

Inception Report for the ISNAR Program



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1. INTRODUCTION AND BACKGROUND

The purpose of this report is to inform and update ISNAR's current and potential future donors and investors on:

- the development of the new ISNAR Program under IFPRI; and
- the new program's planned research strategy and activities.

Investments in agricultural research in developing countries have been shown to have consistently high returns. Yet, developing countries spend only 0.6 percent of their agricultural GDP on public research, as compared with 2.6 percent for industrialized countries. There is a strong case for both increasing the levels of investment in agricultural research in developing countries, as well as getting more impact from the limited amounts being spent on research.¹

The ISNAR program shall contribute international public goods in a CGIAR context. While there is little difficulty in classifying many knowledge products of ISNAR as international public goods (IPGs) and therefore, justifying CGIAR expenditures on them, the legitimacy of spending CGIAR funds on service activities is often questioned on the grounds that these do not represent IPGs. Recent thinking on IPGs throws new light on the dimensions of this complex concept. While many activities of a service nature (such as capacity building) do not directly generate IPGs, they prepare the ground and indeed are critical enabling factors, for better "consumption" of IPGs, and thereby contribute in a complementary fashion to the overall effectiveness of IPGs.

Two basic assumptions underlie the continuing need for an ISNAR Program within the CGIAR. The first relates to individual organizations and their need for *organizational and managerial strengthening* to enhance their effectiveness and efficiency. The second relates to the functional efficiency of the research system itself — research systems must evolve via *new institutional arrangements* and, through broader stakeholder consultations and new types of partnerships, enhance the relevance and impact of agricultural research. Given today's environment and the challenges ahead, both kinds of changes are considered necessary for raising agricultural productivity and competitiveness in developing countries, which in turn enhances the contribution of agricultural research to poverty reduction and food security, thereby addressing the CGIAR goals.

The ISNAR-Restructuring Team (IRT) established by the CGIAR, has defined three broad areas where a new ISNAR Program could potentially have significant impact

¹ In this report, we draw heavily upon the ISNAR Restructuring Team's (IRT) report (September 2003) in the basic orientation of the strategic design of the new ISNAR Program. The details of the new ISNAR Program shall be developed by the new leadership of ISNAR, under advise by a Program Advisory Committee established by the IFPRI Board of Trustees (operational since April 1, 2004) and through broad stakeholder dialogues in 2004. We will also look to future guidance by the Science Council in the strategic orientation of the ISNAR Program.

through producing client-relevant knowledge products and services in the future. These are in: **organization and management** — with a focus on enhancing the effectiveness and efficiency of individual institutions; **institutional change** — with a strong focus on institutional arrangements and innovation systems more broadly; and **science policy** — with a focus on the broader sectoral and intersectoral issues that impact on agricultural research effectiveness. IFPRI has been undertaking science policy research in a number of divisions, often in collaboration with ISNAR.

Based on innovative research, the strategic direction for the ISNAR Program is to provide public goods knowledge that facilitate poverty reducing agricultural development through institutional innovations, science policy, and capacity strengthening. IFPRI is of the firm view that the new ISNAR Program must be owned by the whole CGIAR system and its partners, and that it should facilitate strong research and capacity-strengthening links among centers and their partners — thus supporting innovation, integration, and strengthening of the agricultural research systems in developing countries. A strengthened research orientation at ISNAR will enable its training and capacity-strengthening functions with NARS to incorporate the lessons learned from case studies and syntheses, thereby continuously refining the best practices from around the world.

2. THE TRANSITION

At the 2003 Annual General Meeting of the Consultative Group of International Agricultural Research (CGIAR), the CG membership requested the Boards of ISNAR and IFPRI to carry out the transfer of governance and relocation of ISNAR's programs to IFPRI (see Annex 1). Consequently, at its 43rd meeting held November 24–28, 2003, the ISNAR Board of Trustees adopted a resolution to dissolve itself and ISNAR (see Annex 2). ISNAR ceased to exist on March 31, 2004. The legal dissolution of ISNAR will occur as soon as possible after that date, when all financial and legal requirements have been settled. Certain limited administrative functions have been maintained through the month of April 2004. However, all program work within ISNAR as a CGIAR center ceased by the end of March, and ISNAR staff have either been released from ISNAR or have been hired by IFPRI to continue to work on selected projects and on building the new ISNAR Program on the ILRI Addis Ababa campus. Collaborative linkages shall be explored also with ILRI research programs.

An ISNAR/IFPRI transition team — including the two Board Chairs, an additional Board member from each center, the two Director Generals, one senior research manager from each center, and the Directors for Administration and Finance — has since early December 2003 assisted in the administrative and programmatic closure of ISNAR and the establishment of the new ISNAR program within IFPRI.

The transition team ceased to exist in March 31, 2004, when the Program Advisory Committee (PAC) became the advisory body to the ISNAR Program on April 1, 2004 (see Section 4). The new ISNAR Program at IFPRI commenced in April and seven current ISNAR internationally recruited research staff has taken up new

appointments as IFPRI employees (see Section 5.3). A Special Adviser to the Director General of IFPRI has been appointed, effective on April 1, to oversee the transition at the ILRI campus in Addis Ababa.

