

**CGIAR Executive Council—Ninth Meeting  
(Stockholm, Sweden)  
19-20 October, 2005**

**Agenda Item 5. Report from Centers**

- CBC Matters
- CDC (Alliance Executive Matters)

**Committee of Board Chairs Matters**

At ExCo 8, I informed members that following the May meeting of the CBC in Penang, a two-day Retreat was organized and was attended by 11 of the 15 members of the CBC. In the spirit of the reforms of the Centers begun by the Centers themselves and recognizing that the CBC needed to provide suitable guidance to both the Centers and the CGIAR so as to promote ongoing system-wide reforms, the purpose of the May retreat was to discuss the role of the Board Chairs within the CGIAR as it has evolved.

Three of the key responsibilities recognized by the CBC at the Retreat are:

- To demonstrate initiative in responding to the CGIAR opportunities and challenges that are common to Centers
- To develop a collective viewpoint on governance and policy issues that affect the strategic directions of the Centers and the CGIAR to effectively respond to key development challenges, and
- To encourage cooperation among the 15 Future Harvest Alliance Centers and a system-wide approach on issues of common interest.

Prompted by these roles, out of session work for the CBC has revolved around 3 themes - developing the Alliance, governance reforms and the CBC role in strategic development of major MTPs.

*Development of the Alliance:* Since ExCo 8, major progress has been achieved in developing the details of how the Alliance will operate, thanks to the leadership of a joint CBC and Alliance Executive (AE) team, led by Jim Jones of CBC and with input from all Board Chairs and DGs. This progress is described below. The Centers are drafting a document, now entitled the Alliance Principles and Procedures, that is the formal expression of how the Alliance will operate – its objectives, governance, structure and linkages, performance indicators and conflict resolution mechanisms. When the Alliance Principles and Procedures is finalized and approved by Center boards, the Alliance will formally request the Members that it be acknowledged and included in the CGIAR Charter.

*Governance Reforms in the Centers:* Following an intense discussion of governance reform ideas at the May CBC Retreat, we have made progress on 3 fronts relevant to developing a strong agenda of governance reform in the Centers.

- With the CGIAR Secretariat, we have finalized the Terms of Reference and panel selection for the **Stripe Review of Boards**. Following a successful meeting on 26 September between the Panel and the representatives of the CGIAR Secretariat and the CBC, the Stripe Review got underway. Its report is due in early 2006 after all Board Chairs, DGs and selected others are interviewed prior to or at AGM05. Consideration and follow-up of the recommendations of the Stripe Review report will be a high priority for us in 2006, guided by the Executive Council. Given that Centers vary in size, complexity and locations, the CBC believes that the recommendations for governance reforms need to be based on specifying a sound framework of good corporate governance principles for the Centers rather than a prescriptive or regulatory approach.
- The **Alliance Principles and Procedures** document being drafted by the Centers to define the operations of the Alliance has engaged in important governance debates relevant to the collaborative work of the Centers.
- The CGIAR Secretariat and the CBC-sponsored **Board Orientation** Programs are continuing to develop and have become, as we had wished a vehicle for governance reform according to CGIAR and CBC directions on reforms. Two programs involving at least 26 participants are scheduled for Morocco following AGM05.

*Strategic development of MTPs at subregional and global level:* The CBC continues to monitor the progress of the Alliance in developing the joint MTPs as instructed by ExCo. In the near future, ExCo will be defining and clarifying its role and that of Boards in the governance of the new set of cross-Center and cross-Partner Medium Term Plans. More importantly, in recognition of the global responsibilities of Centers, CBC will take a more strategic approach to envisioning and influencing the choices of geographic and thematic priorities for MTP development and implementation modalities.

## **CDC (Alliance Executive Matters)**

The Alliance Executive (AE) is now focused on the development of the Sub Saharan Africa MTPs (see Agenda Item 6a), the formation of the Alliance (see below), and a issues that will be brought to ExCo and the CGIAR at a later time, as follows.

*Policies for Centers Reserves:* At its December 2005 meeting, the AE will be discussing whether the current policy guidance on Centers' liquidity and reserves (short and long term measures of financial resources, denominated by costs of daily operations) is an appropriate guide for all Centers or whether new policies may be needed. The views of the Centers will be brought to the ExCo in 2006 and may be foreshadowed in the Business Meeting at AGM05.

*Performance measurement:* In this pilot phase of the CGIAR performance management system, the Alliance Executive is dedicated to working with the CGIAR Secretariat and Science Council to review and refine the indicators. The Centers also wish to add

indicators for measuring the quality of inter-center collaboration and support to collective action.

