIAT – A Period of Institutional Turmoil

CIAT's March 2008 transition plan seeks US\$4.9 million from CGIAR donors for special one-time assistance "to help support the strategic planning exercise and to help stabilize and consolidate the Center so as to make sure that at least the most important components of the Center's programs survive the time taken to undertake the planning."⁴ This request followed one in May 2007 to the World Bank for US\$1.5 million (of which \$0.75 was made available) to help CIAT out of the financial crisis, which was expected to be resolved by 2008. Earlier requests had been floated in the donor community going back to late 2005, when the details of CIAT's financial difficulties began to surface in the CGIAR community. An analysis of the crisis at CIAT is described in the 2007 EPMR report, a summary of which follows.

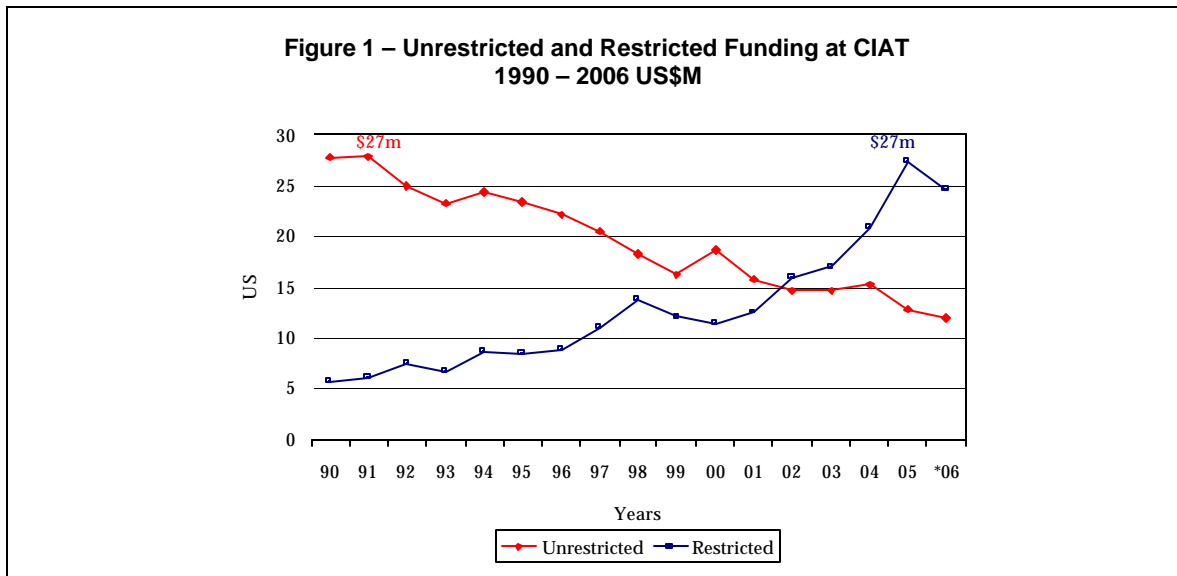
² CGIAR: *Thirteenth Meeting of the Executive Council, Summary Record of Proceedings*, CGIAR Secretariat, November 5, 2007, page 26.

³ CGIAR *Annual General Meeting 2007: Summary Record of Proceedings*, CGIAR Secretariat, January 30, 2008, page 30.

⁴ *CIAT in Transition: A request for support for planning CIAT's future while preserving and strengthening its programmes*, March 9, 2008.

Catalyst of the Financial Crisis

As Figure 1 indicates, CIAT's funding mix has changed significantly since 1990. In 2000, when the recently-departed Director General (DG) assumed leadership, the funding trend indicated that an adjustment to the cost structure was imperative. This was not adequately addressed and led to a financial crisis.



Evolving Problem

Project-based growth. From 2001 to 2005, special project funding increased from US\$11.7 million to US\$29.2 million at CIAT. Projects were subsidized by unrestricted income, which remained fairly stable between 2001 and 2004, before declining in 2005. This growth was not accompanied by realistic cost budgeting and cost recovery, using the best practice procedures recommended in the CGIAR Financial Guidelines.

Staff growth. Between 2000 and 2005, CIAT increased research staffing from 73 internationally-recruited staff (IRS) and 397 nationally-recruited staff (NRS) to 93 IRS and 466 NRS. Following downsizing, there were 73 IRS and 399 NRS in 2007 – virtually the same as in 2000. Non-research staffing also peaked in 2005, prior to subsequent downsizing. Hiring decisions made did not take into full account CIAT's financial capability to sustain the growth.

Problematic financial indicators. The financial indicators used by the CGIAR, short-term solvency and adequacy of reserves, indicated that CIAT was not in a healthy position over the past decade. Since 2002, regular financial information provided to management, and the DG's reports to the Board and to its Executive and Finance and Audit Committees, highlighted a number of times the financial difficulties the Center faced. The CGIAR Chair wrote to the CIAT Board Chair at the end of every financial year and following the annual review of Centers' performance indicators that CIAT needed to take corrective measures to solve its financial problems.

Weak controls. CIAT's financial challenges were symptomatic of the weak control environment and insufficient risk management systems. The EPMR reported that, while Management had begun to address some of these issues, work remained on critical ones including:

- Establishment of an appropriate policy framework, procedures and processes for decentralized project budgeting, management, implementation, monitoring and reporting;
- The need to complete implementation of an integrated financial management information system that incorporates regional administrative systems with those at headquarters; CIAT's 2000 EPMR had also pointed to this shortcoming.

Funding gap. Beginning in 2002, CIAT's core expenses were consistently higher than its unrestricted revenue and the Center was living beyond its means. In that year, CIAT adopted an unconventional method of "full cost recovery" (FCR) to balance its books at the end of each financial reporting period – a practice that CIAT since decided (in 2006) to end. CIAT's FCR method consisted of: (a) transferring part of the excess expenditure that could not be met by unrestricted funding to special projects, to the extent that these costs could be legally covered in accordance with projects agreements; (b) "internal borrowing," whereby the Finance Department and Project Leaders would "negotiate" passing certain expenditures which were not absorbed by unrestricted funding to special projects in one financial period with the understanding that these funds would be repaid to projects in the following year from unrestricted resources. The cumulative internal debt to special projects reached close to US\$4.0 million in 2005.

Trigger and Crisis. In 2005, CIAT's inability to pay its unconventional internal debt was compounded by the strength of the Colombian Peso against the US dollar, which resulted in increases in local costs, and by the cancellation of expected funding in 2005 from a major donor. This triggered the financial crisis. The Board at this point had become aware of the gravity of the Center's financial situation and intervened. Measures were taken to reduce costs, which included staff downsizing; this affected research and administrative/support positions, and entailed "phase out costs" of over US\$6.6 million in 2006 and 2007 (due largely to local labor law and former policies).