3. THE RESEARCH AND CAPACITY-STRENGTHENING PROGRAM

IFPRI expects that the new ISNAR Program will contribute significantly to the achievement of the CGIAR's goals. One of the key premises of the restructuring, outlined in the IRT report, is that the activities of ISNAR should have identifiable links to poverty reduction as well as close links with advanced research organizations in relevant disciplines in developing and developed countries.

While the ISNAR Program is planned to have a strong focus on Africa, it has a global mandate for strengthening agricultural research and knowledge systems. IFPRI wishes to ensure that the new Program seeks to advance the international public goods dimension of its work, especially for services. Also, IFPRI expects the new ISNAR Program's activities to be impact assessment oriented.

Under the assumption that science policy research would continue at IFPRI, the IRT recommended that a new ISNAR Program should be built on two major themes that are parts of an integrated research-based strategy. On reflection, IFPRI proposes that a strengthened and redesigned science policy research program shall also be included in the Program, in recognition of the need to provide linkages with its longstanding emphasis on policy research.

The three proposed program areas are:

- To produce new knowledge, with strong international public goods characteristics, which contributes to ***institutional change in agricultural innovation systems for enhancing the impact of agricultural research***, with a strong focus on institutional arrangements and innovation systems more broadly.
- ***Organization and management for strengthening of agricultural research institutions to improve performance of agricultural research***, with a particular focus on Sub-Saharan Africa.
- ***Agricultural science policy research*** that will address the issues that affect the scale and performance of both public- and private-sector research institutions through their effects on the enabling socioeconomic and political environments.

The three thematic areas obviously interlinked and are further elaborated below.

3.1 Institutional Change

The goal of *institutional change in agricultural innovation systems* is to help increase institutional knowledge that underpins and influences the contribution of research to agricultural innovation, and to develop the capacity of individuals, organizations, and innovation systems that stimulate the kind of institutional change that enhances agricultural innovation and increases the contribution of research to it. Much of the project's work will be carried out in an action-research/action-learning mode, so that activities will respond to the needs and interests of stakeholders. In addition, there will be syntheses of the experiences with new models across countries and regions.

Examples of research activities within the *Institutional Change* program are:

- Public-Private Partnerships in Agribusiness Research (see more details in Section 5.4);
- Launch of new research that relates to innovation in all critical elements of the food chain; and
- New paradigms which link research, extension, universities, and farmers' organizations in participatory knowledge quadrangles.

Institutional change is an exceedingly broad field where many other Advanced Research Institutes (ARI) and universities are now intensively engaged, though perhaps not always as much in the developing country context, or with the CGIAR focus on the poor. The challenge for the ISNAR Program will be to (a) build in-house capacity for analytical and action research in agricultural innovation systems applied to developing countries problems, and (b) form strategic alliances with ARIs, including top business management colleges, universities, key development organizations (World Bank and FAO), and with Sub-Regional Organizations (SRO) in implementing a credible strategic research agenda in this area. The growing complexity of the knowledge systems in agriculture and natural resource management increasingly calls for an integrated network approach rather than a traditional CGIAR-center approach.

The Institutional Change program will be working within the framework of major strategies and programs on food security and agriculture in a CGIAR and NARS context.

3.2 Organization and Management

The purpose of the *strengthening organization and management (O&M) of agricultural research program* is (1) to strengthen the management processes in public agricultural research organizations, especially to enable innovations to benefit the poor; and (2) to strengthen human resources or human capacity in agricultural research management and organization. This implies the production of management tools and guidelines and the development of learning and training material, which is widely recognized to be a current strength of ISNAR. However, since it is an area where there are many and growing numbers of alternative suppliers in universities, specialized management institutes, FAO and (increasingly in some of the larger NARS) the IRT

considered that the impact of the O&M program would be achieved mainly through the delivery of services by these alternative suppliers, drawing on ISNAR's products in this field (e.g., management tools, guidelines, and training materials). The IRT recommends in its report that, in the future, O&M activities would be concentrated in Sub-Saharan Africa, where the need is greatest, but without losing sight of ISNAR's global mandate for strengthening agricultural research systems. The focus of O&M will be capacity strengthening (and not O&M research).

Examples of research activities within the *Organization and Management* program are:

- Continuation of the ISNAR capacity-strengthening services for NARS;
- Training unit in Addis Ababa;
- Launch of new projects that link farmers' organizations, NARIs, universities, and private-sector research;
- Research and capacity to manage IPRs; and
- Collaboration with small and large NARS.

3.3 Science Policy

The *Science Policy* program aims to examine the factors in the underlying socioeconomic and political environments that inhibit or enhance the performance of agricultural science and technology and to suggest policies that can foster improved effectiveness.