### Upgrading the Centers' Global Public Goods

The Global Public Good upgrading project funded by the World Bank is half way through its implementation. Commencing in 2003, this US\$17M project is allowing Centres to upgrade their genetic resources collections to meet international standards as well as improving some important databases held by Centres.

An external evaluation panel has been identified to carry out the mid-term review of the project which should be completed by early 2006. The Panel will also review the project proposal for the second phase of the GPG project in order to ensure that it builds appropriately on the results of phase 1 and complements it in an optimal way.

### CGIAR-Private Sector High Level Workshop, 30 September

The Workshop, co-organized by the CGIAR Private Sector Committee, the CGIAR Secretariat and the Centers (through the Future Harvest Alliance Office), was entitled, *How to meet the needs of smallholder producers in developing countries*. It was attended by 18 senior executives of private sector companies and associations, including CEOs and Presidents, the CGIAR Chair and Director, 7 Center DGs, 1 Board Chair and 1 Center representative. The workshop explored trends in agricultural research and development within the private sector and the CGIAR and began to converge on fields of mutual interest for pro-poor private-public partnerships. Over the 6 weeks following the meeting, more concrete plans for potential collaboration will be developed, building on the current more than 40 private sector collaborations in the Centers and using CGIAR modalities such as the Challenge programs, existing collaborations and the new SKEP program of the PSC and Centers.

## **Building an Alliance**

In the record of the ExCo 8 meeting held in Berlin in May, the Centers' representatives were asked the following:

*How does the alliance eventually see itself operating? It would be helpful for ExCo to receive a note on this. The Chairman suggested that this note should cover the work plan, budget, staffing, and the value added of the Alliance. It should be submitted for discussion by ExCo at its next meeting. Such a note would be helpful to CGIAR Members as many do not understand the Alliance.*

The Centers welcome the opportunity to brief ExCo 9 of progress with forming the Alliance of Future Harvest Centers of the CGIAR

### Stimulating Progress – the need for Collective Action

The CGIAR is a unique, global organization. And, like all great living and learning organizations, it must periodically examine itself and make the adjustments necessary to enable it to continue to respond to the needs of an ever changing world.

The CGIAR System was intentionally established on the model of a consultative group: a ‘regularly interacting and interdependent network’ of independent institutions that takes decisions by consensus, with no legal status, no written charter nor by-laws. The exception was a sub-component of the system—the Centres—whose legal personality is necessary to allow them to hire staff, conclude contracts, and otherwise operate as independent international institutes.

The different specific mandates and means of operation of the Centres, and their location in a wide range of different environments and cultures, led the Centres to evolve over time into an assortment of singular entities, each characterized by its own unique institutional cultures, strategies, policies, practices, and programmes. In large measure, the common element bringing the Centres together was the direction and resources from the consortium of donors that had agreed to fund them and the scientific guidance of the Technical Advisory Committee.

The diversity of its institutions endows the CGIAR with energy and creativity, and a broader collective grasp of research issues and answers than would be allowed in an otherwise more homogenous institutional culture. Taking the utmost advantage of the rich tapestry of collective talents held by the Centres and putting them to work for the poor is the process that enhances this quality of the CGIAR. For the Centers, the ability to continue to enhance this process requires a new and effective way of thinking about how we work together.

The first Centres were created to “support research and technology that can potentially increase food production in the food-deficit countries of the World. “ The logic was that, by increasing staple commodity production, we would automatically increase the well-being of the poor—the inspiration and goal underpinning the work of the System. In time, it became clear that the relationship between increased production and well being was neither as simple nor as linear as we had imagined.

Accordingly, both the CGIAR and the Centres evolved, adapting to a more complex reality by committing to a more complex mission: *”to contribute to food security and poverty eradication in developing countries through research, partnership, capacity building and policy support promoting sustainable agricultural development based on the environmentally sound management of natural resources.”* Today, the Millennium Development Goals and other global initiatives require the Centers to address an even broader range of challenges. Unless we pull together, taking every measure necessary to enhance our ability to work as a collective, we do not stand a chance of making a significant contribution to their implementation.

### *Our Track Record*

Collective action is of course not new to the CGIAR. There are numerous examples of successful joint actions—large and small. For example, a recent report prepared by the Marketing Group, entitled *Healing Wounds*, gives an account of the dramatic impact that the Centres, usually working together, have had on millions of lives across Africa, Asia and Latin America. *Healing Wounds* specifically chronicles the response of the Centres and their partners to emergency situations in 47 countries over the last three decades.