Roles and Accountability at CIAT

The 2007 CIAT EPMR panel concluded that various players contributed to the financial distress at CIAT.⁵

The DG and senior management recognized the significant shift in funding from unrestricted to restricted revenue and the need to make corresponding structural adjustments to CIAT's cost base. However, they failed to comprehend the full implications of the funding shift or to take timely and appropriate corrective actions, which should have included a shift in the expenditure structure to allow the building of adequate reserves and the implementation of full-cost budgeting and recovery from special projects.

The financial management of the Center provided senior management and the Board with timely financial information highlighting gaps between core income and expenditures. These reports, however, failed to articulate and interpret in a clear and

⁵ 2007 CIAT EPMR, pages 115-116.

unambiguous manner the long-term implications of the funding gap. The financial management team was not forceful enough to push for necessary changes, and assumed a role of simply informing. Further, the team adopted the FCR method, which management and the Board accepted without fully understanding the consequences. These “creative accounting” techniques were unsustainable, contrary to best financial management practice, and helped precipitate the latest financial crisis.

The external auditor gave an unqualified opinion on CIAT’s financial statements during the review period. While the Auditor made a series of recommendations in a number of areas, there was only one reference to the FCR method and this did not convey a serious concern.

The Board of Trustees, and its Executive and Finance Committee and Audit Committee, were informed of CIAT’s financial situation through reports and formal presentations. The reports indicated that management was taking measures to overcome financial difficulties and subsequent years would be better. Likewise, the Center responded to the CGIAR Chair’s letters to the CIAT Board Chair and management on the Center’s financial situation with optimistic updates on corrective measures. The Board did not have the financial expertise to understand the magnitude of the financial challenges, and drew comfort from unqualified external auditor’s reports. Further, the Board’s oversight of the performance of top management was not sufficient to identify weaknesses early and take decisive, appropriate and timely actions to resolve these in the long-term interests of CIAT.

The role of the CGIAR System and its oversight of CIAT is discussed in a section below.

Effects of Financial Distress

The 2007 CIAT EPMP Panel Chair’s cover letter to the report summed up the Panel’s assessment regarding the effects of the financial crisis on the Center.

The EPMP Panel encountered a Center deeply affected by financial distress... Protracted and reactive adjustments to this financial problem have generated instability and dispersion in the research programs, severe reductions and uncertainty in staff employment and low morale in the Center... Despite this gloomy panorama, the Panel finds CIAT still to be a high quality and productive research institution... We believe that this is a crucial time for CGIAR donors to, collectively, invest in CIAT’s turnaround and urge the donor community to act promptly. The Panel recommends that these investments be conditioned by fundamental program, governance and management changes detailed in the report.

Recent Developments

The CIAT Board and management had begun to implement measures aimed at remedying the situation, at the time of the EPMP. This paper does not explore the effectiveness of those steps, the role of the Board/management following the EPMP, or related lessons learned.

A process of change is underway at CIAT and the situation is evolving. In December 2007, the DG’s contract was terminated early and an Interim DG has been appointed. CIAT has developed a transition plan, which lists the “urgent needs for stabilizing the

situation.” A search process for a new DG culminated in interviews of finalists in April 2008, followed by a Board decision not to appoint any of the interviewed candidates and postpone the search process until September 2008. The appointment of a new DG is not expected until the November Board meeting. While the specifics of the search process are beyond the scope of this paper, individuals we interviewed for this study raised concerns about the Board’s handling of the process.

CGIAR Oversight of CIAT during the Crisis Period

The CGIAR was not formally made aware of the financial problem at CIAT until 2003, although the underlying issues preceded that time. In 2003, the newly formed Executive Council piloted a financial indicator series (using data for 2002) that showed CIAT, along with other Centers, missing the targets accepted by finance professionals as reasonable for financial health. ExCo agreed to have the CGIAR Chair alert the Boards of “red flagged” Centers and ask for a plan addressing the situation.

This scenario was repeated in 2004, 2005, 2006 and 2007, with the CGIAR Chair writing to the Board Chair of CIAT, and the Board Chair describing in response what the Center was doing to address the problem. Yet, year after year, CIAT still remained in the “red flagged” category. The EPMR found that management’s response to the financial situation was typically reactive, entailing cost cutting and staff terminations at the end of the financial years in 2003 and 2004, which could not prevent further terminations in 2006 and 2007.

This raises a number of questions about the seriousness of “oversight” by the CGIAR, both in identifying issues and in taking decisions that “stick.” In this section we explore three aspects of the CGIAR oversight question:

- Oversight of the program
- Oversight of finance and management
- Response to external shocks experienced by a Center

Questions of Program Oversight

What are the limits to Center autonomy? As we showed in the last section (and as CIAT’s own analysis confirms⁶) the crisis was caused by a variety of factors, including growth in programs. This raises two questions, one at the Center and the other at the System level:

- How well did CIAT manage the growth? The answer, as argued in the last section, is “not very well.”
- How did the CGIAR react to the growth in CIAT’s programs?

To address the second question, one needs to understand how far a Center’s *autonomy* extends and what bounds, if any, the System can place on that autonomy.

⁶ *CIAT in Transition: A request for support for planning CIAT’s future while preserving and strengthening its programmes*, 9 March 2008.

The common understanding in the CGIAR is that Centers are free to operate programs within the boundaries of an overall *mandate* provided by the CGIAR. Otherwise, each Center could do research in any area they wish to and the System would lose its “systemness.” It also means that when a Center wishes to expand or contract its mandate, this should be done in consultation with (and with the explicit endorsement of) the CGIAR.

We are raising this question because it is not clear if all major program expansion decisions affecting CIAT’s overall mandate were reviewed by the CGIAR. Three specific CIAT actions illustrate the point. First, CIAT’s acquisition of TSBF was done without an explicit endorsement from the CGIAR. Second, CIAT’s entry into research on tropical fruits (before it was identified as a priority area by the CGIAR) was done as a *fait accompli*. Third, expansion of CIAT programs in Africa was done based on CIAT’s own calculations on needs in this region—not with a broader regional or eco-regional perspective of all research needs.

We are only raising a governance and process point here—not judging the importance or usefulness of these programs in terms of enhancing CIAT’s overall effectiveness. ***If the CGIAR System wishes to operate as a well-functioning system, it needs to draw clear boundaries to the autonomy enjoyed by each Center.***

How does the CGIAR provide program oversight? The CGIAR uses three principal tools for overseeing a Center’s programs:

- Review of Center medium term plans (MTPs)
- The performance measurement (PM) system
- External program and management reviews (EPMRs)

In each of these cases, the Science Council (SC) takes the lead on oversight. The oversight provided by the SC is in the form of comments to the CGIAR and the Center. The Center has an opportunity to react to the Science Council’s comments (especially on the MTPs). It is then up to the ExCo and the CGIAR to decide on a collective action, if any. (Actually, it is more the ExCo, because the CGIAR has a tendency to endorse practically all of ExCo’s recommendations⁷.)

