

## Statement of the IFPRI Board of Trustees on CGIAR Change

Addis Ababa, Dec. 9, 2008

The IFPRI Board...

1. strongly supports the objectives of the Independent External Review and the change management agenda of: strong accountability for research funding, exemplary standards of governance and financial administration, and for integration of center activities in the interest of avoiding overlapping functions and unnecessary overheads.
2. emphasizes, that Centers must also have constitutional protection of some rights to perform well, especially for autonomy in setting strategies beyond the Consortium agenda, independent voice in their field of expertise, and independent fund raising from any source for their agenda.
3. has a favorable attitude towards collaboration with other Centers with substantial policy research functions, in ways that strengthen the CGIAR system and significantly reduce total overheads. We will gladly enter discussions on integration with any interested Centers.
4. believes that we operate under all of the standards of governance and financial administration that the Independent External Review is seeking for the system as a whole, meeting all of the highly demanding standards (e.g. Sarbanes Oxley), full accounting and charging for overheads, and superior accounting systems.
5. wants to cooperate fully in the CGIAR change agenda, and will do so to the extent that this is consistent with the laws under which IFPRI operates and the requirements of continued high levels for governance and high professional performance of the Institute. We note the need for professional advice to explore potential legal barriers.

Throughout 2008 and most recently right after the AGM in Maputo the IFPRI Board at its meeting Dec. 8-9, 2008 in Addis Ababa extensively reviewed and discussed the CGIAR change plans. In elaborating on the above stated five main conclusions, the Board notes:

1. The new Vision of the CGIAR to reduce poverty and hunger, improve human health and nutrition, and enhance ecosystem resilience through high-quality international agricultural research, partnership, and leadership is much appreciated by the Board. Similarly the three "strategic objectives": Food for People, Environment for People, and Policy for People are very much welcomed. These strategic objectives should shape the overarching strategy and results framework of the system, and can also serve as the broad programmatic structures of funding.

2. IFPRI's bylaws and international status do not prevent it from entering into voluntary agreements where the agreement is intended to promote the ability of IFPRI to accomplish its mission, which the Board notes is much in line with the CGIAR mission as stated above.
3. To effectively serve the poor and their food and nutrition security, the CGIAR needs to be results-oriented and to operate at a much larger scale. The Board notes that IFPRI serves the system well, not the least in gender research (as noted by the CGIAR independent external review), in the co-leadership of the noted HarvestPlus Challenge Program, in providing a timely and sound voice in addressing the food crisis and related key contributions to global and national actions, as well as for emerging CGIAR platforms and expert bodies. The Board also notes that IFPRI as a whole is well-governed and managed, to an extent that it considers to be exemplary.
4. The proposed governance design of the reform proposal contains ambiguities and contradictions. The Consortium Board is proposed to be elected and accountable to the Centers. At the same time it shall govern the Strategy and Results Framework and the mega programs to be managed by the Centers, including the responsibility to sanction Centers if delivery on a Performance Contract is not satisfactory. This entails circularity of responsibility and conflict of interest. Checks and balances between the Consortium Board and the Centers' Boards are not well defined. For appropriate oversight and enforcement of performance contracts, either an independent consortium Board is required, or the Fund Council must provide ultimate oversight powers. The IFPRI Board would lean toward the latter as a solution to resolve the ambiguity. It notes that guidelines to evaluate performance contracts are required.
5. To assure strong and innovative research delivery the Centers need to be accountable for the results oriented Mega Programs as proposed. However, to perform well, Centers must also have constitutional protection of some rights, especially for
  - (1) autonomy in setting strategies beyond the Consortium agenda (to maintain innovation and quality research from the bottom up),
  - (2) independent voice in their field of expertise (as a basic right of academic and institutional freedom, and necessary for high institutional performance), and
  - (3) independent fund raising from any source for their agenda (beyond the Mega Programs) to do their research business in pursuit of the CGIAR vision and system objectives (thus, maintain the framework with bilateral funding opportunities as long as the costs of these projects are fully covered).

The Constitution for the new CGIAR must guarantee these rights in order to ensure quality research.
6. IFPRI is ready to engage strongly with analytical support in the development of the CGIAR Strategy and Results Framework that shall define choices of priority Mega Programs with strong involvement of stakeholders. These Mega Programs need appropriate governance and management structures.

7. IFPRI is ready to coordinate - in cooperation with sister Centers that have substantial policy research functions - policy research in the CGIAR. It will also seek to lead some mega programs and to play a key role in the policy research components in other mega programs. The IFPRI Board does not preclude organizational realignments of policy research in the system in the future and would gladly enter discussions with any interested Centers.
8. The new CGIAR needs to foster strong partnerships in the field of policy research. IFPRI operates in large theme-specific and trans-regional networks with hundreds of partners. IFPRI notes that some of the partner institutions to the CGIAR require strengthening in policy and socio-economic research. IFPRI is prepared to engage with and assist CGIAR partners to strengthen their own socio-economic and policy research capacity.
9. The implementation of the CGIAR Change plans needs to be professionally crafted. That requires not only the clear definition of structures, but also the delineation of processes, such as process of setting priorities, process of budgeting and flows of funds, process of accounting, and processes of sanctions if performance contracts are not adequately delivered. To address these issues early on to pave the pathways of transition a professional “Change Manager” with suitable experience should be appointed soon and equipped with authority, management consultancy and legal advisory backup.
10. The details for auditing and fiduciary responsibilities need clarification early in the change process, as the legal entity of the Consortium is being considered. Under the proposed structure, Centers such as IFPRI remain as legal entities—in the IFPRI case, with US 501(c) 3 charitable status. Financial statements for Mega-Program will require careful study and agreement. The Consortium approach stresses the need for full cost recovery (including indirect costs) for mega-programs. Tracking the time spent by researchers on projects (i.e. an integrated time recording system) is essential to implementing accounting for Mega-programs. The financial performance measurement criteria developed by the CGIAR in recent years include a formulation for expressing reserves (Net Assets) in terms of days of operations. The proposed new financial funding mechanism may render this performance indicator inoperable because funds transferred from Consortium to a Center for a Mega-Program, changes the nature of the Grant from Unrestricted to Restricted in the books of the recipient center. Consequently, the recipient Center cannot generate a surplus (i.e. accumulated reserve). We urge early involvement of Centers’ Administration and Finance directors to settle these matters in coherent ways across Centers.