Forces of change, such as globalization, market liberalization, privatization, urbanization, HIV/AIDS, population growth, climate change, and the changing proprietary nature of agricultural research redefine many of the problems to be addressed and the kinds of solutions available. It is imperative to develop and adapt national agricultural science and technology (S&T) policies within this changing environment, and these policies must also be viewed in a broad social and economic context. There is a demand for:

- New knowledge of science and technology policymaking processes related to agriculture and natural resources;
- How to bridge the gaps between research and policymaking and between policymaking and implementation;
- Analyses of trends and factors affecting public and private investments in agricultural research;
- Guidance about the appropriate roles and responsibilities of the public and private sectors in S&T;
- How to evaluate the impact of agricultural research and development, including especially the neglected areas of natural resource management, policy, and training and capacity building; and
- How to more effectively advocate the value of S&T to the poor, food and nutrition insecure, and the environment.

3.4 Synergies with IFPRI Research and Capacity Strengthening

IFPRI's desired feature, as stated in IFPRI's Strategy, are to be a trusted global research center that provides the knowledge needed for food and nutrition policy serving poor people; to boldly and independently communicate findings based on sound analysis, even when they are controversial; to be a source of in-depth understanding of the linkages between research and policy change; to respond quickly to changing conditions and opportunities for designing improved food policy serving low-income countries; to be a valued strategic partner within the Consultative Group on International Agricultural Research (CGIAR) system and within an enlarged community of partners and stakeholders, with a strong presence in developing countries through partnerships, networks, and decentralized operation. The three themes (Institutional Change, Organization and Management, and Science Policy) fit well into IFPRI's mission, new strategic direction (decentralization), and research themes. The potential linkages are arrayed in Table 1 (see page 7).

The IFPRI Strategy emphasizes research with capacity strengthening and policy communication. As stated in the IFPRI Strategy, IFPRI will continue to strengthen the capacity of research collaborators in developing countries to design and carry out food policy research and communication. New approaches will include cooperation with university networks and open universities in developing countries and contributions to the advanced teaching materials on food and agriculture policy needed by these partners. IFPRI will make food policy research results available to all those who can apply or use them and will foster public awareness about food security. It will actively pursue opportunities for communication with policymakers, and it will organize stakeholder dialogues and debates, in cooperation with others, on policies for achieving food security.

The ISNAR Program under IFPRI governance will benefit from a tradition and culture of interdivisional work at IFPRI and elastic boundaries of where projects "belong" in the management/organizational structure of the institute.

4. TOWARD BROAD STAKEHOLDER CONSULTATIONS

As agreed by the CGIAR at its Annual General Meeting in October 2003, the ISNAR Program shall be guided by a Program Advisory Committee (PAC). The PAC has a broad agenda. It is expected to advise the IFPRI management on how to strengthen research on institutions, systems, and science policy relevant to the new program, and also to advise on programmatic structures (but not on management issues). The Committee was established at the beginning of March 2004 for a three-year term. It is composed of one IFPRI Board member (Mandi Rukuni, Chair), one former ISNAR Board member (Julio Berdegú), DG-IFPRI (Joachim von Braun), iDG-ISNAR (Jacques Ekebil; to rotate off the PAC, once the Division Director of the ISNAR Program at IFPRI is appointed), one NARS/NARO leader (Seyfu Ketema), one Institutions Specialist (Uraivan Tan-Kim-Yong), and one Organizations Specialist (Ruth Haug).

Table 1: Current IFPRI projects that offer strong potential linkages to the ISNAR programs

ISNAR program	IFPRI project or theme	IFPRI Division
Institutional Change	<ul style="list-style-type: none"> ◆ Exploratory Activity on Governance issues ◆ Exploratory Activity on Rural-Urban Linkages 	Development Strategies and Governance
	◆ Property Rights and Collective Action, including CAPRI	Environment and Production Technology
	<ul style="list-style-type: none"> ◆ Markets and Trade: Public Policies towards Development of Local, Regional and Global Markets ◆ Institutions and Infrastructure for Market Exchange ◆ Participation in High-Value Markets 	Markets, Trade, and Institutions
	◆ HarvestPlus (formerly Biofortified Crops for Human Nutrition)	Director General's Office
Organization and Management	◆ 2020 Vision Initiative for Food, Agriculture, and the Environment Initiative	Director General's Office
	◆ Water Challenge Program	Environment and Production Technology
Science Policy	<ul style="list-style-type: none"> ◆ Priorities for Public Investment in Agriculture and the Environment, including the Agricultural Science and Technology Indicators project ◆ Exploratory Activity on Governance Issues ◆ Exploratory Activity on National Development Strategies 	Development Strategies and Governance
	◆ Genetic resource Policies for the Poor: Biodiversity and Biotechnology	Environment and Production Technology
	◆ Food and Nutrition Policy Process	Food Consumption and Nutrition
Training and Communications	◆ Communications, Capacity Building, and Impact Assessment	Communications

IFPRI consulted carefully with those involved in the 4th ISNAR External Program and Management Review, the IRT, and the Transition Team during an informal and non-decisionmaking brainstorm meeting in January 2004 in Washington, DC. Broader stakeholder consultations will begin once the new ISNAR leadership is in place (the search and appointment processes are currently in progress). Stakeholder consultations are expected to be organized with partners from the CGIAR; developing-country NARS; global, regional, and subregional organizations; academia; NGOs; and the donor community to arrive at an innovative and relevant program within the transition year (2004) and to build “social capital” for broad support of the program.