As part of this study we examined a sample of comments made by SC on CIAT’s proposed MTPs. While most of the comments were quite useful, they were not stated strongly, i.e., in actionable terms. By comparison, the EPMRs include specific, actionable recommendations. When SC, ExCo and the CGIAR “endorses” an EPMR, the message to the Center being reviewed is that *the CGIAR is asking the Center to implement the recommendations of the EPMR*. When it comes to the MTPs, the CGIAR relies heavily on the judgment of the SC on programmatic matters, because this is where SC’s competency lies. Therefore, ***unless the SC commentary includes specific, actionable recommendations to the Center or the CGIAR on the plan proposed by the Center, the CGIAR would not be able to make specific requests that could be followed up.***

⁷ CGIAR Secretariat, *Adding Value to the CGIAR System: Oversight Role of ExCo*, Background paper prepared for ExCo, Sept 29, 2006 draft.

Sending signals to the Center on behalf of the donor community (both complimentary and critical) is the first step of oversight by the System. The next step is to monitor in order to find out if the actions requested have been taken by the Center in a timely manner. In the case of the EPMRs, there is an annual check of the implementation of the recommendations, based on a report by the Center. Even then, it is not unusual to see that some recommendations are repeated, directly or indirectly, by the next EP MR panel. A case in point is the recommendation for developing an overall integrated research approach, which was made by the 2000 CIAT EP MR and echoed by the 2007 EP MR's recommendation regarding the urgent need for strategic planning and research focus at CIAT.

There are two reasons for this. First, the action recommendation often is not accompanied with a timetable for implementation. The expectation is that the Board is in a better position to fix a timetable based on its knowledge of everything else that is going on. While this is correct, ***the first action the CGIAR could ask the Board to take could be to furnish a reasonable timetable for implementation.***

Second, ***there are no specific incentives or sanctions for timely implementation of the recommended action.*** Under such circumstances oversight by the CGIAR carries little weight, because the consequences of action or inaction are not clear.

Increasingly, program oversight is also being provided through SC analysis of Center strategic plans. In the CIAT case, an earlier assessment from the SC could perhaps have been beneficial in observing what the EP MR concluded later, which was that CIAT's latest strategic plan was outdated, too generic and broad, and did not present a clear strategy. ***Systematic analysis of Center strategic plans by the SC before they are adopted by the Center can also serve as a useful feedback and early detection mechanism.***

Finally, there is the PM system, where there are clear incentives for high overall performance. Even then, the PM system guides resource allocation decisions of only a few donors and in each case the donor in question determines what aspects of a Center's performance it would use as criteria. Therefore, there is no clear, collective System message given to the Centers about program performance. While there are agreed indicators and benchmarks in the area of finance, there are no such agreed benchmarks for program performance. This is perhaps an area to be explored further during the next stages in the evolution of the CGIAR's PM system.

Questions of Financial and Management Oversight

The core tools used by the CGIAR for financial and management oversight are essentially the same as those for programmatic oversight: the PM system, the EPMRs, and (to a lesser extent) the MTPs. An additional tool here is the set of financial and governance guidelines that reflect both current best practice and performance expectations from the Centers. The CGIAR Secretariat also plays a role in Center oversight, as discussed below.

Use of the PM System for financial oversight. As mentioned at the outset of this section, the CGIAR's attention was not focused on CIAT's financial problems until 2003, when the pilot finance indicators for 2002 assigned CIAT two "red flags." In that and

subsequent years, this performance was noted by the CGIAR Secretariat in the annual financial report to ExCo each year and, as stated earlier, followed up with letters from the CGIAR Chair to the CIAT Board Chair.

We reviewed the letters from the CGIAR Chair (and the responses from the Board Chair of CIAT) during 2003-2007. One striking feature of the letters from the CGIAR Chair is that they are like carbon copies of each other. The CGIAR Chair letters request CIAT to “submit to the CGIAR Chair the Board’s assessment of these results and a time-bound plan of action to redress the current situation by December 31.” The 2004 letter to CIAT also notes that “ExCo appreciates the progress made by CIAT since 2003 to improve these ratios and commends its Board and Management,” in view of a relatively minor improvement in the ratios compared with the previous year’s.⁸

The responses from the Board are usually detailed, showing the actions taken so far (and the new hardships that are faced) and arguing that the Center plans to surpass the required benchmarks the following year. These responses were usually followed with informal interactions between the Secretariat and CIAT to understand more fully the magnitude of the problems and explore ways of addressing them.

The CIAT case has shown that alerting the Board and requesting an action plan, alone, have not precipitated the expected quick response by the Board. This is, in part, because the letters from the CGIAR Chair were too soft (particularly when demand for action was mixed with compliments) and not forceful enough. Also, the consequences of different responses by CIAT were unclear—even in the case of the latest letter from Kathy Sierra which used a slightly stronger language than in the earlier letters.

In many ways, the CGIAR’s hands are tied. Besides the power of persuasion, it has only one effective tool: *the power of the purse*. In 2007, when CIAT approached the World Bank for emergency funding, the Bank made this funding contingent upon CIAT’s performance in meeting milestones, to which CIAT agreed. However, the CGIAR is not a single purse, but 64 different purses, held by 64 different actors. The CGIAR cannot replace the Board of a non-performing Center, without a clear consensus among the major stakeholders that this would be the best way of handling a serious crisis. And that would take much time and political capital to arrange in a System governed by the principle of donor sovereignty.

What could the CGIAR have done, then? One option would have been for the CGIAR to request CIAT to meet certain specified shorter-term targets (so that progress could be monitored closely). Another would have been for the CGIAR to react to the responses by the CIAT Board (i.e., be more demanding of CIAT) by pointing out the urgency. Under either scenario, ***the CGIAR could have been clearer about its own possible actions if the agreed targets were not met.*** In other words, having a clearer understanding of the stakes for inaction or slow action could have prompted CIAT to initiate changes much earlier.

⁸ It appears that the Secretariat used almost the same letter the following year, in 2005, with the sentence commending the Board and Management of CIAT, when, in fact, the 2004 levels that were in question were below even the 2002 levels, reflecting a deterioration, not an improvement.

Oversight of the Board by the CGIAR. The main instruments the CGIAR uses to reinforce accountability of the Centers for their performance are the ones mentioned earlier: the EPMRs, the program and budget review process (i.e., MTPs), and the PM system.

The EPMRs provide an assessment of the performance of the Board roughly every five years. Their recommendations, which are usually endorsed by the CGIAR, constitute CGIAR's requests for any change in the operations of the Board. The CGIAR monitors the implementation of those recommendations annually (through Center reports submitted to ExCo).

