

**Design and Establishment of the  
Consortium of CGIAR Centers**  
Final report

12th October 2009

Dear members of the CGIAR Alliance

On behalf of the Boston Consulting Group (BCG) team, we are pleased to provide you with the attached report on the Design and Establishment of the Consortium of CGIAR Centers.

Almost 40 years after its creation, the CGIAR continues to make vital contributions to the global community and to development impact. However, the multiple challenges of food security, climate change, and natural resource management remain more acute and more complex than ever. To address these challenges more effectively in the future, the CGIAR is undertaking a significant set of reforms that will replace old structures with new ones and enable greater system-wide coordination and strategic focus.

We are grateful to have had the opportunity to offer our contributions to this important reform process. This report summarizes our recommendations on the design of a Consortium Office that will support the Consortium Board and CEO in fulfilling their mandates as part of the new CGIAR. It also provides our perspectives on two other important aspects of the new Consortium development: the key elements of a new performance management process overseen by the Consortium CEO and Board, and criteria for determining the appropriate location for the new Consortium Office. We have also provided an estimate of the cost of the Consortium Office and Board under a variety of scenarios, and of the net cost impact of the system-level functions in the new CGIAR compared with those currently in place. Finally, we provide some perspectives on the key change management challenges that will need to be met in the coming months to enable a successful transition.

This work has benefited from the involvement of many from within the Alliance and across the CGIAR System. We greatly appreciate the time, commitment and candor of those who have provided us with input and feedback over the past several weeks. We would also specifically like to thank Stephen Hall, Anne-Marie Izac, and the other members of the Consortium Planning Team for their help and guidance in this process.

Many challenges remain to be met as the change agenda moves forward. However, we are confident that the recommendations in this report will provide the Consortium Board and CEO, and the CGIAR system at large, with a solid blue print for the development of the new Consortium, and a foundation for success as the reform effort proceeds.

Yours sincerely



Colin Boyle



Ulrich Villis



Lane McBride



Lynnette Khong

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## **Executive Summary**

### **Introduction and Context**

Since its establishment almost 40 years ago, The Consultative Group on International Agricultural Research (CGIAR) has sought to use the power of innovation to address the food security and economic development needs of the world's poor. While it continues to make vital contributions in the face of ever more acute global challenges, the CGIAR system stands at a crossroads. Concerns about stagnant funding levels, fragmentation of focus, excessive bureaucracy and barriers to collective action and greater coordination have motivated the desire for large-scale reform of the system. At a 2008 meeting in Maputo, Mozambique, stakeholders from across the system (centers, funders, and partners) agreed in principle to a number of changes to expand the CGIAR's capacity to deliver true developmental impact and prepare the system for its next 40 years.

Over the last several months, a number of related efforts have addressed different elements of this change agenda. The Boston Consulting Group (BCG) has supported the change process in two phases: First, we focused on drafting a new constitution for the Consortium and defining the roles of the Consortium Board and CEO. Second, we worked on designing the Consortium Office's structure and functions to enable it to support the Board and CEO effectively. This latter work is the topic of this paper.

Our analysis has focused on the Consortium, which is only one of the new CGIAR's "system functions" – meaning the entities that are responsible for coordinating and overseeing the work of the system. As a result, our recommendations here do not include some important "pieces of the puzzle." The designs of the Fund Council and ISPC have been handled as separate workstreams under the overall coordination of the Transition Management Team (TMT). (We have been in contact with the leaders of those efforts to try to ensure that the designs are aligned and consistent.) The proposed initial SRF and Mega Program portfolio have been developed as part of yet another workstream, and shared services across the Member Centers (including today's system offices) are being evaluated under a separate consultancy.

Given that the different elements of the new CGIAR will continue to evolve – and that their evolution will require some "fine-tuning" of the Consortium Office designs – we suggest that this document be viewed as a set of "point-in-time" recommendations based on best-available information. We are confident that the designs reflected here are not only well grounded but also very close to what will be needed when all of the parts stop moving. However, we recommend continued scrutiny of the design of each of the various parts of the new system to ensure that any unnecessary duplication is avoided, and that the system as a whole is kept as lean as possible.

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### **Roles and Responsibilities of the Consortium CEO and Board**

The roles and responsibilities of the Consortium Board and CEO, as articulated in the new Constitution, have informed our recommended organizational design of the Consortium. **Chapter 2** of the Report provides a recap of these roles and responsibilities.

It is appropriate to acknowledge that there is a very real tension between the Consortium Board's system-wide mandate and the role of individual center Boards. If well managed, this tension can be a constructive force, driving each side to excel in its role and providing checks and balances for the system as a whole. Striking the right balance of power between the Consortium and its Member Centers over time will be critical to the success of the new CGIAR.

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### **Recommended Design of the Consortium Office**

In **Chapter 3**, we lay out our detailed recommendations for the organizational design of the Consortium. This design has benefited from a study of analogous organizations, as well as input from the Alliance. Much of the feedback received has been reflected in “Feedback Notes” throughout Chapter 3.

The Alliance has had input into the recommendations presented here. Alliance members will continue to be consulted as the design process continues. However, the ultimate reviewers and decision makers for this set of recommendations will be the Consortium Board and CEO, who together will decide on the support they need to execute their mandate as effectively and efficiently as possible.

#### *Overarching organization design goals*

In designing the Consortium Office to support the Board and CEO, we have been cognizant of many stakeholders' concerns that the Consortium be as focused, simple, streamlined, and cost-effective as possible. In that spirit, and in light of the reform agenda laid out in Maputo, we have designed the Consortium Office with a set of high-level goals in mind, i.e., that the Office will:

- Focus on activities that enable Member Centers to increase their research effectiveness and impact
- Minimize duplication of roles and responsibilities between the Consortium Board/Office and other parts of the CGIAR system
- Be as lean as possible and sized according to the main drivers of work (e.g., number of Mega Programs, size of CG Fund), evolving in size as these drivers change
- Enable efficient decision making; minimize bureaucracy
- Foster communication and collaboration between the Consortium Board/Office and key Consortium stakeholders, in particular, Member Centers and the bodies of the Fund
- Strengthen functions that are not performed well today (e.g., building the public profile of the CGIAR)
- Play a role as “Performance Manager” of Mega Programs and other work funded through the CGIAR Fund

*Recommended Organizational Structure for the Consortium Office: Four Discrete Units*

The Consortium's mandate is broad. Under the new Constitution, it is charged with providing leadership to Member Centers and other system partners and coordination of their activities so they can contribute most effectively to the overall CGIAR vision.

To support the Consortium Board and CEO in achieving this mandate, the Constitution calls for a Consortium Office consisting of "a professional staff responsible for carrying out the day-to-day operations of the Consortium." The Consortium Board will consist of part-time members, while the Consortium Office will work under the direct leadership of a full-time CEO.

We believe the Office will operate most effectively if its functions are divided into four key organizational units:

- 1. Research Strategy & Performance:** Responsible for harnessing the expertise and input of Member Centers and other stakeholders in the development of CGIAR research priorities, the Strategic Results Framework and Mega Program Portfolio. Will also support the Board and CEO in developing proposals for fund allocation across and within Mega Programs, and for monitoring and reporting on Mega Program performance
- 2. Finance and Administration:** Responsible for providing financial oversight of Mega Programs and Member Centers, performing aggregated financial reporting, and improving the efficiency and effectiveness of financial management by coordinating activities across Member Centers. Also responsible for financial management of the Consortium Office itself.
- 3. Communications and Stakeholder Relations:** Responsible for helping the Board and CEO locate new funding sources and attract them to the Consortium, and for raising the profile of the CGIAR through marketing and brand-building activities. Will also coordinate and synthesize communications efforts and build a community of practice across Member Centers.
- 4. Strategic HR & Change Management:** Responsible for supporting change management throughout the transition to the new Consortium, including recruiting Consortium Office staff, and for leading the development of cross-center Strategic HR initiatives in collaboration with center leadership and HR teams.

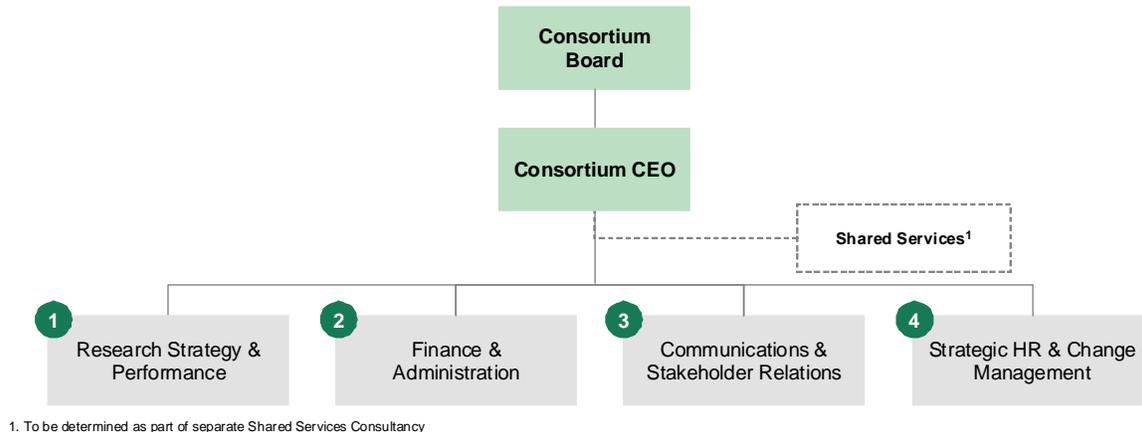
*Note:* A **Shared Services** unit will also be part of the new Consortium. The organizational set-up and activities of this function will be detailed under a separate consultancy. However, from a governance perspective, we recommend that the Head of this unit report directly to the Consortium CEO.

