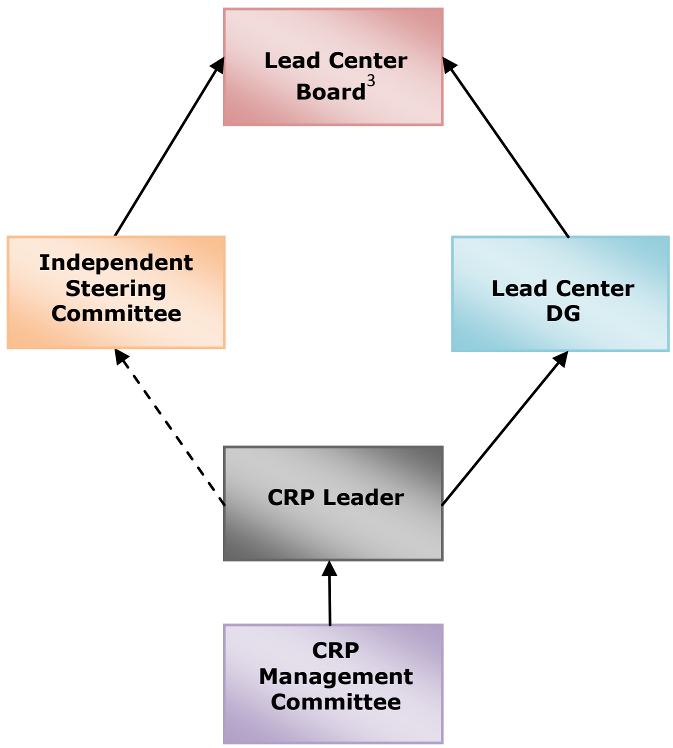
Approved by the Consortium Board
on 19 March 2014

CGIAR Consortium Response
to the final report of the CRP Governance and Management Review (IEA Report)

This CGIAR Consortium Response is supported by the CGIAR Consortium members.

The CGIAR Consortium welcomes the review of CRP Governance and Management conducted by the Independent Evaluation Arrangement (IEA) which it finds comprehensive and insightful. As CGIAR Research Programs (CRPs)[1] are gearing up towards performance-based management[2], it is important to know what governance and management structures are most effective and efficient to deliver results. The model for CRP governance and management supported by the CGIAR Consortium is depicted in Diagram 1. ***It agrees with the IEA Report with one important difference, namely that we believe the CRP leader should report directly (solid line) to the Lead Center DG, and indirectly (dotted line) to the Independent Steering Committee.***

Diagram 1: CRP Governance and Management model



[1] As defined in the CGIAR Glossary, "*CRP means a research or other program for coordinated implementation of the SRF by the Centers and other CGIAR Doers submitted by the Consortium that has been approved by the Fund Council, most of which are expected to be proposed by the Consortium and approved by the Fund Council as eligible to receive Window 2 subaccount funding*".

[2] The 2014 SRF Management Update and Guidance for the CRP Second Call draft document are in the process of defining performance based management.

[3] Under this model, each Lead Center Board reports, regarding the CRP(s) it leads, to the Consortium Board which in turn reports to the Fund Council

The CGIAR Consortium concurs with most findings and recommendations in this report, a number of which are already reflected in the evolving structures and practices of Centers and CRPs. These should pave the way for improved governance and management of CRPs as we prepare for the next CRP cycle.

We take encouragement from the conclusion that "*the basic accountability framework for CRPs [is] functional*" and that "*the flow of accountability from the Fund Council to the Consortium to the Centers makes good use of the CGIAR's corporate structure, allowing the research portfolio to change and evolve as results are achieved and new opportunities or challenges emerge*".

The report also notes the dynamic nature of this period in the CGIAR system and the ongoing efforts of CRPs, which are still at an early stage, at problem solving and continuous improvement with regard to CRP governance and management.

The CGIAR Consortium also welcomes the explicit recognition of the continuing importance of Centers in the new CGIAR in order to achieve our goals and targets towards the System Level Outcomes.