The PM system also provides a measure of Board performance, based on a self assessment by the Board (on an annual basis). However, there is no systematic follow-up of the annual performance indicators on governance as there is on the indicators on financial health. It is up to each individual Member of the CGIAR to decide if and how it wishes to use the indicators in their decisions on that Center. Some, like the World Bank, do take into account the Board performance indicator, others do not. As the PM system evolves and the reliability and validity of the governance indicators improve further, they could perhaps be used to flag high and low performers as in the case of the finance indicators.

The CGIAR also has a Board member appointment process, through which at least two members are identified as "CGIAR nominees." However, the CGIAR's involvement is only in the identification of these candidates, in consultation with the Board (such as to fill gaps in finance or governance expertise on the Board). These members do not represent or report to the CGIAR. Therefore, they play no role in CGIAR's oversight of the Center Boards. ***If the CGIAR wishes to play a stronger oversight role over the Centers, it could re-examine the role of the CGIAR nominated Board members.***

CGIAR Secretariat Interactions with CIAT. The Secretariat became aware of the financial problems experienced by CIAT as early as 2003. It maintained continuous dialogue with the Center throughout the crisis period. It also commented on the business plan in 2006 as requested by CIAT. The assistance and advice went beyond the area of finance. The CGIAR Director maintained continuous dialogue with the Board Chair and provided advice as needed. For example, prior to the 2007 EPMR, the CGIAR Director urged the CIAT Board, through its Chair, to be more proactive in generating change. Some of this advice was followed, although a bit late.

Why, then, was the Secretariat's assistance not sufficient to avert the crisis? One answer is that the Secretariat has been playing a *service* role, providing advice and assistance to CIAT as needed. As a service body, its influence and leverage on CIAT and the other Centers is quite limited.

Several respondents to our survey argued that the Secretariat should have played a stronger, more proactive role during the CIAT crisis. This is a delicate question as it concerns the power balances in the System and could take the Secretariat away from its service role. It seems that if the CGIAR, itself, were to play a stronger oversight role of the Centers, the Secretariat, as the CGIAR's service arm, could follow suit.

How Should the System Respond to Center Crises?

When there is a crisis at a Center, it has repercussions all across the System. The Center crisis also becomes a System crisis. When all internal avenues for addressing the crisis are exhausted, Centers like CIAT have no other recourse than to turn to the System (in particular, the donor community) for help. In this case, the CGIAR asked CIAT (at AGM07) to develop a specific re-invigoration plan and present it to the new “ExCo ad hoc Committee on Finance.” CIAT followed the request and presented a transition plan in February 2008, asking for special support from the CGIAR amounting to US\$4.9 million.

The request raised a number of questions about how the CGIAR should respond to such situations. As special support to CIAT would likely come from the same sources as support to all Centers, in a zero-sum game, there would be some losers if CIAT were to be provided the additional support. If a “bail-out” of a Center is in question, what should be the System’s rules?

A compelling argument (put forward by a Director General) is that one should distinguish between the causes for the crisis. If the crisis has resulted from poor management, the Center should be ready to bear the consequences. If, on the other hand, the crisis stems from forces beyond the Center’s control (such as a natural disaster or a war), the System should be prepared to provide special support in order to stabilize the situation.

Until now the CGIAR has handled crisis situations on an *ad hoc* basis. A dozen or so years ago it experimented with a “stabilization fund” to protect Centers from fluctuations in inflation and foreign exchange, but the fund was depleted in a few years and not replenished.

The prevailing notion since has been that financial risk management should be devolved from the System to the Center level, as each Center can assess better the type and magnitude of the risks it faces. To equip the Centers for this, though, the System must provide sufficient levels of unrestricted funding to enable the building of reserves by the Centers. In addition, the Centers and the System must take into account the possibility of extraordinary circumstances (such as war and natural disaster) which goes beyond a Center’s normal reserve mechanism. ***It would be useful if the CGIAR (perhaps through the new ExCo ad hoc Committee) clarified the conditions/criteria it would use to provide special support to Centers in during times of extraordinary crisis.***

Lessons Learned⁹

The CIAT case clearly shows the limitations of the CGIAR's current governance model and operating practices. The CGIAR has little authority to induce change at the Center level, even when there is governance or management failure. Its program and financial oversight mechanisms are not well integrated or as effective as they could be. Often, the power of the purse becomes the only realistic means of generating change. In that regard, donors' efforts have not been well coordinated. This is critical both to drive long-term System research priorities and to avert a Center-level crisis.

At the Center level, the CIAT experience underscores the crucial importance of having capable leadership (both at the Board and management levels), Board oversight of all aspects of Center operations, and effective, decisive action.

These and similar sentiments were expressed by the 50 or so respondents to the survey and the telephone interviews (for details see the Annex). About 80 percent of the survey respondents found the CGIAR System's actions to affect change at CIAT to be "ineffective" or "highly ineffective" and similar proportions of the respondents suggested that the CGIAR Members, ExCo, and the CGIAR Secretariat should refine or change their approach in order to avoid experiences like that at CIAT in the future.

Respondents' opinions regarding lessons learned varied, as the following quotations (and additional ones presented in the Annex) illustrate:

- *The CGIAR model of having autonomous centers with loose coordination and a Secretariat without power does not permit adequate oversight, anticipation of problems and avoidance of duplication throughout the system. The model that exists will permit future problems as experienced by CIAT.*
- *We were continually told that, after some more steps were taken, everything would be alright. We should have pushed for a more rigorous system of monitoring and accountability when it became clear that the situation was not resolving.*
- *The main responsibility for the problems at CIAT lies with the leadership of CIAT and the CIAT board.*

As suggested by several of the survey respondents, one answer to the dilemma faced by the CGIAR is to adopt a different governance model—one that changes the nature of the relationship between the Centers and the Group in fundamental ways. They saw this as a necessity and pointed out that the CGIAR's current Change Management Initiative may lead to such an outcome.

Views differ regarding the degree of change that's needed in the System, as the quotations above illustrate. For some, radical change options should be explored. For others, the CGIAR model is fine, and CIAT's problems result from Center-level failures. And for others, incremental changes are needed in the CGIAR structure or in the roles/responsibilities of existing entities.

⁹ It should be noted that the 2007 CIAT EPMR addressed failures at the Center that resulted in the financial crisis, and we've drawn upon that report to prepare these lessons learned. The CIAT Board and management had begun to implement measures aimed at remedying the situation, at the time of the EPMR. This paper does not explore the effectiveness of those steps, the role of the Board/management following the EPMR, or related lessons learned.

A new governance model may address many of the issues we highlighted in the earlier sections. It is outside the scope of our limited study to speculate about what these models could be. However, the CIAT experience does point to a number of lessons and principles that should be considered under whatever governance model the CGIAR operates within, including the present model.