This division of responsibilities under the CEO is a logical separation of Consortium work according to the skill sets required for each type of activity, aligns each function with the key stakeholders involved, provides the Consortium with sufficient senior management focus and expertise in each key area of work, and provides an appropriate span of supervision and sufficient operational support to allow the CEO to focus on leadership-level priorities. In addition, it creates a relatively lean structure with as few

organizational layers as possible and facilitates efficient communication and decision-making.

The head of each unit would report directly to the CEO, as shown in the organizational chart below:

*Recommended Consortium Office organization design*



**1. The Research Strategy & Performance (RS&P) Unit**

We recommend the creation of a Research Strategy & Performance unit to support the CEO and Board in carrying out their responsibilities under the Consortium Constitution in the following areas:

1. Strategy setting, portfolio development and resource allocation
2. Mega Program portfolio performance management
3. Donor interface and reporting
4. Fostering efficiencies, best practices and Consortium-wide policy discussion

*Responsibilities of the Head of RS&P*

1. **Strategy setting, portfolio development and resource allocation.** The Head of RS&P would manage a robust strategy and portfolio allocation process, and help shape a coherent and balanced agenda of Mega Programs in collaboration with centers and other stakeholders. Harnessing the expertise and involvement of centers, he or she would help to identify strategic priorities for the CGIAR, design and manage the Mega Program portfolio selection process, develop an “investment plan” proposing the allocation of resources to maximize synergies across the Mega Program portfolio, and nominate Lead Centers.
2. **Mega Program portfolio performance management.** The Head of RS&P would also be responsible for monitoring the scientific performance of Mega Programs so as to inform intelligent decisions about future resource allocations, provide annual reporting to the Fund on the performance of Mega Programs, and give meaningful feedback to programs to maximize the development impact of the

CGIAR's research. These tasks would be performed with the help of Mega Program Officers reporting to the Head, as explained below.

3. **Donor interface.** In support of the CEO, the RS&P Head would serve as a central point of contact for reporting to the Fund and donors on Mega Program and overall system performance.
4. **Fostering efficiency, best practices, and Consortium-wide policy discussion.** The RS&P Head would be responsible for facilitating Consortium-wide debate on crosscutting issues and policies.

#### *RS&P Staff Supporting the Head*

Supporting the head would be Mega Program Officers (MPOs), who would serve as the primary science performance managers of Mega Programs. MPOs would not be responsible for day-to-day program management of Mega Programs; that would be the role of Lead Centers. Rather, MPOs would be charged with maintaining an “arms-length” perspective on Mega Program performance through regular monitoring of progress against planned milestones, and evaluating the impact of Mega Programs using relevant, program-specific metrics. (See Chapter 4 for a discussion of performance metrics in the new system.)

A second role eventually supporting the head would be a Portfolio Development and Evaluation Manager who would be responsible for analytical and process support for Consortium strategy development and priority setting, including: mobilizing expert input (both CG and external) to inform research priorities, managing the MP selection process, and synthesizing inputs from MPOs and Finance into reporting to the Fund. It is unlikely that the Portfolio Development and Evaluation Manager position would need to be filled until the Fund and Mega Programs reach a critical mass.

## **2. The Finance and Administration (F&A) Unit**

The Consortium Constitution defines responsibilities for the Consortium CEO and Board in a number of areas related to financial management, including overseeing the functioning of the Consortium as a central point of fiduciary and operational accountability for all funds that pass to it from the Fund. We recommend a Finance & Administration unit, led by a Chief Finance and Administrative Officer (CFAO), to support the Board and CEO in the following key areas of activity:

1. **Financial monitoring of Mega Programs.** Reviewing and analyzing the financial health of Mega Programs, monitoring financial compliance with Consortium-Fund and Consortium-Center performance agreements, and flagging financial risks presented by Mega Programs with a view to recommending mitigating or corrective actions to the CEO and Board.
2. **Financial monitoring of centers.** Reviewing and forming a point of view on the financial health of centers, and of the Consortium as a whole, monitoring financial and reputational risks that individual centers may pose to the CGIAR, and informing the CEO and Board of these risks.

3. **Financial reporting to the Fund, Member Centers and external regulatory bodies.** Preparing annual financial reports with respect to the Mega Programs, the Consortium Office, and also on an aggregated CG-wide basis.
4. **Fostering financial management efficiency/best practices.** Based on input from Member Centers and the Shared Services unit, developing recommendations to the CEO and Board for improving the efficiency and effectiveness of CGIAR financial management through Consortium-wide initiatives, e.g., development of financial guidelines, common standards, and shared systems.

#### *F&A Staff Supporting the CFAO*

To support the Chief Financial and Administrative Officer in fulfilling his/her function, we recommend the following roles:

- **Finance Officer:** Would support the CFAO in monitoring the financial aspects of performance contracts and agreements, lending the analytical and process support necessary for monitoring the financial health of Mega Programs and centers, and preparing financial reporting to the Fund, Member Centers and external regulatory bodies.
- **Consortium Office Finance Manager:** Would be responsible for managing and preparing Consortium Office budgets and financial plans, and managing the interaction between the Consortium F&A team and Consortium Shared Services (e.g., development and monitoring of service level agreements).
- **Contracts Administrator:** Responsible for providing process support for contract development, execution and monitoring.
- The additional roles of *Fund Disbursement and Treasury Support* (e.g., investment policy, currency hedging) may also be needed, depending on final agreement with the Fund on the process for transferring funds to the Consortium Office and making disbursements to Mega Program participants/ centers.

### **3. The Communications and Stakeholder Relations (C&SR) Unit**

The Consortium Constitution articulates responsibilities for the Consortium CEO and Board in raising the profile of the Consortium and agricultural research for development, and in supporting the Fund Council in fundraising and donor relations. In addition, the Board itself will require support in its interactions with the CEO and Consortium Office, as well as with Member Centers and other key stakeholders.

To provide appropriate focus and expertise to these activities, we recommend a Communications and Stakeholder Relations unit within the Consortium Office responsible for:

1. Fundraising and donor relations, in support of the Fund Council
2. Raising the profile of the CGIAR and agricultural research for development, and conducting branding and marketing activities to attract donor investment
3. Monitoring and responding to shifts in the external environment

4. Coordinating and supporting a community of practice among communications and donor relations professionals across CG Member Centers
5. Performing the role of Board Secretary

#### *Responsibilities of the Head of C&SR*

Leading this unit, the Head of Communications and Stakeholder Relations would be responsible for:

1. **Fundraising and donor relations.** While the Fund Council will take the lead in fundraising, the Head of C&SR would support the CEO and Board in developing and executing a strategy for attracting new funds to the CGIAR, including building intelligence on donors' preferences, priorities and policies, and identifying target individuals within donor organizations.
2. **Coordinated branding and marketing of the CGIAR and the Mega Programs to attract donor investment.** The Head of C&SR would lead the development of a more strategic and coordinated approach to communications, branding and marketing, so that each of the elements of the new system (centers, Mega Programs, the Consortium) contributes to a consistent understanding of the work of the CGIAR.
3. **Monitoring and responding to the external environment.** The Head of C&SR would share information with the centers and alert them to emerging developments that might require a response, as well as monitor stakeholder perceptions of the CGIAR. This would enable centers, and the Consortium as a whole, to respond in a timely and coordinated way to major external events as they arise.
4. **Coordination and support for a community of practice.** Center communications directors have expressed a strong desire for the Consortium Office to play a leadership role in coordinating CG-wide communications and facilitating a strong community of practice among center Communications teams. The Head of C&SR would provide a focal point for this network, raising awareness among senior stakeholders of the importance of cross-center initiatives and helping to coordinate these initiatives.
5. **Consortium Board Secretary/support.** The Head of C&SR would also perform the role of Secretary to the Consortium Board, attending its meetings and performing recording and record-keeping functions at its request.

#### *C&SR Staff Supporting the Head*

The Head of C&SR would be supported by one or more Communications and Stakeholder Relations assistants, who would be responsible for helping to implement Consortium strategies for communications, marketing and stakeholder relations.

#### **4. The Strategic HR & Change Management (SHR& CM) Unit**

The Consortium Strategic Human Resources and Change Management unit would be responsible for:

1. Supporting the CEO in change management around the CGIAR reform process, including communication, staff pulse checks and support for the hiring and on-boarding of the Consortium Office team itself
2. With the support and collaboration of center HR teams, helping to coordinate system-wide HR programs (e.g., rotational programs or fellowships for scientists) to strengthen the recruiting brand.
3. Over time, building communities of practice across the centers' HR functions and supporting initiatives to generate efficiencies through cross-center HR policies and platforms.

*Responsibilities of the Head of the SHR&CM Unit.*

1. **Change Management support for the Consortium Board and CEO.** The Consortium Board and CEO need to be the very public face of change in the new CGIAR, and through their leadership, mobilize key stakeholders in pursuit of the goals of the new Consortium. However, based upon our experience with other organizations, it will also be important to have dedicated resources supporting the CEO in the change process, and a dedicated focus on communicating with Member Centers throughout the transition. The change management aspects of the SHR & CM Head's role would be weighted more heavily in the first 1-2 years of the Consortium's establishment, and then, depending on need, could be ramped down.