The report sets forth eight recommendations that relate to CRP governance and management and center and system-level issues that have a bearing on the overall success of the CGIAR's programmatic strategy. The CGIAR Consortium notes that these recommendations are informed by the need to (i) streamline structures, (ii) strengthen the independence and legitimacy of decision making, (iii) provide CRP leaders with the authority to manage for results, (iv) strengthen accountability and transparency, and (v) recognize the need to sustain the institutional capacity of centers, which are all important objectives.

Below is the CGIAR Consortium's response to each of these recommendations.

Governance Recommendations

1. Create a single, balanced governing body for each CRP that reports directly to the lead center board on the performance of the program. The CRP governance body should bring together appropriate expertise, include a majority of independent expert members, and accommodate lead center and partner representation.

The recommendation creates a more effective and efficient structure for providing immediate accountability and support for priority setting, resource allocation and evaluation of the CRPs. A CRP leader would be directly accountable to this body for performance. A single, balanced, expert and independent body assures donors, partners and stakeholders that no interests but the best interests of the program will shape deliberations. It assures lead center boards of an independent mechanism for assuring program performance and maintains their accountability function in the current program agreements. The recommendation eliminates duplicative structures and contributes to more efficient decision making.

Responsibility for action: Consortium Board
Timing: 2015 renewal of program plans

CGIAR Consortium Response:

A. The CGIAR Consortium supports the following model for CRP management and governance (cf. diagram 1 on page 1):

1. **A Lead Center Board which is the sole governance body with fiduciary responsibility for the CRP** it leads and whose decisions and recommendations concerning the CRP are shared with the other Centers and partners participating in the CRP.

2. **A single "steering committee" (or independent science advisory panel) with a high level of expertise, inclusiveness and independence, which has an advisory function and reports directly to the Lead Center Board**. This committee's primary task would be to provide strategic direction to, and oversight of, the CRP, serving as an indirect report for the CRP Leader. The committee would be chaired by one of the independent / external members of the committee, and the Lead Center DG would be expected to be a member together with 2 or 3 participating Center DGs whose role would be to represent all participating Centers (see below for more details on responsibilities, composition and appointment of the steering committee).

3. **A CRP Leader who provides strong intellectual leadership with regard to the CRP and who**, in order to have the authority to manage for results, **reports technically or functionally to the steering committee** (dotted line reporting) **and administratively to**

the Lead Center DG (solid line reporting). ***Note that in this regard the Consortium does not agree with the IEA Report, which recommends that the CRP Leader should report to the Steering Committee only.*** The dual reporting would allow the CRP Leader to work on a day-to-day basis with the Lead Center DG while benefiting from the Steering Committee's overall guidance. The CRP leader's annual performance review would be conducted by the Steering Committee and Lead Center DG jointly – a typical arrangement in a matrix organization. The CRP Leader would be hired by the Lead Center upon the recommendation of a hiring committee established by the Steering Committee in which the Lead Center DG participates.

4. **A Lead Center DG who serves as the direct, administrative day-to-day report for the CRP Leader and participates in the hiring committee of the CRP Leader** (as mentioned above). The Lead Center DG reports directly to the Lead Center Board.

5. **A CRP Management Committee, chaired by the CRP Leader, made up of Principal Investigators (PIs) of each of the partners who report both to the CRP Leader, and to their line manager in their employing entity (as in any matrix organization).** The annual performance evaluation of PIs would be conducted by their employing entity, with significant input from the CRP Leader.

B. More specifically regarding the steering committee, the CGIAR Consortium:

- believes the steering committee's responsibilities should include:
  - strategic direction to, and oversight of, the CRP, including priority setting and the evaluation of results;
  - reviewing the Program of Work and Budget (POWB) developed by the CRP's management committee and recommending it to the Lead Center Board for approval;
  - overseeing external evaluations of CRP programs and activities;
  - maintaining awareness of stakeholder perspectives and needs;
  - serving as an indirect report for the CRP leader;
  - reporting at least annually to the Lead Center Board (through the lead Center Board Chair or the Chair of the Board's program committee);
  - serving as an expert resource to the CRP and the senior management team.