We have grouped these lessons under the following six headings:

- 1. Need for strategic donor coordination**
- 2. Need for explicit accountability of Centers**
- 3. Need for clarity in oversight roles and responsibilities of System actors**
- 4. Need to improve the CGIAR's operating practices**
- 5. Need for proactive and integrated responses to warnings**
- 6. Need to strengthen leadership by Center Boards**

Need for Strategic Donor Coordination

The CGIAR System has grown and evolved in complexity from the days of Ford and Rockefeller Foundation leadership, which entailed clear research priorities and funding to support it. In the current model, funding is from multiple donors whose priorities may differ; funding is largely short-term and restricted or project-based. This was one of the problems at the core of CIAT's crisis, and was raised during the Group's discussion of the 2000 EPMR of CIAT:

Improving donor coordination is essential to enable CIAT to keep a coherent research focus in the face of a program funded largely through 140 restricted research grants... The challenge is to ensure that each research activity contributes to the overarching goals of CIAT's mandate.¹⁰

Donor coordination has not improved in the interim – and CIAT did not adapt and respond adequately to the situation.

As one donor suggested, a “*new deal is required between the System and the donors to provide serious funding for internationally-agreed outcomes.*” Others agreed regarding the need for a centralized funding and allocation system. This should address a critical impediment, which is the challenge of doing long-term research with short-term funding.

CIAT's problems were partly due to having too little unrestricted funding to cover core operations; the Center could have chosen to jettison activities that were not sustainable, but instead expanded the research agenda through restricted grants – which compounded the underlying problem. As the CIAT experience illustrates, long-term funding and its mix remain a critical challenge to the System's future effectiveness, which needs to be addressed – whether through a formal new collective funding mechanism or a more informal mechanism developed through donor coordination.

Need for Explicit Accountability of Centers

As the Centers are autonomous, they are essentially self-accountable. They are self-appointed and self-perpetuated, and they have no formal accountability to any group or body (except for what is legally required in the countries where they operate). The

¹⁰ Extract from *Summary of Proceedings and Decisions*. CGIAR International Centres Week 2000, Washington, DC, USA; printed in the Fifth EPMR of CIAT, October 2001, page iii.

CGIAR's Board Guidelines only require that “*when taking action, board members must be mindful of the interests of a wide range of external and internal stakeholders including*” (1) *the poor in developing countries*; (2) *the Members of the CGIAR*; (3) *NARS in developing countries*; (4) *other partner institutions*; (5) *the staff of the Center*.¹¹

In reality, the Members of the CGIAR serve as the *shareholders* of the Centers and their individual and collective decisions influence the operations of the Centers. Under the current governance model of the CGIAR, with *Center autonomy* and *donor sovereignty* as two key principles, operating units have weak accountability to the shareholder community – particularly in contrast to the role of shareholders in the private sector model. As noted in the prior section, however, *the power of the purse* has been used on occasions as an effective tool in the CGIAR to affect accountability (as the 2007 World Bank support of CIAT demonstrated). Donors could coordinate such efforts, but this would by no means be a formal or systematic mechanism. If the System were to adopt a principle of strong accountability of the operating units to the shareholders, the CGIAR could provide stronger oversight of the operating units, on a systematic basis. This could take a variety of forms, depending on the governance model the CGIAR eventually adopts.

Need for Clarity in Oversight Roles and Responsibilities of System Actors

The responses to our questionnaire survey showed that there is need for greater clarity in the expected roles of System actors, in order to more effectively address situations like the one experienced by CIAT. Several survey respondents commented on the lack of leadership within the System to deal with problems like that at CIAT. They noted the need for clarity within the System of roles and responsibilities, and communication regarding this. In the previous section we noted a number of issues of oversight of CIAT by the System. Here we focus on suggestions made by the survey respondents regarding oversight roles and responsibilities of the different System actors.

CGIAR Members and Donors

Sixty-nine percent of respondents to our survey indicated that CGIAR members should refine/change their role or approach in order to avoid experiences like that at CIAT in the future. A key concern related to the collective role of CGIAR members and donors. This was discussed previously in relation to strategic coordination of funding. Here we focus specifically on oversight roles and responsibilities in dealing with a Center crisis.

Donors commented that once they became alerted to the crisis at CIAT, they should have insisted on a coordinated donor approach. This required a clear System lead for any discussion of the financial crisis and potential support. It was noted that major core donors have tried to build up a coordinated approach and put in a lot of effort with low success. This was mainly due to lack of a clear process lead, confusing communication and lack of understanding of the financial facts and their causes. As part of a coordinated approach, it was suggested that donors should insist on a more trust-building and transparent process, in which the same information is communicated to all.

Other lessons, or opportunities for change, include:

¹¹ CGIAR Secretariat. *CGIAR Guidelines on Center Governance*. 1997.

- Raising concerns explicitly and requesting ExCo to address them with high priority
- Tying funding to conditions such as transparency, communication, and Board responsibility in carrying out its oversight role
- Consider whether CGIAR-nominated Board members should play a different role than the at-large members in Center Boards
- Aiming to act from a System-perspective as opposed to donor-specific interests
- Funding projects at full cost
- Improving information on funding, and notice before withdrawing funding

These lessons point to the absence of and need, more broadly, for a code of donor conduct outlining basic principles to guide donor behavior (not specific rules). Had such a code been in practice, it is possible that CIAT's crisis could have been averted. In this regard, it is not fair to talk only about donors' expectations of the Centers; the donors should also be accountable to the Centers for their individual and collective behavior. This is a question the System needs to address in order to avoid further breakdowns like that at CIAT.

Executive Council

Ninety-five percent of respondents to our survey indicated that ExCo should refine/change its role or approach. While Centers are not formally accountable to ExCo, Centers are more likely to comply with ExCo decisions when, if need be, ExCo leverages the clout of CGIAR members and if donor funds are at stake. Lessons from the CIAT experience point to a need for ExCo to use its clout to:

- Insist on follow-up, with a clear timeframe, for Centers to meet critical EPMR recommendations
- Establish crisis management rules at the CGIAR level
- Call for a special external review, audit or a fact finding mission when a problem is emerging
- Be more proactive in dealing with problems and crises until they're resolved
- Use independent means, when problems are serious, to verify information coming from a Center
- Make more active use of meaningful performance indicators, which are linked to consequences for weak and strong performance
- Hold Boards to a high standard, recognizing the fall-out and costs to other Centers and the System when a Center performs poorly

A prompt external investigation should be an option, in response to warnings or a crisis situation. This could entail a brief (one week) Center visit by a small team of external experts who would assess the situation and propose appropriate action. As the CIAT case shows, the CGIAR needs to be more agile and quick in its response to warnings and crises. ExCo, advised by the CGIAR Director and the SC Chair, could take the lead in initiating such actions.