In addition to change management, in the short term the CEO will need HR support for in hiring the right talent to staff the Consortium Office and Shared Services. This will require resources to manage the processes of search and selection, as well as integration of people into key roles.

2. **Strategic HR.** A second role for the Head of this unit would be in Strategic HR. We acknowledge the view expressed by some Alliance members that centers should continue to manage their own human resources. Under the proposed model, Member Centers will certainly retain responsibility for center HR decisions, especially with respect to hiring their own staff. However, the CGIAR is a research enterprise whose core assets are its people, and in the longer term, we believe that enhanced coordination among centers would enable more effective recruitment, retention and management of key talent.

In support of attracting and retaining top talent to the CGIAR, Consortium Strategic HR could play a role in developing, in partnership with center HR teams, talent recruitment and development programs such as cross-center reward programs, management training courses and talent rotation programs.

3. **Support for initiatives to generate efficiencies through cross-center HR policies and platforms.** The Head of SHR& CM would help centers to coordinate initiatives to increase efficiencies through common standards and policies in areas such as recruitment, benefits, and performance evaluation.

### *SHR&CM Staff Supporting the Head*

The Head of SHR & CM would be supported in his/her duties by the role of **Strategic HR & Change Management Project Manager**, who would provide operational support to the Consortium change management effort, help to recruit the Consortium Office team and develop new HR policies and processes for the Consortium Office, support Consortium-wide interactions such as workshops, and facilitate cross-center strategic HR initiatives.

### **Relationship Between the Consortium and Other System Actors**

Given the mandate of Consortium Board and CEO to coordinate system-wide activities, we recommend that the Consortium replace any system functions currently performing these activities (i.e., Science Council and SC Secretariat, CGIAR Secretariat and Alliance Office), and that future system entities (including the Fund Council and Office, ISPC, Shared Services, Independent Evaluation Unit and Member Centers) complement - rather than duplicate - the activities of the Office. In Chapter 3 we discuss in greater detail the delineation of responsibilities between the Consortium and other bodies in the future CGIAR system.

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### **Performance Management in the New CGIAR**

**Chapter 4** of the Report lays out some of the key principles that we consider should guide the performance management process in the new CGIAR. In formulating these principles, we have taken into account certain defining characteristics of the CGIAR's work (e.g., long time frames to development impact and the need for significant partner participation) and new challenges that will arise in the new system (e.g., increased size of Mega Programs over today's Challenge Programs).

The Consortium Board, CEO and Office will have a central responsibility for the performance management of Mega Programs in the new CGIAR. They will need to fulfill these responsibilities by leading an adaptive, flexible process, in which the Consortium Office, Member Centers and partners routinely engage with one another to:

- Develop and update Mega Program proposals and strategic and operational plans.
- Develop a clear, shared view of the appropriate metrics, linked to the SRF, which should be used to assess the performance of each Mega Program.
- Design the appropriate systems, processes and tools needed to manage the performance of Mega Programs, striving for greatest efficiency and effectiveness across programs, e.g., through standardization of reporting formats.
- Distinguish “well executed failure” from poor execution.<sup>1</sup>
- Learn from both successes and failures.

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<sup>1</sup> The 2008 Independent Review of the CGIAR System defines this as “the well designed and managed initiative that fails because the only way you can know if a new approach is successful is to try it out.”

- Facilitate long-term focus on development impact.

Through the Strategic Results Framework (SRF), Mega Program outcomes and impact will be linked with measurable results indicators, and progress against these indicators will be an input into decisions about resource allocation. As a result, performance management in the new CGIAR will be closely linked with the process for strategy and SRF development and the process for selecting, defining and planning the Mega Programs themselves.

### **Lessons learned from the current CGIAR performance management process**

As a first step in designing the new process, we have sought to identify concerns with the current system-wide CG performance management system and to elicit suggestions for building a stronger, more effective system. Those we spoke to in centers and system functions have highlighted certain positive aspects of the current system, including ways in which existing systems and frameworks for measuring performance have provided helpful insights and encouraged useful disciplines.

On the negative side, however five key concerns have emerged:

1. **Onerous reporting requirements:** Centers describe performance reporting as a very time-consuming exercise, taking up a significant proportion of management and research staff time. This burden is the result of the multiplicity of donor reporting requirements that centers must contend with, as well as system-level Performance Measurement System (PMS) reporting that, some centers feel, employs an unnecessarily large set of metrics.
2. **Questionable relevance and quality of metrics used:** Scientists expressed concern over the use of "proxy" metrics, in the CGIAR PMS, to monitor impacts and outputs, and the wisdom of permitting centers to define output targets and select outcomes to report on. We were also told that global metrics, such as using publications as a measure of output, are inadequate given the heterogeneity of CGIAR research and should be supplemented with other output measures.
3. **Lack of linkages between system-level and center-level planning, monitoring and evaluation tools:** Centers have described how the planning, monitoring and evaluation tools employed at the center level (e.g. project reporting or center annual planning tools) are often not linked with the tools used at the system-level (e.g. the CGIAR Performance Measurement System or Medium Term Plan).
4. **Insufficient trust in the system:** The 2008 Independent Review of the CGIAR System found that centers perceive Science Council monitoring and evaluation activities as being conducted for donors, and feel little ownership of the outputs and recommendations. The review also commented on the apparent lack of mutual confidence and trust between centers and system-level performance managers; centers feel they lack input into priority and policy setting, and that system-level performance managers do not always do a good job of communicating the value of the centers' work.
5. **Lack of consistency across Challenge Programs:** There are multiple performance management tools and processes, with no one body responsible for

comparison and synthesis of performance data across the entire range of Challenge Program work. It is difficult, therefore, to compare progress and results across different Challenge Programs.

### **Principles to guide the performance management process in the new CGIAR**

The aim of performance management in the new system is to balance accountability for the results of CGIAR research with the appropriate level of oversight, and to build a greater level of trust and partnership between those involved in performance management at the “system” and “center” levels.

It is our belief that in order to develop an adaptive, flexible process, the Consortium should lead a performance management system that conforms to 3 principles:

*Principle #1: Employ more relevant, informative metrics designed to contribute to learning, drive enhanced impact, and intelligently inform resource allocation decisions.*

Lessons from the current CGIAR Performance Measurement System highlight the inherent tension between performance management that, on the one hand, seeks to promote honest appraisal of research progress for the purposes of learning and improvement, and, on the other hand, uses the comparative “scores” of programs or centers as the sole basis for resource allocation decisions. In the past, the use of the CGIAR Performance Measurement System for the latter purpose appears to have impeded its utility for the former.

In the new system, the following changes in approach should help to resolve this tension:

- a) Using program-specific metrics in place of global metrics to assess and compare the progress of centers or programs. The new approach will utilize tailor made, program-specific metrics, derived from information collected at the project level and logically linked with the CGIAR’s overall strategic objectives and results as defined in the SRF.
- b) Incorporating qualitative discussion to supplement the use of “hard” metrics in order to parse out the main drivers of scientific performance. Distinguishing “well-executed failure” from poor execution is necessary for learning, and for ensuring that donors’ funding decisions are grounded in a full understanding of the difference between the two. Mega Program Officers and Mega Program participants should have a level of engagement that allows for such discussion, as well as enough flexibility to “change course” from the original plan where that is warranted by the scientific process.
- c) Informing resource allocations “holistically.”. Funding decisions should not rely on the mechanistic application of performance measurement outcomes, but also consider contextual factors such as temporary funding needs and emerging issues in the external environment.

*Principle #2: Standardize reporting requirements and streamline the reporting process*

- a) Reporting should be standardized to the greatest extent possible: Over time, the Consortium Office, in cooperation with the Fund and centers, should build a standardized set of reports, replacing multiple reporting formats dictated by the

- requirements of different donors. Bilateral donors should be encouraged to use the same standard reporting templates as are used for Mega Programs.
- b) Each report's level of detail should be tailored to its purpose and its intended audience to avoid "information overload": In the CG system today, some donors require identical reporting and scrutiny whether the investment is \$50K or \$5M, and insist that it be performed on a regular basis regardless of the stage of the project. In the Consortium, Mega Program Officers, under the leadership of the Head of RS&P, will help to tailor each Program's reports to the Consortium Board (and in turn the Fund). They will also work with MPs at a granular level to "triage" performance problems, resolve minor issues, and highlight topics that need special attention of the CEO and Board to avoid the need to provide the same degree of reporting at every stage in the review process.
  - c) Parallel reporting systems and processes should be eliminated: Under the current system, there is too much duplication between performance management processes at the center level and the Consortium level. Where ever possible, systems and processes should be integrated so that reporting inputs and outputs at the more granular (center and partner) levels roll up to those at the highest (Consortium) level.

*Principle #3: Promote greater dialogue and more value-added interactions with and among centers.*

The existing lack of trust between centers and the Science Council and CG Secretariat appears to have been exacerbated by a lack of frequent, direct interaction between these groups, and by the perception that system functions were out of touch with what happens on the ground in centers. As articulated above, performance reporting should not be an end in itself, but a means of facilitating dialogue about what is actually driving a program's performance and how each program can best achieve its desired results. This outcome, in turn, can best be achieved through regular interaction between the Consortium Office and Mega Programs, leading to a relationship of mutual respect and trust.