In the early 1990s, the CGIAR approved the creation of System-wide Programs and Ecoregional Programs (SWEPs). The goal was to formalize and promote collaboration among the Centres. The Ecoregional Programs had the added objective of facilitating the Centres' capacity to respond to the CGIAR's new research agenda on natural resource management. Today, the System has 11 System-wide Programs and 6 Ecoregional Programs.

In 2001, the CGIAR System put into place a number of reforms. Among the reforms, a System Office was created to improve effectiveness and efficiency in financial, administrative and human resource management. Several initiatives, hosted and funded by the Centres, were placed under the umbrella of the System Office. These initiatives, and others outside the System Office, whose collective purpose was to allow the Centres to share costs and best practices, have been extremely successful. They include a shared salary, pension and benefit system (AIARC); a communally organized contract for telecommunications (ICT-KM); shared library subscriptions at lower service costs (the Library Consortium); an Internal Audit Unit; and Human Resources (SAS-HR), Gender & Diversity (G&D) and Intellectual Property (CAS-IP) Programs that are developing leading-edge policies and sharing best practices across the System.

A second pillar of the reform process—that comprising the Challenge Programs—became operational in 2003 and has received strong support and participation from the Centres. The Challenge Programs were conceived as vehicles for mobilizing the new and bigger partnerships needed to address major high-profile challenges on the CGIAR's ever more complex research agenda.

### *The Challenges*

The capacity of the Centres to respond collectively to development challenges and to operate more cost efficiently as a result of resource sharing has improved markedly over the past decade as a result of CGIAR System reform and additional initiatives taken by the Centres themselves. Given the right enabling mechanisms, the Centres are sure that a great deal more can be achieved.

A first step was taken in 2003 as the professional demands for stable support to the collaborative work of the Centres grew. The Centres created the Alliance Office to administer common activities assigned by the AE and CBC, to give policy and administrative support to decision making and collaboration among Centres, and

streamline and strengthen the Centers' contribution to the CGIAR System. The Office is presently headed by a half time consultant as its Executive Officer.

A major step was taken when the Directors General met in Ethiopia on 8-9 July 2004 to address the question of how the Centres could work better together. They identified a number of constraints to achieving greater impact and efficiencies from joint efforts.

*Institutional learning.* We have not made enough of an effort to learn from our experiences in undertaking collective actions. There have been no in-depth analyses and documentation of governance and structure; partnering strategies; implementation mechanisms; learning costs; the added-value or synergies resulting from collective action. We need to more systematically document, share and institutionalize the lessons learned from joint efforts.

*Collective versus Independent Action.* Collective action is not a goal in itself, rather a means for improved effectiveness and efficiency. While the Centres firmly believe in the benefits of joint initiatives, they recognize that not all of the activities of Centres will benefit from inter-Centre collaboration. It is important to develop a sharper analysis of when research is best done by individual Centres and when it is more effective to work together to solve a problem.

*Recognition and Incentives.* At present, teamwork is neither recognized nor rewarded in any systematic way either by Centres or by the System. We need to develop incentives to encourage collective actions by Centres, especially, in the current competitive funding environment.

*Performance Measurement.* Much attention has been drawn to the transaction costs of collective action, but we have not yet attempted to measure the performance and benefits of collective action. In part this is because much of what we seek to measure is intangible. How does one quantify added-value, research synergies, increased efficiency and quality of science and delivery? This challenge will require some very creative thinking.

*Leadership and Executive Capacity.* A true commitment to collective action will require strong leadership from Centre Boards and Directors General. That commitment is already in place. What are needed are transparent principles, codes of conduct and a clear definition of roles and responsibilities to guide management and decision making for effective inter-Centre partnerships. Stronger support from the Alliance Office will be required to back the increasing strategic and operational work of the Alliance. Past intentions for collective action have often foundered through lack of resources allocated to support them.

*Conflict Resolution.* Conflict may arise when multiple partners attempt to address complex problems. The resolution of conflict, if properly managed, does not need to be a painful or disruptive process. The Centres will need to create a well-defined, transparent

and fair conflict resolution mechanism to maximize the productivity and health of relations among partner institutions.

In summary, to meet the challenges, the Alliance is being built on existing, well-performing collaborations and sound CGIAR processes (e.g., Medium Term Plans as core planning documents, active collective Centers' participation in the CGIAR Executive Council). It is informed by a thorough analysis of past constraints and a new vision of successful collaboration and is based on strong governance and management principles and procedures. It is supported by the Alliance Office, a unit of the CGIAR System Office.