CGIAR Secretariat

Eighty-nine percent of survey respondents felt that the CGIAR Secretariat should refine or change its role or approach. This could include:

- Closer review of Centers' finances and financial health
- Proactively following up in relation to financial performance, beyond issuing letters

- Supporting coordinated donor action
- Building and strengthening a culture of openness and transparency in the CGIAR
- Providing greater support to EPMPR panels in areas of governance and finance

The CGIAR Secretariat had, in the past, provided on-site support to EPMPR panels. A few years ago the Secretariat decided to limit its involvement to long distance support from Washington. In situations where there are warning signals or where a crisis is underway, having a senior governance or management advisor from the Secretariat serve as a resource to the panel on-site during portions of the review would be useful.

It is expected that the Secretariat will have an important role to play in supporting the ExCo Ad Hoc Finance Committee, along with other additional mechanisms that might be established at the System level.

Science Council

Only 25% of survey respondents indicated that the Science Council should change its role or approach. Among this group, one survey respondent said, “*The Science Council should have been screaming bloody murder about the complete lack of focus of CIAT as an institution.*” Another added, “*From the Science Council perspective, we were concerned and gave advice on all [CIAT] MTPs that the Center was engaged in undertakings that were not central to the core mission. We were however not aware that such undertakings did not include full overhead recovery, which compounded the problem.*” In hindsight, the lack of a focused, clearly articulated and shared research agenda combined with the financial situation and its management/oversight were the recipe for crisis at CIAT.

While the Science Council’s role is formally limited to the research agenda, in cases like that of CIAT, program issues are integrally linked with problems of financial management, leadership and governance. This underscores the importance of close collaboration between the Science Council and the CGIAR Secretariat. In addition, it points to opportunities to sharpen the MTP process, as discussed in the previous section, by incorporating actionable recommendations into the commentary. As noted earlier, Science Council analysis of Center strategic plans is a positive development and presents a further opportunity to assess whether a Center is positioned for success.

Alliance and Other Actors

A majority of survey respondents indicated that the Alliance Board and Alliance Executive should change their role or approach in order to help Centers avoid experiences like that at CIAT in the future. Responses indicated that other Centers were not aware of CIAT’s challenges. One respondent noted that “*the case study of CIMMYT highlights a number of similarities to CIAT but the lessons were not drawn sufficiently and/or got lost.*” There was also frustration that CIAT’s poor performance would have a cost to other Centers that had performed well.

Ideally, the role of the Alliance could include:

- Encouraging honest communication among Centers – and strengthening a culture of openness and transparency in the CGIAR
- Enabling DGs (and Board Chairs) to exchange information, advice, and draw lessons
- Talking collectively to donors regarding Centers’ interests

Need to Improve the CGIAR's Operating Practices

Many respondents to the survey identified problems with the way business is conducted in the System, as reasons the CIAT crisis wasn't averted. One of the key issues raised is the lack of reliable information and transparency in terms of what was happening.

As the CGIAR does not have a legal identity, it operates in a somewhat informal manner, relying heavily on mutual trust. CIAT prepared the information required by the System that, in hindsight, many felt was overly optimistic regarding the Center's situation. Despite repeated "red flag" warnings, the System (through ExCo) did not initiate an independent analysis or review of the situation at CIAT until the 2007 EPMR. In light of CIAT's financial performance indicators and financial trends, which had been problematic for years, further independently-prepared and shared information would have been useful for CIAT and for the System.

According to the survey responses, better information sharing within the System is also needed. Rumors at some points filled an information vacuum concerning CIAT's situation. Had better information been openly shared and discussed, a collective response might have helped to avoid the crisis or end it earlier.

As one survey respondent said, "*Communication was below expectations, pinpointed and limited to certain entities. This should not happen. Centers have to be open to admit and discuss their problems before [they] become too big.*" Another respondent added that, in addition to early communication, an immediate reaction should follow to find sustainable solutions.

Another shortcoming highlighted is the lack of explicit early warning signs (beyond the standard financial indicators) at the System level. Crisis management rules might be considered. These should include not only warning signs, but triggers for monitoring and for other specified follow-up actions – including emergency funding.

Need for Proactive and Integrated Responses to Warnings

What could have been done to avoid the current situation at CIAT? In the case of CIAT, one undoubtedly could identify a number of specific actions that could have averted the crisis (e.g., compliance with CGIAR Financial Guidelines). Looking more broadly at how to avoid crises in the future, key lessons include the need for a proactive and integrated Center-System response. This is discussed in lessons above, including the need for a crisis management policy, but calls for further elaboration. Based on the CIAT experience, the response should include three basic yet essential steps.

1. *Be vigilant to warnings, analyze and understand underlying issues.* The funding trend and "red flags" at CIAT were warnings of a problem. The indicators did not improve. When "business as usual" does not lead to improvements, the Center (the DG or Board) should seek external advice. When that does not occur, the System (through the ExCo) should investigate the problem further through a special review or audit (as discussed above). Whether commissioned internally or externally, this assessment should examine the underlying issues, risks, implications, and recommend corrective actions.

2. *Establish clear benchmarks for progress, accountability, and consequences.* Once the problem is analyzed and understood, realistic benchmarks for progress should be established. These might include not only targets for the Center, but associated

commitments by the System – in particular, the donors. Clear communication on the issues and progress is essential, and the Center Boards and CGIAR Secretariat can help ensure this. When available information is insufficient for decision making, an external expert could be asked to monitor the situation and provide updates.

3. *Develop and implement a convincing plan for recovery.* The Center should avoid incremental or piecemeal measures and aim to develop an institutional approach to go to the roots of the crisis and pave the way to recovery. While CIAT had begun to prepare plans for recovery in 2006, these were overly optimistic and did not adequately address the underlying problems. A credible plan will gain buy-in of donors or other needed stakeholders. Where a plan is not leading to the expected results, the Center, with external involvement as needed, should examine why and respond decisively.

Need to Strengthen Leadership by Center Boards

The CIAT case shows that the Center failed in several critical aspects of governance and management. We pointed to these in the earlier sections. We list below (in checklist form) aspects of governance and management that may be pivotal to other Centers, based on the CIAT experience.¹²

Board oversight of the DG

- Rigorous annual performance assessments of the DG are essential. The Board needs to express, clearly, its performance expectations, measures to deal with any identified weaknesses, and the consequences of poor performance.
- The Board needs to maintain an arms-length distance from the DG. There are pitfalls associated with a close Board-DG relationship (particularly when the DG is well liked and regarded in the community).
- The full Board should be involved in decisions associated with the DG's contract renewal, following thorough consideration – and in decisions regarding significant associated commitments/contractual arrangements.