5. MANAGEMENT STRUCTURE AND IMPLEMENTATION

5.1 Location Decision: Addis Ababa at ILRI Campus

The Executive Committee of the IFPRI Board decided at the end of November 2003 to locate the new ISNAR program in Addis Ababa, Ethiopia, with the host facility at the International Livestock Research Institute (ILRI). The Committee agreed that the Addis Ababa location would make sense from an administrative, management, and cost perspective. In early November, ILRI offered to host the program at the institute's facility. ILRI's Addis Ababa office offers an excellent location with the necessary infrastructure and services to permit a quick start for the ISNAR program. Moreover, the African Union (AU) is headquartered in Addis and is, therefore, considered a major policy hub. On the programmatic side, there has been significant progress in recent months by IFPRI's Development Strategy and Governance Division in developing strategic country research programs in Africa, with activities also conducted from Addis Ababa. Thus, there would be an opportunity to establish interdivisional cooperation and reduce any potential feeling of isolation from other divisions that the restructured ISNAR program might face.

IFPRI's Director General visited Ethiopia the first week of February 2004 to discuss arrangements for the new ISNAR Program with the Ethiopian Government and ILRI. The ISNAR library and publications stock was shipped to the ILRI campus in early March 2004 and, together with IFPRI publications, will provide for an important knowledge base for scholars on agricultural research systems and food policy research in Addis Ababa. IFPRI's Computer Services, Human Resources, and Finance team members have visited the Hague as well as Addis Ababa, and continue to work closely with counterparts to ensure the new ISNAR Program activities will become operational as quickly as possible in the second quarter of 2004. A container shipment of surplus ISNAR office furniture is currently in transit to Addis Ababa to help furnish the new program office at ILRI. A complete floor consisting of some 22 offices of various dimensions in the Information and Publications building has been provided by ILRI.

IFPRI, in general, is moving towards a more decentralized mode of operations. Recently, program-driven offices have been opened or expanded by IFPRI in Costa Rica, New Delhi, and Beijing. They are embedded in networks of regional partners and linked to CGIAR sister-centers' regional operations. At each of these locations, we foresee ISNAR program activities in the medium- and long-term run. In particular, the Costa Rica office of ISNAR in cooperation with the Inter-American Institute for Cooperation on Agriculture (IICA) is expected to continue with strong program and project activities, even in the initial phase of the new ISNAR Program under IFPRI. In the long run, projects currently based in IFPRI in Washington, DC, may be transferred to Addis Ababa (or other IFPRI offices) and vice versa. An ISNAR Program with "walls" would not facilitate the interdivisional synergies of IFPRI. The new ISNAR Program is expected to find new opportunities in this decentralization. Following this concept, the Program for Biosafety Systems (PBS) shall be affiliated to IFPRI's Environment and Production Technology Division and ISNAR Program, and the Regional Network on HIV/AIDS,

Rural Livelihoods, and Food Security (RENEWAL) shall be affiliated to the Food Consumption and Nutrition Division and the ISNAR Program. These divisions have been hosts for the past ISNAR/IFPRI collaborative work of these programs, and therefore the affiliations ensure continuity.

5.2 Integration as an IFPRI Division

The ISNAR Program will be managed as a research and outreach division of IFPRI. Even though it is too early to determine the size of the new ISNAR Program, IFPRI expects that, during 2004, the program will recruit about seven to 10 international staff members and a similar number of local staff.

Offers of employment have been made and accepted by seven ISNAR internationally recruited staff (IRS) at the time of the writing of this report. These new IFPRI staff members commenced in April. In addition, provision has been made for the position of ISNAR Division Director with a projected commencement date of June. The international search is in progress. Appointments for the theme leaders and additional senior staff for the three new research themes on **Institutional Change, Organization and Management**, and **Science Policy** will only follow after the Division Director is in place. The Division Director's first task (in collaboration with the ISNAR PAC, donors, stakeholders, and others) will be to identify new research directions and to design innovative research within the division's mandate and the broader context of IFPRI's Strategic Plan. Future staffing of the program shall build on qualified existing and new expertise, as needed for the new research agenda.

5.3 Personnel

The ISNAR/IFPRI Transition Team has made significant efforts to inform ISNAR staff on the development of the new ISNAR Program, and invited expressions of interest for positions in December 2003. In the first week of February 2004, IFPRI made formal offers of employment to nine ISNAR IRS members, of which seven have accepted employments at IFPRI as of early April 2004. In addition, it is anticipated that IFPRI will enter into consultancy contracts with a small number of other ISNAR staff members to provide support in effecting the complex transition of the program support and knowledge base from The Hague to Addis Ababa. The ISNAR team will require multidisciplinary expertise beyond agricultural economics for example experts in management, organization change, and institutions, combined with practical knowledge of science. IFPRI has budgeted 12 IRS for the new program.