### **Key elements of performance management in the new CGIAR**

In order to deliver on the principles described above, the new CGIAR will need to focus on four key elements of performance management. These elements will require further detailing as the Consortium develops. Some elements will require legal review; in other cases, detailed design must await final clarification of the other parts of the system. Further discussions between Consortium Office staff, centers and the Fund will therefore be required in completing the design of the new performance management system. However, its basic aspects are outlined here, and in greater detail in Chapter 4.

- a) **Performance contracts/agreements:** Three types of performance contracts/agreements are envisioned between the Fund and the Consortium:
  - **Frame contracts/agreements:** These would cover general rights, obligations and remedies - addressing issues such as general reporting

requirements, the process for dispute resolution, management of IP, and contract termination.

- Performance contracts/agreements: These would cover rights, obligations and remedies specific to each Mega Program and would include, for example, a high-level strategic plan containing the objectives, key activities and budget for a particular Mega Program.
  - Transfer contracts/agreements: These would cover the process for the technical transfer of funds from Fund to Consortium.
  - These Fund-Consortium agreements would most likely be mirrored by a similar set of agreements between the Consortium and the centers. The details of Fund-Consortium and Consortium-Center contracting should be articulated as a next step with the input of legal advisors.
- b) **SRF and Mega Program portfolio development:** The Consortium Board and CEO (supported by the RS&P team) will determine the process for developing, and refreshing on a regular basis, the Strategic Results Framework (SRF) and Mega Program portfolio. In doing so, they will mobilize the expertise of centers and other stakeholders and experts to reach a robust and well-supported set of recommendations for fund allocation across the portfolio of CGIAR research.
- c) **Mega Program Officers (MPOs):** Mega Program Officers have a particularly critical role in performance management in the new system. MPOs are the embodiment of Principle # 3 articulated above: the promotion of greater dialogue and more value-added interactions with and among centers. They are to be “honest brokers” between donors and centers, challenging and stress-testing Mega Program plans and progress while also ensuring that donors have an accurate understanding of programmatic progress and commit to stable, long-term funding where performance warrants it. MPOs’ judgment will need to be informed by both quantitative reporting on key performance metrics and qualitative understanding of Mega Program performance. Consequently, they will need to interact on a regular basis with centers and Mega Program partners and develop relationships of trust and mutual respect. Their responsibilities, in addition to performance management, will include ensuring that Mega Programs are learning from the process, making changes, and sharing best practices across programs.
- d) **Performance reporting:** Going forward, there is a risk that Mega Program reporting may be layered on top of current project and center-level reporting, increasing the overall reporting burden. It is therefore critical to agree on what the most important unit of evaluation will be in the future CGIAR, and to focus most of the oversight and effort in that one area.

Overall, we envision a shift in focus from centers/projects to Mega Programs as units of evaluation. Accordingly, we would recommend a reduction in monitoring and evaluation activity associated with centers, and replacement of that activity with Mega Program level monitoring and evaluation. In the same spirit, we would strongly encourage donors (both Fund and bilateral) to comply with Principle #2 articulated above, concerning the standardization of reporting requirements and streamlining of reporting processes. By

agreeing on Mega Programs as the primary unit of evaluation and accepting standardized reporting, donors can enable the redeployment of a significant proportion of center resources back towards research.

Chapter 4 of the Report discusses in detail the requirements for effective, streamlined reporting of Mega Programs. It also discusses those aspects of the current reporting system that should remain or be ramped down to ensure accountability is balanced by an appropriate investment of researcher time and resources in reporting.

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## Estimated size and costs of the Consortium Office and Board

**Chapter 5** outlines the analysis that we have performed to estimate the size and costs of the Consortium Office under different scenarios. In order to perform this analysis, we focused in detail on the work that would need to be done by each of the units in the Office. We identified a set of work drivers for each of the units, and estimated their impact on resourcing levels based on inputs from several sources, including: stakeholder and other expert interviews, findings from organizational analogs, and staffing and cost data for existing system functions and the CG Centers.

### Sizing Scenarios

Our analysis developed sizing estimates under small, medium and large fund size scenarios provided by the TMT. We also included a fourth “starting” scenario based on an estimate of the positions that would need to be filled in the Consortium Office when it first comes into existence. The purpose of the “starting” scenario is to highlight the required roles and associated costs at time of launch.

*Scenarios used for Consortium Office sizing*

Parameters	Starting position Scenario 0	"Small" Fund Scenario 1	"Medium" Fund Scenario 2	"Large" Fund Scenario 3
<b>Total CGIAR Fund (\$)</b>		<b>\$150M</b>	<b>\$350M</b>	<b>\$600M</b>
<b>No. of MPs in portfolio (#)</b>	<i>No assumptions about Fund size or mega programs made</i>	<b>5</b>	<b>7</b>	<b>10</b>
<b>Avg size of MP (\$ per MP)</b>	<i>This scenario describes the first set of positions to be recruited once the CEO and Board in place</i>	<b>\$30M</b>	<b>\$50M</b>	<b>\$60M</b>
<b>CGIAR Fund as % of 2008 funding levels</b>		<b>29%</b>	<b>67%</b>	<b>114%</b>

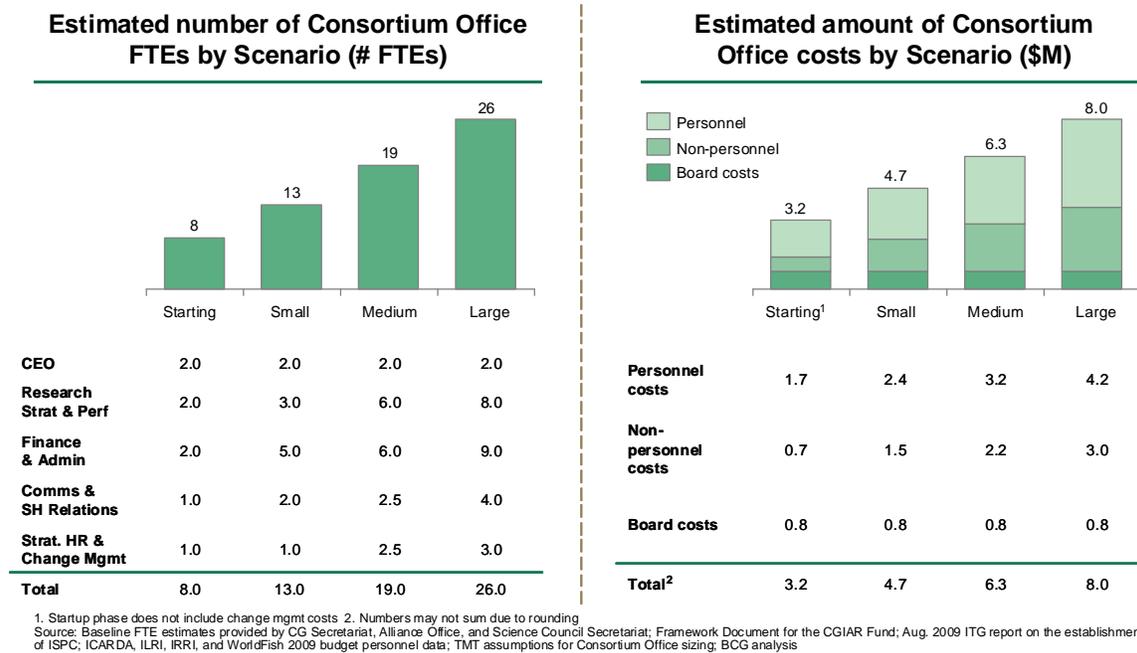
**Small, medium and large Fund size scenarios as defined by the CGIAR Transition Management Team (TMT)**

Source: TMT

## Estimates of Consortium Office & Board Sizing

Our sizing and cost estimates for each of the four scenarios are summarized here:

### Estimate of Consortium Office FTEs and total costs by scenario



## Size

As shown above, the staffing of the Consortium Office, under the different Fund size scenarios, would range from 8 to 26 FTEs. This level of resourcing is consistent with a number of benchmarks for other organizations that play similar roles in research performance management.

The difference in the scenarios is driven by the need for greater resource requirements in each of the four organizational units as Fund size grows. For example, the number of Mega Program Officers would vary with the number of Mega Programs, and, to a lesser degree, with the size of the Fund. Our resourcing assumption here is based on the view that one MP Officer would be required for every 2-3 Mega Programs.

## Costs

The total costs of the Consortium Office and Board would range from \$3.2M to \$8.0M across the different Fund size scenarios. The three components of this cost - non-personnel costs, personnel costs, and Board costs - are described below.

**Personnel costs:** Except in the case of the CEO, projected personnel costs for the various positions were based on current full-cost estimates for similar positions in the system functions and centers today. A number of factors – including Office location, cost of living, and tax status – could alter these projected costs. Chapter 5 explains the compensation assumptions used to arrive at these estimates.

These assumptions, along with the sizing estimates given above, yield personnel costs ranging from \$1.7M to \$4.2M across the different scenarios. Salaries and benefits per

position do not vary among the four scenarios, so the only driver of increasing personnel cost with Fund size is the increasing number of FTEs for each unit.

**Non-personnel costs:** Non-personnel costs were estimated based on several factors: external benchmarks, comparisons to similar costs in the system functions today, and expert interviews. Chapter 5 explains in greater detail the methodology used to arrive at these estimates.