Board oversight of Center finances

- Boards need strong expertise in finance/accounting to exercise oversight. Lengthy experience in financial matters is no substitute for real expertise.
- Boards need effective leadership and clear terms of reference for Finance and Audit Committees and for dealing with risk management issues.
- Centers need a Finance Lead with qualifications in finance/accounting and the authority and stature to provide leadership. Extended reliance on acting or temporary arrangements (as was the case at CIAT) is problematic, particularly when finance is center stage. Among other responsibilities, this lead needs to:
 - Ensure that effective systems and internal controls are in place,
 - Ensure that relevant policies and guidelines of the CGIAR are followed
 - Lead analysis and planning (understanding funding trends, exchange rate complexities, risk management, etc.),
 - Manage flow of needed information to the Board and to Center-colleagues, and provide expert advice.
- When an external auditor gives an unqualified opinion on a Center's financial statements, this does not necessarily mean that there are no underlying financial

¹² This is not a complete checklist of good governance and management behaviors. It is only a partial list based on the CIAT experience.

problems; among other measures, Boards should instruct the external auditor to examine if the Center is complying with the CGIAR Financial Guidelines.

- Research planning needs to be integrated with financial and personnel planning (consequences in the case of CIAT included successive rounds of staff downsizing, lack of cost recovery, draining of unrestricted funds, weakened research focus, etc.).

Leadership in handling a crisis

- A Board decision to take an interventionist approach is appropriate during a crisis time. The Board is ultimately responsible for the Center's viability. The key is to know when to intervene, what role to play, and when to pull back. The parameters of the intervention – including the expected timeline – should be clear.
- In order to effectively tackle a crisis, Board and management need to understand the underlying issues – which in the CIAT case, were complex.
- The leadership should avoid incremental and reactive measures, as much as possible, and aim to develop a strategic/institutional plan to avert crisis or for recovery – and act decisively within that context.
- Transparency and honest communication by Center leaders is vital, in order to maintain confidence within the Center and in the external community.
- Risk management is critical, and this includes ensuring that qualified individuals fill key Center and Board leadership positions.
- Apart from strengthening its finance expertise, the CIAT Board did not see a need for major reform of its composition, since 2005 when the Board became aware of the crisis. As it is a self-perpetuating group, it may be difficult to induce major change at the Board strictly through internal efforts.

Conclusions

CIAT is one of the most innovative Centers in the CGIAR System. Throughout its illustrious history it has played a leading role in opening new research avenues and experimenting with new approaches. CIAT was the first CGIAR Center to embrace the concept of *ecoregionality* about two decades ago. Its leadership in gender analysis, GIS, participatory approaches, agro-enterprises, etc. is well recognized in the CGIAR, as is its success in blending social science with biological science in addressing problems.

Being innovative requires risk taking, boldness and some degree of opportunism. The CIAT crisis is, in part, a reflection of the Center's drive for innovative solutions, which is ingrained into CIAT's institutional culture and personality. This drive led to unchecked growth. It also led to careless management of the assets entrusted to the Center by the donor community.

The lesson from the CIAT experience should NOT be to curb innovation, but to promote it strategically, taking into account the full circumstances of the Center. A second key lesson is that the CGIAR System needs to re-examine the relationships between the Centers and the Group in order to promote stronger performance and accountability.

Overview of Survey Results CIAT and the CGIAR

A questionnaire survey was sent on April 14, 2008 to CGIAR members, ExCo, the Science Council, Board Chairs and DGs, focusing on the System's response to the crisis at CIAT and lessons learned. Out of 39 respondents, 24 were CGIAR members, six were members of ExCo, six were members of the Science Council, and seven were either DGs or Board Chairs. The results follow, excluding comments. Survey comments are integrated into this study. Selected "key lesson" quotations are presented at the end of this Annex.

Survey respondents were highly critical of the CGIAR System's role in handling the CIAT situation, with little variation across respondent groups. Only 10% of survey respondents (4 of 39 people) felt that the System's oversight of CIAT's performance has been effective in recent years; 15% felt that actions to affect change at CIAT were effective; and 21% felt that communication of issues facing CIAT, to the relevant System components, has been effective or highly effective.

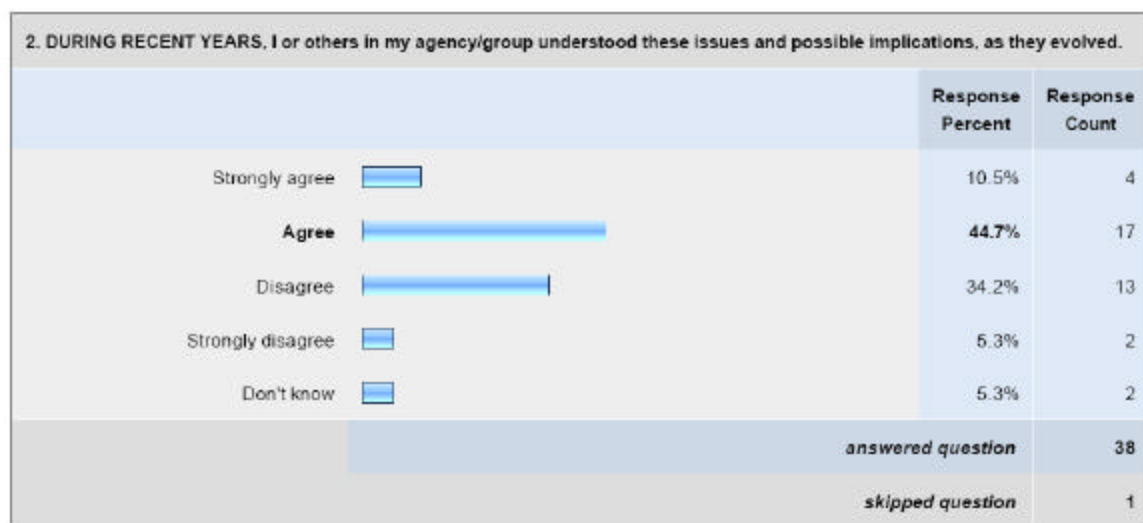
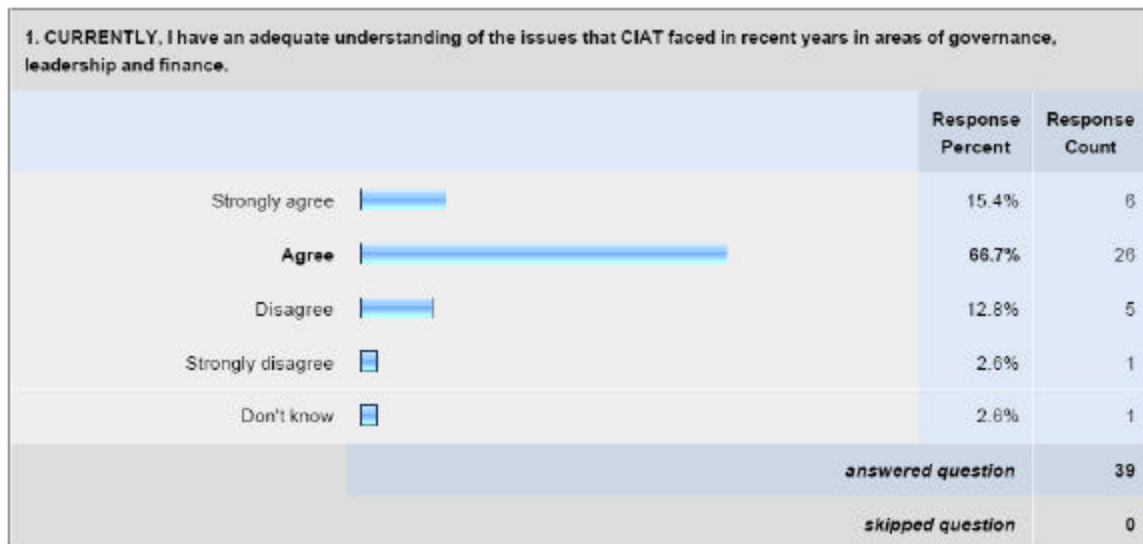
Despite the low performance (21%) of communications relating to CIAT, 82% of respondents indicated that they currently have an adequate understanding of the issues that CIAT faced in recent years in areas of governance, leadership and management. A majority of all respondents (55%) indicated that in recent years "I or others in my agency/group understood these issues and possible implications, as they evolved;" in this case, CGIAR members scored their understanding below other groups, with just under half (48%) in agreement with this statement.