IFPRI has engaged Dr. James (Jim) G. Ryan (former DG of ICRISAT and Study Director for the Inter-Academy Council Report on science and technology strategies for African agriculture) to serve as the Special Advisor for the ISNAR Program in Addis Ababa from April to July 2004, to facilitate a smooth transition to a new leadership and to provide advice during start up. As interim Division Director, Jim Ryan oversees the implementation of the ISNAR program and management responsibilities, including staffing for the new program. He will interact actively with the PAC, especially on stakeholder dialogues, as well as with ILRI staff and the Ethiopian government.

5.4 Planned Activities after April 2004

Some of the most important legal agreements that ISNAR has entered into are the projects and project-related activities that are financed and otherwise supported by CGIAR members. In letters sent early January by ISNAR's iDG to all restricted donors ("RE: Transfer of Activities, Closing of ISNAR"), it was suggested that the program activity should be terminated as a legal contract with ISNAR and restarted with IFPRI, with a new contract with a start date of April 1, 2004. IFPRI's DG followed up on these, at the end of January, indicating IFPRI's interest in continuing the projects.² Annex 3 contains ISNAR's restricted grant revenue in 2002 and 2003.

Following is a list of projects that IFPRI has confirmed its interest in continuing with the current donor(s) after April 1, 2004:

(A) Continuation of existing ISNAR/IFPRI research collaboration

- ***Program for Biosafety Systems (PBS)***, a five-year, US\$20 million program, addresses the challenges — in particular regulatory challenges — that developing countries face related to biosafety issues; for example, regulations on experimental field trials and assessment of genetically modified food imports. Initially led and managed by ISNAR; with IFPRI as a subcontracting organization, IFPRI has proposed to the main donor (USAID) that IFPRI will be the lead entity and the main donor has agreed to this. USAID formally transferred the project to IFPRI effective 1 April 2004.
- ***The Regional Network on HIV/AIDS, Rural Livelihoods, and Food Security (RENEWAL)***, co-facilitated by IFPRI and ISNAR since 2001, is a growing regional network comprising national networks of food- and nutrition-relevant organizations together with partners in HIV/AIDS and public health, addressing the interactions between HIV/AIDS and food security, their policy and program implications, and the ever-increasing gap in capacity to act. RENEWAL is currently active in Malawi, Uganda, Zambia, and South Africa.
- ***The Agricultural Science and Technology Indicators (ASTI)*** initiative — a joint IFPRI/ISNAR activity — compiles, processes, and makes available internationally comparable data on institutional developments and investments in agricultural research and development (R&D) worldwide, and analyzes and reports on these trends in the form of occasional policy digests for research policy formulation and priority-setting purposes. ASTI involves collaborative alliances with a large number of national and regional R&D agencies, as well as international institutions.

² IFPRI is still awaiting responses from some donors. Please note that the conditions of transfer and continuation of project activities listed below are still being discussed by IFPRI and the corresponding donors. The list may change in accordance to donor's response and staff hiring.

(B) Continuation of two current ISNAR research programs:

- ***New Paradigm Network for Institutional Innovation for Latin America*** is a collaborative network, based at IICA headquarters in San Jose, Costa Rica, supporting research organizations in Brazil, Cuba, Mexico, Ecuador, and in other Latin American countries.
- ***Public-Private Partnerships in Agribusiness Research*** seeks to advance public-private agro-industrial research partnerships. The project operates out of the ISNAR regional office at IICA.

IFPRI has confirmed its interest in signing a new Memorandum of Understanding with the IICA, including the provision of offices and staff arrangement services by IICA to IFPRI in Costa Rica.

Moreover, IFPRI plans to establish Memorandums of Understanding or similar agreements with a number of former ISNAR collaborators. Contracts are currently being reviewed.

The content of the themes and research directions will be determined in the spring and summer when the ISNAR program staff have been hired, and the PAC established. As indicated earlier in this report, the priority for next meetings on the ISNAR research program is to design stakeholder consultations with partners from the CGIAR; developing-country NARS; academia; NGOs; global, regional, and subregional organizations; and the donor community to arrive at an innovative and relevant program within the transition year of 2004 and to build “social capital” for broad support of the program.

6. ISNAR PROGRAM FINANCIAL PROJECTIONS

Current projections of unrestricted funding from ISNAR donors for the new ISNAR Program at IFPRI indicates an annualized figure of \$3.8 million. ***This indication is subject to verification with the donors.*** We have received very positive indications from core donors on their continued support to the ISNAR Program. The World Bank expects to donate \$600,000 per year for at least two years, and DFID has announced that its core support for the ISNAR Program will increase from the originally planned £144,000 per year to £310,000 per year for 2004 and 2005. Other donors such as Norway, Canada, and Germany have also indicated support of the new ISNAR Program (see Annex 4 for an overview of ISNAR’s unrestricted grant revenue in 2002 and 2003).

The IFPRI Board of Trustees, at its meeting on March 2004, approved an operating budget of \$4.4 million for the nine-month start-up period from April through December 2004. This would require \$1.7 million in unrestricted funding and the balance in restricted funding in order for the program to breakeven in financial terms. This does not include any set aside for working capital requirements of the new program. We would also encourage donors to provide sufficient financial support for the new program

to make a start in achieving a managed liquidity reserve. We estimate that the ISNAR Program will have a total expenditure of between \$6.0 million to \$7.0 million in 2005.