It is important to note that the non-personnel cost estimates focus solely on the Consortium Office. We have assumed that centers would continue to cover the costs they currently incur (except costs that may be absorbed into Mega Program budgets). For example, our estimates cover Consortium Office staff travel, but not center staff travel. Another example is the cost of center or Mega Program reviews.

Using these assumptions, the total non-personnel costs range from \$0.7M to \$3.0M across the different scenarios.

**Board costs:** As described in the Constitution, the Consortium Board will consist of ten voting members (including a chair and vice-chair) and two non-voting observers, and will convene twice per year. As a reference, this is approximately the same size and format as the current Science Council. In order to estimate the cost of the Board, we made the following assumptions:

- Compensation for board members will be honoraria-based at an average of \$850/day, which is roughly 250% of the current Alliance Board honorarium;
- The Board chair and vice-chair will be required to devote 25% and 15-20% of their time respectively toward Board activities, with other members contributing about 15% of their total time;
- Travel and per-diem costs will be similar to those of today's Science Council;
- Consortium Board meetings costs and fees will be approximately 150% of today's Alliance Board meetings & fees.

Employing these assumptions, we estimate that the Consortium Board will cost \$0.8M per year. This figure is not expected to change significantly regardless of Fund size. A key uncertainty in this estimate is whether Consortium Board members will be compensated by honoraria or by salary. At the time this report was being finalized, a final decision had not yet been made on that question. If salaries are used instead of honoraria, the total costs of the Consortium Board would increase markedly.

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### **Net cost impact of the new CGIAR**

Many stakeholders have expressed a strong interest in what the new system will cost. As part of our scope of work, we were asked to assess the net cost impact of the new system and to highlight the factors with the greatest potential to affect costs going forward.

In **Chapter 6** of the Report, we provide two types of cost analysis:

1. An apple-to-apples comparison of the costs of the current system functions (the Alliance Office & Board, the CGIAR Secretariat, and the Science Council and

Science Council Secretariat), versus the new system functions (the Consortium Office & Board, the Fund Council & Office, and ISPC Council & Secretariat, and the Independent Evaluations Unit, or IEU). The analysis yields an estimate of the “net cost impact” of the new CGIAR system functions (in a given Fund scenario) when compared with the old.

2. A set of analyses that highlight how the new system could impact the costs of the centers, specifically around “interface activities.” We use “interface activities” here as a shorthand term for all activities centers conduct that involve interactions with donors and CG system functions. This is an important source of cost in the system today; in the aggregate, center “**interface costs**” are several times larger than the direct costs of the system functions themselves.

To understand these costs, we estimated the time that the staff in four sample centers spend today on interface activities, calculated the personnel costs associated with these activities, and then analyzed the factors that drive this time and cost.

Chapter 6 explains the scope of our analysis and includes a number of caveats. For example, many important elements of the new system are still in the process of being designed, and choices around those designs could yield different costs. Because of these uncertainties, our goal was not to achieve complete precision, but to give a sense of the future costs under certain scenarios, as well as an understanding of the factors that drive those costs. As a result, we have sought to be conservative in our cost assumptions.

Another important caveat is that we relied upon inputs from other workstreams involved in the CGIAR change process, and many of these inputs were still in flux at the time of the Report. For this reason, our estimates of future system costs should be considered *placeholders*, to be revised as the other workstreams provide new information. Moreover, we developed our view of center interface costs from a sample of four centers: ICARDA, ILRI, IRRI, and WorldFish, and generalizing from this example could be misleading for any individual center.

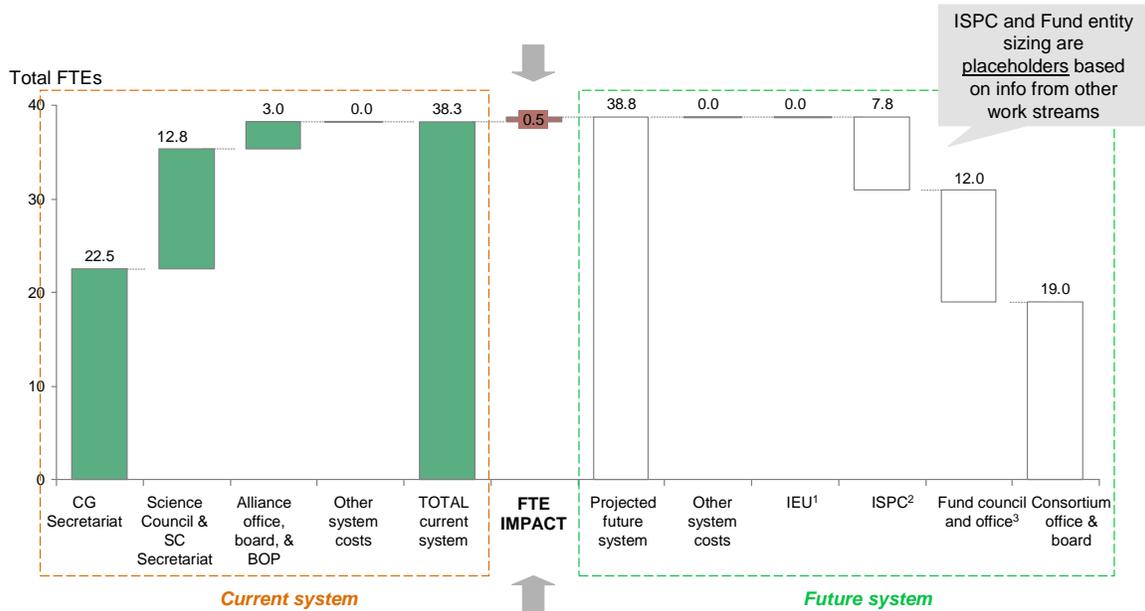
## **Comparison of the Costs of Current vs. Future System Functions**

### *FTE Comparison*

In the medium Fund size scenario for the Consortium Office, the new system functions are estimated to have around 39 full time equivalents (FTEs). This compares quite closely to what exists today across the Alliance Office, CGIAR Secretariat, and Science Council – which together add up to around 38 FTEs.

However, the aggregate picture masks a significant change in the mix of those resources. Today, the overwhelming majority of staff in system functions resides in the CGIAR and Science Council Secretariats, while in the new model, resources will be split more evenly between the Fund/ISPC and the Consortium. This more even balance of resources is reflective of the spirit of the redesign: it acknowledges the separation of roles for funders and “doers,” and also provides the two pillars of the new model with a comparable level of resources.

## Estimated FTE impact of new CGIAR system functions



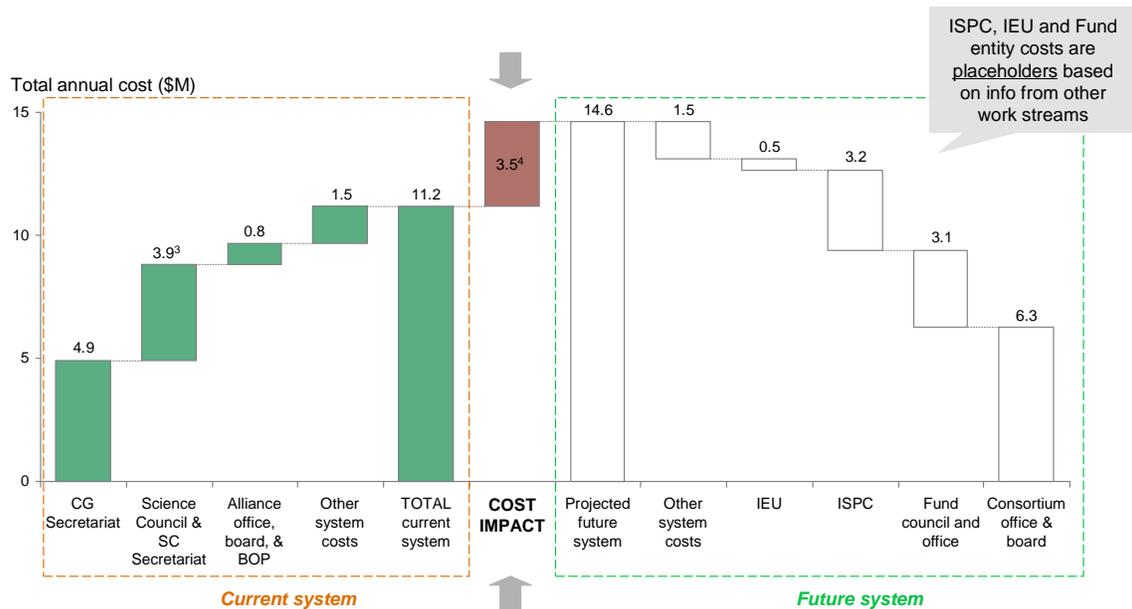
1. Assumed to be an outsourced cost 2. Based on ISPC report as of August 3, 2009, and assumes 0.8 long-term consultant FTEs (same level as current SC Secretariat) 3. Based on ExCo16 Back to the Office Report  
 Source: Baseline FTE estimates provided by CG Secretariat, Alliance Office, and Science Council Secretariat; Framework Document for the CGIAR Fund; Aug. 2009 ITG report on the establishment of ISPC; BCG analysis

## Cost Comparison

In the medium size scenario, the new CGIAR system functions will be more expensive than in today's model. Our estimates suggest the additional cost may be as much as \$3.5 million. This represents an ~30% increase over today's system function costs.