In response to whether they should have done something differently to help improve the situation in CIAT, roughly 40% of respondents answered yes, 40% responded no, and 20% responded "don't know." Many who responded "no" indicated that responsibility rested with others – such as with ExCo, the Secretariat, or major donors. Concerning whether one of the CGIAR System entities should refine/change its role or approach in order to avoid experiences like that at CIAT in the future, virtually all respondents indicated that changes were needed. Ninety-five percent of respondents indicated that change is needed in ExCo, followed by the CGIAR Secretariat (89%), CGIAR members (69%), the Alliance Executive (62%), the Alliance Board (55%), and the Science Council (25%). Comments addressed the role CIAT Board and management played in the crisis, and pointed to the need for broader systemic changes to avoid Center crises in the future.

Survey – CIAT and the CGIAR

ANNEX

This CONFIDENTIAL survey seeks your perspectives on the effectiveness of the CGIAR System in its oversight of CIAT during the past five years, as the Center moved into a crisis mode. The survey also seeks your insights into lessons learned for the CGIAR System, from this experience. Thank you for participating.



3. Rate the effectiveness of the CGIAR System's role in recent years in terms of its:

	Highly effective	Effective	Ineffective	Highly ineffective	Don't know	Response Count
a) Oversight of CIAT's performance	0.0% (0)	10.3% (4)	53.8% (21)	28.2% (11)	7.7% (3)	39
b) Communication of issues facing CIAT to relevant System components	2.6% (1)	17.9% (7)	35.9% (14)	33.3% (13)	10.3% (4)	39
c) Actions to affect change at CIAT	0.0% (0)	15.4% (6)	33.3% (13)	46.2% (18)	5.1% (2)	39
answered question						39
skipped question						0

4. The following CGIAR System entity should refine/change its role or approach in order to avoid experiences like that at CIAT in the future:

	Yes	No	Don't know	Response Count
a) CGIAR Members	69.4% (25)	22.2% (8)	8.3% (3)	36
b) Executive Council	94.7% (36)	2.6% (1)	2.6% (1)	38
c) Science Council	25.0% (9)	61.1% (22)	13.9% (5)	36
d) CGIAR Secretariat	89.2% (33)	8.1% (3)	2.7% (1)	37
e) Alliance Board	55.3% (21)	28.9% (11)	15.8% (6)	38
f) Alliance Executive	62.2% (23)	27.0% (10)	10.8% (4)	37
g) Other (please specify)	69.2% (9)	23.1% (3)	7.7% (1)	13
			Comments	25
			answered question	39
			skipped question	0

5. In retrospect, should you have done anything different to help improve the situation at CIAT?

	Response Percent	Response Count
Yes 	41.0%	16
No 	38.5%	15
Don't know 	20.5%	8
If yes, please explain.		23
	answered question	39
	skipped question	0

6. What key lessons for the CGIAR System emerge from the recent CIAT experience?

- *Governance needs profound re-engineering at various levels. Autonomous center boards by definition seek the self-interest of the center above all else; that is their raison d'être – but it is a fatal flaw if we seek a joined up system, the parts of which work in synergy not destructive competition.*
- *CIAT is just the tip of the iceberg in terms of what is not working in the CGIAR and its time for real change at all levels... The present change management and review processes may help, but the radical surgery needed does not seem to be in the script.*
- *The CGIAR model of having autonomous centers with loose coordination and a Secretariat without power does not permit adequate oversight, anticipation of problems and avoidance of duplication throughout the system. The model that exists will permit future problems as experienced by CIAT.*
- *There are no effective oversight and management mechanisms across the CGIAR, only tacked-on coordination systems that have generated a baffling set of committees and systems that do not complement each other.*
- *We have concerns about the risk these small centers carry, and this would be minimized if governance and financial oversight were centralized.*
- *The CIAT case shows how easy it is to pass the buck along around in a circle - it never "stops here".*
- *The response to a crisis and follow-up activities should be coordinated at the system level with a clear designated lead.*
- *The CIAT case provides further examples of key weaknesses in the system that derive from the unreliability and overly restricted content of donor funding.*
- *A new deal is required between the system and the donors to provide serious funding for internationally agreed outcomes expected from the system.*
- *Other centers are victims in a situation such as this one. Even if we are managing our finances well, we are penalized as scarce unrestricted funds are used to bail out other centers that are managed poorly.*
- *I would have reduced my agency's contribution to CIAT to zero - money is the only language they seem to understand - instead we tried to work with them to solve their problems - but CIAT was incapable of responding responsibly.*
- *We were continually told that, after some more steps were taken, everything would be alright. We should have pushed for a more rigorous system of monitoring and accountability when it became clear that the situation was not resolving.*
- *The Secretariat and ExCo should have been far more proactive in dealing with CIAT and others like it... The Science Council should have been screaming bloody murder about the complete lack of focus of CIAT as an institution.*
- *In my view CIAT strayed too far from its core base and undertook far too many projects that did not contribute to an agreed upon MTP.*
- *Opportunities to simplify administration and harmonize the operation of Latin America centers were not pursued until too late.*
- *Hold people and institutions accountable for failure in a timely fashion.*
- *The main responsibility for the problems at CIAT lies with the leadership of CIAT and the CIAT board.*