February Projections of funding from ISNAR for 2004	\$000
Revenue:	
Projected Unrestricted and targeted funding	\$3,819
ISNAR Operational Requirements (Jan-March 2004)	-1,180
Balance available for new ISNAR Program and transition	<u>\$2,639</u>
Expenditures:	
Required IFPRI Operational Costs (April-Dec. 2004)	\$1,700*
Working Capital Requirements	300
Transition Costs	639
Total	<u>\$2,639</u>
*The unrestricted contributions are required to cover IFPRI operational costs April through December 2004 (\$1,700) as follows:	
Core Program/Addis Ababa Direct Costs	\$1,281
Biosafety Project (PBS)	265
Public-Private Partnerships	81
New Paradigm Network	30
Total	<u>\$1,657</u>

IFPRI's 2005–07 Medium-Term Plan (MTP) and financing plan for 2005, due to the CGIAR Secretariat on July 31, 2004, will include the ISNAR program as a new research and outreach division. The IFPRI Board of Trustees approved the modifications planned for the 2005–07 MTP in the first week of March.

**Summary Record of Proceedings
Consultative Group on International Agricultural Research (CGIAR)
Annual General Meeting and Business Meeting
October 30-31, 2003, Nairobi, Kenya**

Agenda Item 3(a): ISNAR EPMR Follow-up

The CGIAR Chairman introduced the item with a brief overview of the ISNAR EPMR follow-up process thus far. Marina Puccioni (Italy), Co-Chair of the most recent ExCo meeting reported the following ExCo recommendations to the CGIAR on the Restructuring of ISNAR:

- *ExCo endorsed the recommendations in the final report of the ISNAR Restructuring Team (IRT) (dated September 5, 2003).*
- *The recommended alliance is important as it can serve as a model for the System going forward.*
- *The recommended transition should proceed as quickly as possible. IFPRI and ISNAR should report to the CGIAR at AGM03 about progress, taking into consideration ExCo's concerns on finance, governance, and the headquarters (HQ) of the program.*
- *ISNAR should report to the CGIAR at AGM03 specifically on financial implications of the restructuring and on location.*
- *As it applies to the ISNAR-IFPRI case, the term "alliance" refers to forming a bond between two parties that are members of the same "family," with the result that one of the parties would cease to remain as a sovereign entity.*
- *On an issue triggered by the ISNAR case, ExCo recommends to the CGIAR the creation of a task force to conduct a broader study on rationalization of CGIAR operations across the System (starting with Africa).*

ISNAR Board Chair Moise Mensah supported the Restructuring Team's recommendations that call for ISNAR's program to be maintained, and places special emphasis on Sub-Sahara Africa (SSA), while the mandate remains global. ISNAR supports the undertaking of the restructuring under administrative arrangements with IFPRI and noted the significant potential cost savings. He noted that ISNAR was asked to provide a report on financial implications and the restructuring arrangements:

- If the ISNAR Restructuring Team (IRT) recommendations are approved, the ISNAR Board will begin the process to start closing down ISNAR. He noted that the CGIAR should endorse an ISNAR resolution to close down the Center.
- The program headquarters (HQ) should be based in SSA.

He stressed the importance of maintaining the program, and commended IRT Chair Grant Scobie for a positive report and CGIAR Chair Ian Johnson for his support throughout the process.

ISNAR Director General (DG) Jacques Ekebil reported to the Group on the implications of finance and location as requested by ExCo5. Two papers have been prepared and included in the documentation on costs for closing and moving the HQ, and operations costs until closing is completed. Under the most likely option, operations would cease in The Hague after five months. He also noted the inclusion of a letter in the documentation from himself to the CGIAR Chairman and Director on transition arrangements. He concluded by stressing the need to move quickly to reduce the stress on ISNAR staff caused by ongoing uncertainty.

IFPRI Board Chair Isher Ahluwalia noted that, as requested by ExCo, a transition team is at work to close ISNAR as an independent Center and to create a new program under IFPRI's mandate. She informed the Group that IFPRI's Board will put in place a mechanism to carry forward the mandate of the ISNAR program. A small program advisory committee will guide the continuing program, and will report to the IFPRI Board. The new program director will be internationally recruited and report to the IFPRI DG. IFPRI agrees that the program HQ should be located in Africa. She noted that, of the two proposed sites, South Africa has withdrawn its offer as a potential HQ site, and supports locating the program in Addis Ababa or another suitable location. IFPRI has noted donor interest in the new program and recognizes synergies of the new program with existing programs.

IFPRI DG Joachim von Braun noted that the IRT Report has been endorsed by the Boards of IFPRI and ISNAR. He stated that the recommendations for institutional change must fit with donors' and Centers' agendas and not just IFPRI's, and therefore the focus should be on institutional strengthening. He concluded by highlighting the positive interaction IFPRI has had with ISNAR's board and staff.

Given the role the World Bank may play in financing the transition, Bank representative Kevin Cleaver was invited to comment on the financing arrangements. On the financial costs of closing down ISNAR, he noted that it amounts to several million dollars and the World Bank is willing to put up part of the costs, as part of its annual contribution to the CGIAR. He invited other donors to contribute as well. He also stressed the need for a speedy transition. The longer it is debated, the more pain it causes as it takes away resources from other CGIAR activities.