- and agrees with the Report's recommendation that:
  - the steering committee's composition should include:
    - a majority of independent (external) members, including the chair;
    - individuals known and respected for their professional expertise;
    - a balance in gender;
    - geographic balance with representation from CRP target regions;
    - partner and stakeholder representation (including 2 or 3 participating Center DGs whose role would be to represent all participating Centers);
    - ex officio representation of the Lead Center DG, the CRP leader.

A representative of the CGIAR Consortium should have the right to attend steering committee meetings as an observer (***note that this was not included in the IEA Report's recommendations***).

- The size of the steering committee should be functional, enabling participation and making management and support of the body reasonable for CRP management.

- the steering committee members appointment should be as follows:
  - members should be appointed by the Lead Center Board for a fixed term, with a single option for renewal at the recommendation of the steering committee;
  - the chair should be an independent member recruited from outside the CRP by members of the steering committee and appointed for a fixed term.

- The basis for including partners or stakeholder representatives should be clearly articulated with the expectation that representative members will participate in their individual capacity and minimize both conflicts of interest and the appearance of conflicts of interest.

C. Regarding timing, Lead Centers are encouraged to put in place CRP management and governance structures that are consistent with the new model described under A and B above as soon as possible, and at the latest for the second round of CRPs (2017 onwards). ***(Please note that this diverges from the IEA Report which recommended implementation in the 2015 renewal of program plans.)***

2. Assure transparency in the work of CRP governance bodies by making available on CRP websites the names of members and their qualifications, posting meeting agendas and minutes, and otherwise sharing information that builds confidence in the basis and quality of decision making.

Because a balanced and independent governing body cannot reasonably include the full representation of partners and stakeholders, it is important to conduct business in a transparent fashion in order to maintain confidence in the legitimacy and fairness of decision making. A number of CRPs currently include this information on their websites.

Responsibility for action: Governing body chairs, CRP leaders
Timing: Immediately with endorsement of the recommendation

CGIAR Consortium Response:

The CGIAR Consortium recognizes the critical importance of transparency and therefore agrees with this recommendation.
Making minutes available on-line would require having two versions of the minutes: an edited public version (without confidential personal or business information) and an unedited version restricted to internal purposes and information to boards, Center senior management and main partners.

3. Institute policy and decision-making mechanisms for managing conflicts of interest at the governance and management levels of CRPs.

Such mechanisms are considered good practice and reflected in the guidelines and policies of center boards. A number of CRPs have adopted policies and decision-making mechanisms of this kind. Broader implementation offers the opportunity for CRPs to compare their policies and practices in this area and identify which have been effective and offer a model to other CRPs.

Responsibility for action: Consortium Board
Timing: 2015 renewal of program plans

CGIAR Consortium Response:

The CGIAR Consortium agrees with this recommendation, and will be developing, together with the Fund Office, in 2014 a System-wide conflict of interest policy which could serve as guidance.

Management Recommendations

4. Strengthen the authority of the CRP leader to manage for results:

- **place the reporting line and accountability for performance with the CRP governing body included in Recommendation 1,**
- **give CRP leaders the authority to establish appropriate management and program advisory arrangements,**
- **institute a formal role in the performance evaluation of CRP program managers and coordinators employed by centers.**

The recommendation creates a line of authority for a CRP starting with the lead center board and continuing through the CRP governance body to the CRP's leadership. It strengthens and clarifies the role of the CRP leader and the authority needed to manage for results. CRP leaders would have the flexibility to put management and program advisory structures in place that are responsive to program and partnership needs. An additional component of the authority to manage for results is a role in the evaluation of management team members. The recommendation has been revised from the initial draft to reflect the current diversity of senior research leaders involved in CRP management, principally DDGs, and the accountability for hiring and staff performance that rests with a center DG to whom these positions are direct reports. (An equivalent situation occurs when CRP research managers are employed by organizations outside the CGIAR.) The revised recommendation includes the CRP leader as an important input to performance evaluation in these circumstances as this input supports the overall quality of management for which the CRP leader is accountable.

Responsibility for action: Consortium Board
Timing: Guidance for CRP Second Call (2015)

CGIAR Consortium Response:

Cf. response under Recommendation #1.