The difference in cost is driven by both personnel and non-personnel costs, with the latter accounting for about three-quarters of the increase. While the number of FTEs is comparable under the current and new systems, the average costs per employee will be higher in the new system, reflecting the higher levels of skills sought in the new model. In addition, some non-personnel costs are expected to grow to reflect changes in the work the system functions will be performing (e.g., Consortium Office executives and MP Officers will be expected to engage in a substantial amount of travel, and this has led us to increase our estimates for travel expenses).

## Estimated cost impact of new CGIAR system functions



1. Due to increased system bodies and related direct costs of activities (including increased travel and review costs), increased outsourcing of support functions, IEU 2. Due to small increase in # of FTEs and increase in average FTE costs in Consortium Office and SC Secretariat. 3. Includes \$25K estimate for services provided by FAO 4. Numbers do not add up due to rounding  
Source: Baseline FTE estimates provided by CG Secretariat, Alliance Office, and Science Council Secretariat; Framework Document for the CGIAR Fund; Aug. 2009 ITG report on the establishment of ISPC; ICARDA, ILRI, IRRI, and WorldFish 2009 budget personnel data; TMT assumptions for Consortium Office sizing; BCG analysis

This projected increase in costs over today could be a very worthwhile investment for the CGIAR. It will be a modest price to pay if the new model succeeds in drawing significant new funding into agricultural research for development and adds greater effectiveness and developmental impact to the work of the centers.

However, since the increase in costs projected here is based on conservative assumptions, it will be important for stakeholders to pay close attention to system function costs over time. We urge stakeholders to scrutinize the designs of the system functions to avoid duplication and to ensure that each function has the resources it needs to perform effectively, but not more than it needs.

This analysis also highlights the importance of the shared services effort. An effective process for delivering high-quality, low-cost shared services to the centers holds the promise of offsetting some of these added system function costs. It will be incumbent upon the Alliance and its advisors to press aggressively for cost savings in these operations.

The analysis also raises questions about the impact of the new model on the costs and economics of the centers. As discussed in the next section, the “interface” costs that the centers incur in dealing with the system functions and funders today are much greater than the direct costs of the system functions themselves. As a result, while it is important to make sure the system functions are as “lean” as possible, it is even more critical to understand how the system generates costs at the center level. With this understanding, steps can be taken to reduce the risk of driving those costs higher – and perhaps even to lower them through streamlining of certain activities.

## **Analysis of Current Center Interface Costs**

Chapter 6 details our approach to estimating the size of center interface activities and related personnel costs, and discusses the factors that produce those costs. (As noted above, “center interface activity” refers to any activities centers conduct today that require interactions with the “system,” including both system functions and donors.) We also highlight some opportunities the new system can seize to drive down these costs in the future – and point out some risks that could lead them to rise .

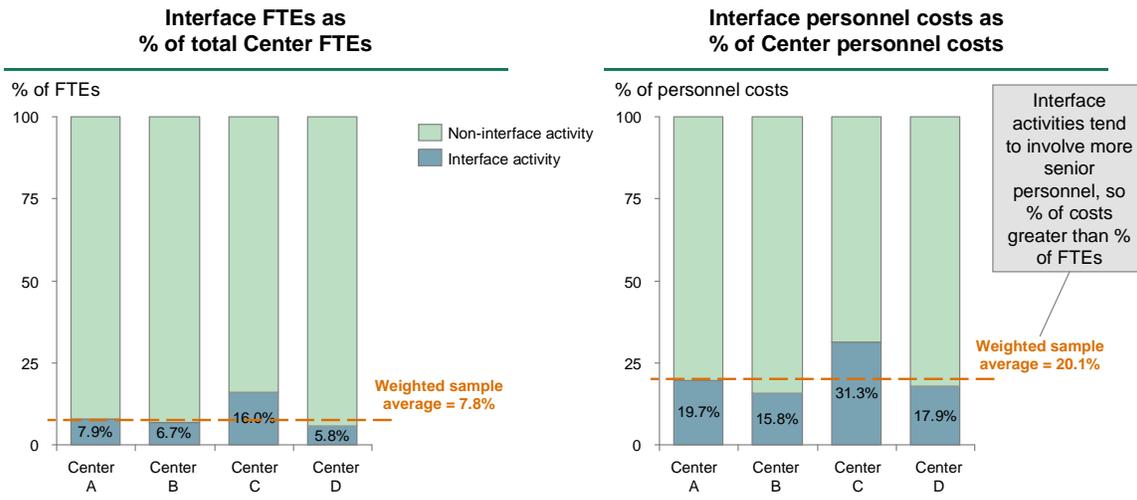
To estimate center interface personnel costs in the system today, we used a methodology in which we interviewed, and in certain instances surveyed, a cross-section of research staff, as well as management & support staff from each of four sample centers (ICARDA, ILRI, IRRI, and WorldFish), to ascertain their interface costs. These four centers were selected by the Consortium Planning Team (CPT) because they are diverse in geographic location, size and activity.

The results for the four sample centers is shown below. In these centers, approximately **8%** of center employee time is devoted to interface activities. However, since the center employees involved in interface activities tend to be more senior and therefore more expensive (e.g. DGs, DDGs - Research, Directors, Senior Scientists, etc.), their time involved in these activities represents **20%** of total center personnel costs. According to the 2008 CGIAR Financial Report, total personnel cost across the 15 CG Centers in 2008 was \$229M. Applying 20% to this total cost yields estimated total center interface costs of approximately **\$46M**.

Our analysis also estimated the costs across different categories of interface activities. The largest cost category was Donor Relations and Reporting activities, comprising roughly 75% of the center interface costs. This proportion held across the four centers, with some modest variation within the sample. If one applies this percentage to the personnel costs of all 15 centers, it suggests that donor relations and reporting activities are responsible for more than \$30M in costs at the center level, annually. This is roughly 2-3 times the cost of the system functions today, in aggregate.

Of the remaining costs, the largest were related to system-level monitoring and evaluation activities, at about ~20% of center interface costs.

Results across 4 Center sample: Interface activities comprise ~8% employee time, ~20% personnel costs



**When applied to personnel costs across 15 Centers, 20% corresponds to \$46M in total interface activity costs**

1. 2009 budgeted personnel costs  
Source: Staff interviews and financial data from sample Centers: ICARDA, ILRI, IRRI, WorldFish; BCG analysis

In interpreting this analysis, there are a number of limitations and caveats to keep in mind, as detailed in Chapter 6 of the Report.

The new system has the potential to achieve significant savings for the centers – savings that can be redeployed into research – if it can reduce these costs through streamlining of donor relations and reporting activities and other interface-related work. At the very least, steps need to be taken to make these costs and their drivers transparent, so that donors and others do not unwittingly impose activities that cause these costs to grow sharply.

We believe it is critical that donors and centers understand the drivers of these “hidden” costs and work collaboratively to reduce them over time. If donors are able and willing to adjust their expectations and behaviors, they can play an important role in reducing interface costs. This would allow the centers to redeploy valuable time and expertise into research activities. Failure to do so runs the risk of increasing the administrative burden on centers and distracting them from their mission and research focus.

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### Consortium Office Location

One of the first and most important decisions the new Consortium Board will have to make is where to locate the Consortium Office. In Chapter 7 of the Report, we discuss the analysis we performed to help inform this decision and then set out the next steps in the location decision process.

Stakeholders have nominated the following thirteen cities, listed here in alphabetical order:

Addis Ababa, Ethiopia	Nairobi, Kenya
Bangkok, Thailand	New Delhi, India <sup>2</sup>
Bonn, Germany	Ottawa, Canada
Geneva, Switzerland	Rome, Italy
Los Baños, Philippines	Wageningen, Netherlands
Montpellier, France	Washington DC, USA
Montreal, Canada	

We filtered each nominated location against the following criteria:

1. **Hub for Agricultural Research for Development Work:** The Consortium Office will in many respects represent the CGIAR on the global stage. Operating from a location that is a “hub” for international agricultural research for development ideas and talent would be beneficial to the Consortium from a recruitment and knowledge perspective, and would also generally enhance its relevance in this domain.
2. **Host country receptivity:** As an entity that will have International Organization status, the Office will need to be located in a country that is receptive to international organizations and is willing to confer the benefits of that status to the Consortium.
3. **Quality of life:** In order to attract high caliber talent, the Office will need to provide its staff with a reasonable quality of life, taking into consideration such factors as safety, environment, and health care.
4. **Operational readiness:** To ensure the safety and well-being of Consortium Office staff and reduce the risk of disruption of its work, the Consortium Board will need to consider the operational readiness of each potential country, e.g., the quality of its communications infrastructure and the reliability of utilities and transportation
5. **Operating costs:** In order to keep the Consortium as cost-effective as possible, the Board will need to consider the relative costs of operating in various locations, balancing cost considerations against other factors.
6. **Mobility to Member Centers:** The staff of the Consortium Office will need to maintain regular contact – including in-person contact – with Member Centers, so ease of mobility to each center is an important factor.

In addition, stakeholders have commented on the symbolic importance of the Consortium Office’s location. Several have made the point, for example, that locating the Office in

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<sup>2</sup> India as a country was also nominated as a location, without specification of a particular city.

the developing world would send a strong positive message reinforcing the CGIAR's work with, and for, poor farmers. Conversely, it has been noted that locating the Consortium in the developed world could send a resounding message in the opposite direction.