Decision

The CGIAR Chairman invited members to endorse a statement consistent with ExCo's recommendations as well as with the views of IFPRI and ISNAR before opening up the item for comments and discussion. The statement read as follows:

“The CGIAR approves the recommendations of the IRT as endorsed by ExCo and requests the boards of ISNAR and IFPRI to carry out the transfer of governance and relocation of ISNAR's programs to IFPRI.”

“Consequently, the CGIAR requests the ISNAR board to adopt a resolution dissolving ISNAR and to submit to ExCo a plan for the disposition of ISNAR’s assets for approval by the CGIAR.”

“The World Bank is committed to mobilizing the necessary resources with other donors to ensure a smooth transition.”

The Group approved the statement. The CGIAR Chairman thanked the Group for its speedy decision and noted its importance for clarity for the future of the Center.

The following points were raised in the course of discussion:

- IFPRI will take all options into account in deciding where to locate the HQ of ISNAR’s program. These include an offer by Morocco and the suggestion that Addis Ababa would make a good site.
- A long-term strategy is required for Centers in Africa, rather than piecemeal decisions.
- ISNAR’s transition arrangements should not ignore the important contributions it has made to SSA, Latin America, and other regions of the world. Its services and efforts as a training institution are valuable and must continue. In addition, the accumulated experience of ISNAR needs to be conserved and the individuals trained there need to be utilized as teachers, lecturers, etc.
- Although the costs of closing down the Center are available, the re-startup costs and implications of these costs to SSA and other regions are not clear. It might be possible to look at some of these issues as part of the transition and how to measure the progress/impact of the program.
- Several members expressed their intention to support transition costs and their desire to be involved in transition arrangements, and urged other donors to support the transition as well.
- The new program director should be identified as soon as possible, and an individual from FAO should be invited to serve on the program advisory committee for ISNAR.

IRT Chair Grant Scobie said that his team had been handed a difficult task. They realized from the start that significant change, and not small adjustments would have to be made. He thanked the IRT for its work and commended team members for their collegiality and noted the participation of the ISNAR Board Chair and another ISNAR board member. He was pleased that the Group adopted the recommendations and looked forward to a revitalized program. The members commended the IRT team and Chair for their efforts.

The CGIAR Chairman thanked the Group for a constructive discussion. He appreciated the support expressed for funding the transition, but said that the meeting should not be considered a pledging session. He reminded members that the financing paper included in the documentation estimates the costs of the transition. He noted the importance of speeding up the process, and said that a small group of potential contributors could meet separately.

Subsequently, a group consisting of Belgium, Canada, Germany, Italy, Netherlands, Norway, UK, U.S., the World Bank, and representatives from ISNAR and IFPRI, met under the chairmanship of Finance Committee Chair Kevin Cleaver. He reported a funding gap (for transition costs) of some \$1.3 million, taking into account contributions already pledged. Most of the members who attended the meeting reaffirmed their continuing core support to ISNAR for 2004.

Annex 2

Resolution to dissolve the International Service for National Agricultural Research (ISNAR) at the ISNAR Board of Trustees meeting in November 2003

Item 11

Whereas, the members of the Consultative Group on International Agricultural Research (CGIAR) at the Business Meeting of their Annual General Meeting, held in Nairobi, Kenya, 30-31 October 2003, made a decision about ISNAR which was announced to the members in the draft Summary Record of Proceedings of 14 November 2003 circulated by the CGIAR Secretariat and which reads as follows:

Quote:

1. The CGIAR approves the recommendations of the IRT [ISNAR Restructuring Team] as endorsed by ExCo [Executive Council of the CGIAR] and requests the boards of ISNAR and IFPRI [International Food Policy Research Institute] to carry out the transfer of governance and relocation of ISNAR's programs to IFPRI.
2. Consequently, the CGIAR requests the ISNAR board to adopt a resolution dissolving ISNAR and to submit to ExCo a plan for the disposition of ISNAR's assets for approval by the CGIAR.
3. The World Bank is committed to mobilizing the necessary resources with other donors to ensure a smooth transition.

End quote.

Whereas, it is the intention of the Board of Trustees of ISNAR to comply with this request in full and as soon as legally and practically possible.

Whereas article 57 of the Constitution stipulates that subject to approval by the CGIAR, ISNAR may be dissolved by a three-fourths majority vote of all members of the Board, if it is determined that the purposes of ISNAR have been achieved to a satisfactory degree or if it is determined that ISNAR will no longer be able to function effectively.

Whereas article 40 of the Constitution stipulates (i) that the Director General is the legal representative of ISNAR, (ii) that the Board may stipulate the extent to which these powers may be delegated by the Director General, and (iii) that contracts and agreements which affect the dissolution of ISNAR are subject to approval by the Board.