5. Establish uniform guidelines that harmonize CRP management budgets, including staff costs attributed to program administration, coordination of key functions, and research management, to reflect the legitimate costs of program management and to better assess management efficiency and effectiveness.

The CRP proposal process contained limited instructions for preparation of management budgets. Consequently, some CRPs outlined comprehensive staffing plans with associated costs, and others relied on a percentage calculation of the total projected CRP budget to estimate the cost of managing the programs. Budget development and accounting systems should provide sufficient uniformity to make useful comparisons across CRPs and centers, and to benchmark CGIAR expenses against comparable research or multi-stakeholder programs.

Responsibility for action: Consortium Board
Timing: Guidance for CRP Second Call (2015)

CGIAR Consortium Response:

The CGIAR Consortium agrees with this recommendation, which it finds important in order to be able to compare management costs across CRPs.

Center and CGIAR System

6. Resolve the outstanding issue of maintaining center financial reserves through a prudent and equitable system-level agreement between the Fund Council and the Consortium on the use of W 1&2 funds with respect to reserves.

It is in the long-term interests of the CGIAR to assure that the centers as the institutional framework for the CRPs have the resiliency and financial stability to deliver results at the level and within the timeframes projected. Although the uncertainty about the levels and timing of W1&2 funding are being resolved, this does not wholly address the broader need for the CGIAR’s own funding to play a role in assuring the financial stability of the institutional framework that underlies the CRPs. The recommendation does not address the issue of a CRP reserve for W1 funds or relate in any way to the idea of centralizing the management of existing center reserves.

Responsibility for action: Fund Council/Consortium Board
Timing: Coincident with the renewal of CRPs through 2017

CGIAR Consortium Response:

Centers' ability to generate reserves in the reformed CGIAR has become a major concern for Centers which needs to be addressed urgently. The CGIAR Consortium welcomes the explicit recognition that Center resiliency and financial stability is in the long term interest of the CGIAR and agrees with the recommendation to conclude a prudent and equitable system-level agreement with the Fund Council on the use of W1 & 2 funds with respect to reserves.

7. Create guidelines that increase transparency and encourage the alignment of resource mobilization on the part of centers for activities that strengthen centers' capacity to achieve the SRF, or for purposes consistent with center mandates but outside CRPs.

While there remains a strong rationale and motivation to bring as many donors as possible into the Fund, there are likely to be limits to the resources available to the centers through the Fund as well as donors who elect to fund centers directly. Some centers currently pursue bilateral support for the purposes suggested by the recommendation; others do not. The recommendation brings forward the idea that centers can be partners and major investors in CRPs and committed to achieving the SRF, while also maintaining their institutional stability, and the flexibility to invest in and renew facilities and infrastructure as part of long term planning. Similarly, centers, consistent with their mandates, should be able to contribute to regional priorities outside the SRF as well as center-specific opportunities or needs. To avoid conflicts between these activities and broader efforts to increase the size of the CGIAR Fund and the number of donors to it, clear guidelines as well as transparency about these transactions are needed.

Responsibility for action: Fund Council/Consortium Board
Timing: immediately, with endorsement of the recommendation

CGIAR Consortium Response:

The CGIAR Consortium agrees with this recommendation and notes that these guidelines will be created within the context of the development of a Resource Mobilization Strategy (which was a recommendation made by PwC in its governance report, approved by the Consortium Board at CB 13) by a Fund Council Resource Group and a Consortium Resource Group (currently being formed).

8. Evaluate the Genebanks CRP for lessons learned on investing in system-wide research assets.

The review generated limited findings, conclusions and a recommendation for the governance and management of the Genebanks CRP, noting its differences from the research CRPs. Over the course of the review, the CRP was consistently viewed by stakeholders as an example of a critical system-level investment. The recommendation is intended to generate lessons learned about the value of such investments, and how best to structure them.

Responsibility for action: Fund Council/Consortium Board
Timing: 2016, prior to the CGIAR system-level evaluation

CGIAR Consortium Response:

The CGIAR Consortium agrees with this recommendation.