The above discussion highlights the complexity of any final decision about location, since there is no single city or country that meets all the above criteria equally well. The Consortium Board will therefore need to make trade-offs among the different criteria. The analysis we have performed should provide the Board with a robust set of facts it can refer to as it evaluates possible locations. However, a critical input to the final decision will be the specific offer of support that various host countries provide. This support cannot be articulated through a "desk" analysis, but must be determined through discussions and negotiations with individual host country candidates.

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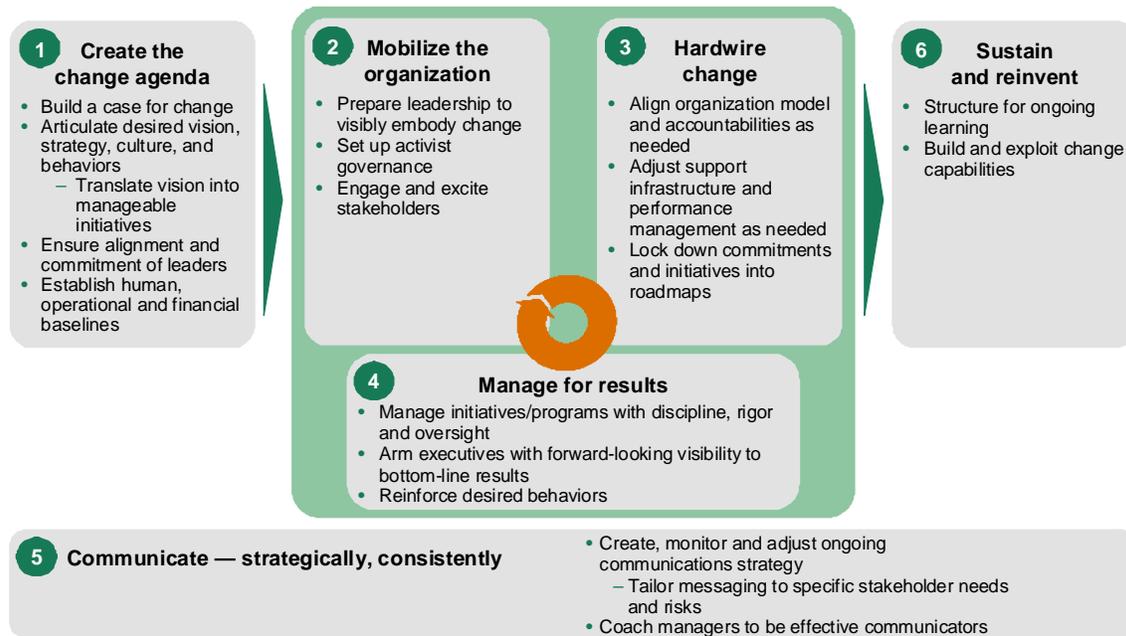
### **Consortium Office Transition Planning**

**Chapter 8** describes some of the stages and variables in the transition to the new system, covering the immediate steps needed for the Consortium Office to begin operating, and why and how it should grow from there. In addition, it addresses some particular strategies and structures for managing the change process.

It is our firm belief that the success of any major change effort, especially one as complicated and difficult as this one, requires explicit attention to managing both the operational and human sides of change. The time invested by the various bodies actively engaged in the CGIAR change process to date, including the TMT, CPT, Alliance Office, CG Secretariat, World Bank, and the various reference groups representing both centers and donors, suggests broad alignment with this belief. It is critical that this focus on managing the change does not subside once organs of the "new" CGIAR, such as the Consortium Office, are established. Indeed, the importance of change management will only increase as change becomes more tangible.

BCG has developed a framework of six key dimensions for preparing for and managing through large-scale organizational change, as set forth in the exhibit below. Each of these dimensions will need to be addressed in the CGIAR change process in order to deliver bold, successful and sustained change.

*Six key dimensions to manage to deliver successful and sustained change*



Chapter 8 elaborates on each of these dimensions.

Once the change process receives the go-ahead at the December 2009 Business Meeting, the existing change management structures should be evaluated to assess how well they will be able to support both the “hard” (operational) and “soft” (human) sides of change.

Based on our experience with similar large-scale transformations, we would recommend the creation of a Transition Management Office (TMO) function supported by a small number of full-time staff (likely 2 to 3). The primary role of the TMO would be to support the change management process between the Business Meeting and the point in time when the Consortium CEO has been hired and his/her starting team is in place.

With the TMO supporting change management, the system bodies providing leadership would be free to focus on the most important decisions. The TMO also would serve as a bridge between the current transitional structures and the newly created structures. It should be created as a temporary body, but its staff might be considered for future roles in the Consortium Office (particularly within the Strategic HR & Change Management unit), or elsewhere in the system.

A TMO could either be established just for the “doer” side of the change process, or could cover funders as well. The latter alternative would have the advantage of supporting the Transition Management Team (TMT) or its successor in managing system-wide issues, but would be more complex from an accountability perspective. An additional question would be whether to staff the TMO with new hires or re-tasked staff from within the current system.

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Transitioning to the new CGIAR system will require a high level of flexibility and commitment on the part of all stakeholders. As the new model emerges, so too will new questions and new challenges. To be successful in managing this change, the system's stakeholders need to redouble their commitment to the vision of Maputo and to the collaborative process of designing a shared future. Much progress has been made to date, and further progress is achievable if the "funders" and "doers" work together in partnership to resolve the remaining issues and questions. Doing so now will plant the seeds for another 40 years of successful innovation and impact in the CGIAR.

## **Chapter 1. Introduction and context**

Since its establishment almost 40 years ago, The Consultative Group on International Agricultural Research (CGIAR) has sought to use the power of innovation to address the food security and economic development needs of the world's poor. The 15 CGIAR-supported centers are global leaders in agricultural research across a range of disciplines; working closely with funders and external partners, the centers commit nearly a half-billion dollars each year to research aimed at positively impacting poor communities in the developing world.

While the CGIAR continues to make vital contributions to the global community, the system stands at a crossroads. The CGIAR's funding, in real terms, has been stagnant since the 1970s, and a significant shift from unrestricted to restricted funding has reduced its ability to adapt to changing needs and sustain infrastructure. Fragmentation of focus across an increased number of smaller projects threatens to dilute overall CGIAR impact. Concerns about excessive bureaucracy and slow decision making are widespread. A cumbersome structure hinders collective action, so the system cannot fully exploit opportunities for shared services and coordination. Most importantly, the need for improvements in agricultural productivity and sustainable natural resource management is growing. At a time when new research technologies and approaches hold the promise of significant breakthroughs, it is all the more critical for the CGIAR to deliver innovation and impact.

To address these concerns, the CGIAR commissioned an Independent Review and embarked on a process to strengthen the system. At a 2008 meeting in Maputo, Mozambique, stakeholders from across the system (centers, funders, and partners) agreed in principle to a number of changes to expand the CGIAR's capacity to deliver true developmental impact and prepare the system for its next 40 years. At the core of the reform effort is the creation of two new institutions: a Consortium "of doers," whose Board and supporting Office will oversee and coordinate major research efforts of the Member Centers and their partners; and a Fund, which will strive to coordinate donor interactions with the CGIAR and draw new resources into agricultural research for development. These two pillars of the new CGIAR, replacing the current Alliance, CGIAR Secretariat, and Science Council, will agree on a Strategic Results Framework and a portfolio of Mega Programs to align research initiatives with development impact goals.

Over the last several months, a number of related efforts have addressed different elements of this change agenda. The Boston Consulting Group (BCG) has supported the change process primarily by articulating the roles and responsibilities of the future Consortium Board and CEO, and defining an organizational design for the Consortium Office that will support them in fulfilling their mandates. From February to May, we focused on drafting a new constitution for the Consortium and defining the roles of the Consortium Board and CEO. We also facilitated a process to gain support and buy-in from the Alliance members, and prepared for discussions on the Constitution with donors at ExCo and with a donor reference group.

Since June, we have focused on designing the Consortium Office's structure and functions to enable it to support the Board and CEO effectively, and on answering key questions about the Consortium. That work is the topic of this paper. Specifically, our deliverable here was to lay out a proposed organizational design for the Consortium Office, including how this will change over time and with increases in funding. We were also asked to define elements of the performance management process that the Consortium will apply in its work with centers and the Fund, and to conduct discrete analyses around the estimated costs of the new CGIAR system and the advantages and disadvantages of different locations for the Consortium.

Our work over the last several months has drawn on inputs from a number of sources:

- An assessment of the value-add of the Consortium relative to the status quo, as reflected in the intent of Maputo, the draft Constitution and the terms of reference for the Consortium Board and CEO;
- Interviews with centers, donors and other stakeholders about key needs and priorities in the new model;
- Examination of various internal and external reviews of the CGIAR system and its components;
- A detailed review of the budgets and activities of the various system functions;
- Case studies of the system "interface costs" of 4 centers, and how they might be impacted by the new model;
- Comparisons to other research institutions of a similar size and scale;
- Discussions with the Consortium Design Reference Group, an expert advisory group approved by the Consortium Planning Team (CPT) and comprising of 3 DDG-Research and 3 DDG-Finance from a cross-section of CGIAR Centers
- Feedback from Alliance members and other stakeholders on preliminary drafts of our findings and recommendations;
- Internal and external reviews of the Challenge Programs; and
- The exercise of our professional judgment based on our work with other organizations.