Therefore, the Board of Trustees of ISNAR hereby adopts a resolution during its 43rd meeting, held in The Hague 24-28 November 2003, to

- I. transfer governance and relocation of the ISNAR Program to IFPRI;
- II. close the ISNAR operations by 31 March 2004, or as soon as possible thereafter;

- III. appoint the Interim Director General of ISNAR to lead this process of
 - (i) transfer of governance and relocation of the ISNAR Program to IFPRI, and
 - (ii) settlement and termination of all ISNAR activities;
- IV. request the Interim Director General to render account of the actions taken in connection with the aforementioned process and to submit to ExCo a plan for the disposition of ISNAR's assets, for approval by the CGIAR;
- V. dissolve ISNAR, in accordance with article 57 of the Constitution, as an independent CGIAR center, as an international organization, and as a legal entity, as per the moment that all assets of ISNAR shall be disposed of as provided for in the aforementioned plan for the disposition of ISNAR's assets as approved by the CGIAR.
- VI. appoint AKD Prinsen Van Wijmen, Amsterdam, The Netherlands, or such other firm as to be decided upon by the Interim Director General, as keeper of the legal and accounting files, after 31 March 2004, as necessary for the settlement and termination of ISNAR's activities and until the formal dissolution becomes effective, after which the documents shall be transferred to IFPRI. All other files, books, records and other databases of ISNAR shall, after 31 March 2004, be retained by IFPRI, at a location to be specified later, for a minimum period of seven years after ISNAR is dissolved.

For which purpose, the Board of Trustees of ISNAR during this 43rd Board meeting shall

1. delegate to the Interim Director General of ISNAR, in accordance with article 40 of the Constitution, all necessary powers to carry out the process of
 - (i) transfer of governance and relocation of the ISNAR Program to IFPRI, and
 - (ii) settlement and termination of all ISNAR activities, and to sign the deeds and documents necessary thereto, and to do whatsoever more he may deem necessary, useful or advisable, all this with the power of substitution. The Interim Director General of ISNAR shall inform the Chairperson of the Board of Trustees of such substitution.
2. appoint AKD Prinsen Van Wijmen, Amsterdam, The Netherlands, or such other or additional law firm as to be decided upon by the Interim Director General, to
 - a. assist the Interim Director General of ISNAR in this process until 31 March 2004, or such later date as to be decided by the Interim Director General, and
 - b. resume responsibility thereafter to complete the settlement and termination process, until the formal dissolution can become effective, under terms and conditions as stipulated by the Board of Trustees of ISNAR;
3. request the appointed law firm, upon conclusion of the process leading to the formal dissolution of ISNAR, to inform the Chairperson of the Board of Trustees and the Netherlands' Ministry of Foreign Affairs, as soon as possible after the disposition of ISNAR's assets, of the formal dissolution date of ISNAR.

The Board of Trustees of ISNAR will remain in function until the formal dissolution date. The Chairperson will inform the members of the Board of Trustees of ISNAR accordingly. The dissolution of ISNAR will result in automatic termination of the Headquarters Agreement between the Kingdom of The Netherlands and ISNAR, as stipulated in article 22 of the Headquarters Agreement.

This Resolution was adopted in The Hague, The Netherlands, on 26 November 2003, by the members of the ISNAR Board of Trustees, and signed in three-fold:

Moïse Mensah (Board Chair)

Jacques Eckebil

Silvia Balit

Julio Berdegúe

Douglas Hedley

Masashi Kobayashi

Samuel Paul

Niels Röling

Nieves Roldan-Confesor (absent)

Annex 3

Restricted ISNAR Grant Revenue

Donor	2003	2002
	(US\$ in 000s)	
ACIAR, Australia	–	25
ASARECA	90	–
Asian Development Bank	238	219
Asian Productivity Organisation	8	–
Canada	404	–
CTA	32	89
Colombia	–	32
Commonwealth of Learning	13	–
Dominican Republic	–	14
DANIDA	–	38
DFID, UK	290	341
DGIS, Netherlands	183	250
European Union	3	–
FAO	8	101
FEDECAFE	109	–
FMO	14	–
GTZ	320	486
Hohenheim University	8	8
CGIAR	198	280
Inter-Academy Council	11	–
IBRD	147	167
IDRC, Canada	76	192
IFAD	12	–
Iran	–	25
Japan	–	100
KARI, Kenya	17	–
Kellogg Foundation	30	–
MacKnight Foundation	31	–
Michigan State University	40	–
NARO, Uganda	–	7
Norway	252	114
OECD	–	11
Rockefeller Foundation	64	198
SDC, Switzerland	518	441
SCANAGRI	35	–
SEI, Sweden	61	88
USAID	262	262
USDA	9	–
World Intellectual Property Organization	2	–
Various	277	194
Total	3,762	3,473

Annex 4

Unrestricted ISNAR Grant Revenue

	Grant Revenue (2003)	Grant Revenue (2002)
	(US\$ in 000s)	
Australia	–	102
Belgium	182	148
Canada	344	335
Germany	402	95
India	38	38
Iran	35	35
Italy	–	94
Japan	18	136
Netherlands	1,137	948
Norway	762	533
Peru	–	10
Philippines	4	10
South Africa	–	100
Sweden	324	278
Switzerland	367	291
United States	200	475
World Bank	976	740
Total	4,789	4,368