*Our commitment to success*

The Centres are committed to play a proactive and constructive role in the on-going change process of the CGIAR. To achieve this, the Centres have laid down the foundations of the Alliance, and its further construction as a successful collaborative mechanism is well underway. It builds on the existing mechanisms of CDC and CBC, and aims to drastically increase our collective effectiveness and efficiency, without creating new levels of complexity or bureaucracy and with only a marginal increase in transaction costs. More importantly, the Alliance itself is an instrument of reform of the System, in a similar way to how the Executive Council of the CGIAR was a reform and has itself become an instrument of reform.

The Alliance will provide an effective and efficient mechanism for fostering greater collaboration by avoiding duplication, seeking complementarities and by capturing and enhancing synergies, and thereby institutionalizing productive collaborations. By sharing facilities and services, the Alliance will also achieve economies of scale and reduce transaction costs. The Alliance will be a proactive force in the System reform, for ensuring greater programmatic integration where appropriate, for developing instruments to measure its performance and for resolving conflicts.

There will of course still be obstacles on the road, but we are convinced that with the support from the Shareholders and all the components of the CGIAR System, the Alliance will ensure that it fulfils its mission to catalyze the utmost value from the Centers to the CGIAR's noble mission. We welcome your advice in building the Alliance.

### **The Alliance progress to date**

In the 14 months since the Ethiopia retreat, significant progress has been made to begin addressing the challenges mentioned above:

- The Alliance concept was discussed by ExCo7 in September 2004 and the concept received positively.
- At AGM04, the CBC and CDC formally established the Alliance, agreed upon the Guiding Principals for the Alliance and the CDC transformed itself into the Alliance Executive (AE). These decisions were presented on Centers and Members Day and in the Business Meeting and a written statement distributed.
- The CBC and CDC then appointed a joint team to draft the Principles and Procedures for the Alliance. This document is under discussion by Centers and it is being reviewed by the legal team of the World Bank, thanks to the assistance of the CGIAR Secretariat;
- A CDDC Task Force conducted a consultation with the Coordinators and Chairs of the System-wide and Ecoregional Programs, and prepared the first draft of a Performance Measurement Report for these Programmes;
- The Centres conceived and have taken a lead with their partners in developing the joint MTPs for SSA, with an accelerated timeline for submission and implementation requested by the Members.
- A Steering Committee of CBC, AE and CDDC, supported by the Alliance Office, is developing and will present for discussion a grievance/conflict resolution mechanism to CBC and AE in December;

### **The Alliance Workplan**

The Alliance workplan for 2006 is a response to the challenges laid out in the body of this document.

- The Alliance will build on the inter-centre ILAC initiative to ensure that institutional learning becomes an integral part of the culture of the Centres of the Alliance.
- The Alliance will make an inventory of collective actions that are ongoing, learn lessons from them and identify new areas for further collective actions

- The Alliance will ensure that incentives are developed that will encourage greater collective action through the inclusion of relevant indicators for collective action in the Centre performance measurement and by encouraging Boards and Management to include the contribution to collective action in Director General and staff performance evaluation and rewarding.
- To strengthen leadership and executive capacity, the existing Executive Officer position has been expanded to a full time Executive Director position for the Alliance Office. This is being done with the assistance of the CGIAR Secretariat and IFAD, and an international advertisement has been released. Discussions are in train with IFAD over hosting the Alliance Office.
- At their meetings in Marrakech in December 2005, the AE and CBC will adopt the final version of a Principles and Procedures document that will be the basis for the functioning of the Alliance.
- After December 2005, the Centres will formally sign on to the Alliance. This will be done over a period of time depending on the dates of individual Board meetings.
- A proposal for an amendment to the CGIAR Charter will be submitted to ExCo and AGM in 2006 to reflect the changes brought into the system by the Alliance.

### **Budget and staffing**

In 2005, the Centers pooled budget for supporting collaborations was \$1.2 million, of which 15% (\$188 k) was allocated for the 2 consultants servicing the Future Harvest Alliance Office (FHAO). As the FHAO is a unit of the CGIAR System Office, its annual workplans, budgets and reports are included in the Integrated Operating Plan of the System Office and the System Office Annual Report. As part of the System Office, the Alliance Office works closely with the other units of the System Office.

The new full time Executive Director and office location for FHAO is needed to cope with the growing workload and need to provide institutional stability and continuity. The Office has been virtual to date, serviced only by consultant staff. A more permanent physical location is now being sought and discussions are underway with IFAD in Rome. The additional costs of a full time Executive Director are estimated to be from \$50-100k. Other staff or contractors will be added to the Office as needed and agreed by the Alliance Executive which funds the Office according to Alliance needs.