Our analysis has focused on the Consortium, which is only one of the new CGIAR's "system functions" – meaning the entities that are responsible for coordinating and overseeing the work of the system. As a result, our recommendations here do not include some important "pieces of the puzzle":

- The designs of the Fund Council and ISPC have been handled as separate workstreams under the overall coordination of the Transition Management Team (TMT). We have been in contact with the leaders of those efforts to try to ensure that the designs are aligned and consistent. In sizing the Consortium, we have taken note of resource estimates provided by these other workstreams, recognizing that those estimates are still in flux. We should also note here that

some disagreement remains regarding the roles that different groups should play in monitoring and evaluation in the new system.

- The proposed initial SRF and Mega Program portfolio have been developed as part of a separate workstream. In the future system, the Consortium Office will be responsible for developing, refining and managing the performance of these Mega Programs. Our model has been defined with an eye to what we believe the Office will need to create, update and effectively manage the SRF and Mega Programs.
- Shared services across the Member Centers (including today's system offices) are being evaluated under a separate consultancy. These services, which will be overseen by the Consortium, promise to provide substantial value to the system in the form of reduced center costs and improved quality and consistency of service. However, that workstream is currently in an earlier stage of development, and so we have left our design open to accommodating a number of different models for shared services.

Several stakeholders have noted the difficulty of understanding, in isolation from other parts of the system, how the Consortium and Consortium Office will work. This is a valid point. The practical realities are that different groups are engaged in the design of different parts of the new CGIAR, and these workstreams are at different stages of development. We have explicitly acknowledged our assumptions about the other workstreams, where relevant to the functioning or design of the Consortium.

Given that the different elements of the new CGIAR will continue to evolve – and that their evolution will require some “fine-tuning” of the Consortium Office designs – we suggest that this document be viewed as a set of “point-in-time” recommendations based on best-available information. We are confident that the designs reflected here are not only well-grounded but also very close to what will be needed when all of the parts stop moving. However, we recommend continued scrutiny of the design of each of the various parts of the new system to ensure that any unnecessary duplication is avoided, and that the system as a whole is kept as lean as possible.

The Alliance has had input into the recommendations presented here. Much of the feedback received has been reflected in the “Feedback Notes” contained in Chapter 3: *Recommended design of the Consortium Office*. Alliance members will continue to be consulted as the design process continues. However, the ultimate reviewers and decision makers for this set of recommendations will be the Consortium Board and CEO, who together will decide on the support they need to execute their mandate as effectively and efficiently as possible.

## **Chapter 2. Recap: roles and responsibilities of the Consortium CEO and Board**

As part of the development of the draft Consortium Constitution, the roles and responsibilities of the Consortium Board and CEO have been discussed at length by the Alliance in April and May of this year, by ExCo in June, and by a wider group of stakeholders since then. (Please refer to Appendices A and B for detailed descriptions).

In the new CGIAR, the Consortium will assume some of the responsibilities currently performed by the Alliance Office, CGIAR Secretariat, and Science Council. In addition, the formation of the Consortium Board will introduce to the CG system a new set of system-wide governance and leadership activities.

The Consortium Board's mandate, as set forth in the draft Constitution, lies primarily in two planes. The first relates to the strategy and Strategic Results Framework of the system; in this area, the Board will lead the development of system strategy and the SRF, and will also have a fiduciary responsibility to oversee the Fund's investment in the strategy and SRF (an investment to be made principally through Mega Programs). The second concerns the Member Centers. Here, the Board has a responsibility, beyond individual Mega Programs, to ensure the individual and collective efficiency, effectiveness, and impact of the centers. This broader responsibility, both for and to Member Centers, follows from the fact that they are the primary on-the-ground implementers of the strategy and SRF.

In fulfilling these responsibilities, the Consortium Board (supported by the CEO and Consortium Office) will aim to enhance the effectiveness and impact of the CGIAR Centers by<sup>3</sup>:

- Fostering a more conducive international policy environment for agricultural research for development and increasing CGIAR relevance and effectiveness within the institutional architecture of international development;
- Enhancing Member Center research impact through strategic and programmatic convergence, concerted action and the fostering of innovation;
- Together with the CGIAR Fund Council, significantly expanding the financial resources available to the Member Centers to conduct their work;
- Improving the cost efficiency of each Member Center and of the CGIAR system as a whole through the provision of advice, world-class shared services and other means;
- Managing the allocation of funds to meet priorities identified in the strategy and Strategic Results Framework, and serving as a central point of fiduciary and operational accountability for all funds that pass to it from the Fund

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<sup>3</sup> Purpose of the Consortium as a legal entity, as articulated in the draft Consortium Constitution as at 23 September 2009

- Improving the cost-efficiency of each Member Center and of the CGIAR system as a whole through the provision of advice, world-class shared functions and research platforms, and other means; and
- Identifying and promoting to the Member Centers opportunities to achieve gains in relevance, efficiency and effectiveness.

It is appropriate to acknowledge that there is a very real tension between the Consortium Board's system-wide mandate and the role of individual center Boards. Various stakeholders have recommended different ways to resolve this tension. What is clear is that there are significant risks associated with deciding this issue too sharply on either side.

If the Consortium is too powerful relative to the Member Centers and their Boards, it runs the risk of undermining the principle of subsidiarity. The Consortium could be drawn into duplicating efforts that are best performed in the Member Centers, thereby diminishing the centers' attractiveness to potential researchers, managers, and Board members. It is not hard to imagine such a scenario leading to the loss of the expertise and creative vitality so critical to center-based research. It also could make it much more difficult for centers to create successful partnerships with those outside the CGIAR who are essential to delivering development impact.

On the other hand, if the Consortium Board is not powerful enough, it will be unable to make the crucial, difficult decisions about strategy prioritization, resource allocation, and performance management that funders demand – and that are critical to increasing the funding available for agricultural research. The Consortium Board will need to remain heavily consultative in its interactions with centers and others, but a consensus-driven model of decision making will not succeed.

Center Boards retain fiduciary responsibility for each center's financial health, for hiring and talent management of center senior leadership and research teams, and for setting the strategic direction of each center's research portfolios in pursuit of its mission. At the same time, those centers joining the Consortium will recognize that they are part of a larger entity that is governed by the Consortium Board, and that the Consortium Board will operate for the good of the whole system. Differences of opinion between the Consortium Board and center Boards will be best resolved in a spirit of partnership, mutual respect, and common purpose rather than by referring to a set of formal rules.

Striking the right balance of power between the Consortium and its Member Centers over time will be critical to the success of the new CGIAR. If well-managed, this tension can be a constructive force, driving each side to excel in its role and providing checks and balances for the system as a whole. Our recommendations seek to strike a careful balance in this regard, and to find a "sweet spot" where each group is performing a unique and value-added role.

At some future point, it may be appropriate to rethink the balance of responsibilities between Consortium and center Boards. If, for example, the vast majority of funds in the system flow through the Consortium in the form of Mega Programs, it may be appropriate to ask whether the role of the center Boards needs to evolve, and for more authority to shift to the Consortium. Alternately, if the new system is unable to generate

significant new funding and the centers have to rely significantly on bilateral funding, it may be proper to ask whether the role of the Consortium and its Board needs to change.

Our hope is that our recommendations will enable the new system to get started, to grow with success, and to allow the different elements to work together effectively to continue to bring the power of innovation to bear on behalf of the world's poor.

## **Chapter 3. Recommended design of the Consortium Office**

### **3.1 Overarching organization design goals**

In designing the Consortium Office to support the Board and CEO, we have been cognizant of many stakeholders' concerns that the Consortium be as focused, simple, streamlined, and cost-effective as possible. In that spirit, and in light of the reform agenda laid out in Maputo, we have designed the Consortium Office with a set of high-level goals in mind, i.e. that the Office will:

- Focus on activities that enable Member Centers to increase their research effectiveness and impact
- Minimize duplication of roles and responsibilities between the Consortium Board/Office and other parts of the CGIAR system
- Be as lean as possible and sized according to the main drivers of work (e.g., number of Mega Programs, size of CG Fund), evolving in size as these drivers change
- Enable efficient decision making; minimize bureaucracy
- Foster communication and collaboration between the Consortium Board/Office and key Consortium stakeholders, in particular, Member Centers and the bodies of the Fund
- Strengthen functions that are not performed well today (e.g., building the public profile of the CGIAR)
- Play a role as “Performance Manager” of Mega Programs and other work funded through the CGIAR Fund

### **3.2 Activities required to fulfill the Consortium’s mandate**

The Consortium’s mandate is broad. Under the new Constitution, it is charged with providing leadership to Member Centers and other system partners and coordination of their activities so they can contribute most effectively to the overall CGIAR vision.

To support the Consortium Board and CEO, in achieving this mandate, the Constitution calls for a Consortium Office consisting of “a professional staff responsible for carrying out the day-to-day operations of the Consortium.” The Consortium Board will consist of part-time members, while the Consortium Office will work under the direct leadership of a full-time CEO.

The Constitution identifies the following major categories of activities that will inform the Office’s day-to-day operations in support of the CEO and Board’s responsibilities under the Consortium Constitution:

- Overseeing the development of the CGIAR strategy and Strategic Results Framework (SRF)
- Developing, based on inputs from Member Centers, a coherent portfolio of Mega Program research to deliver on the CGIAR’s strategic objectives

- Proposing the allocation of funds across Mega Programs to the Fund Council, taking into account inputs from Member Centers
- Overseeing the monitoring of Mega Program performance, addressing development impact as well as financial and operational performance
- Providing a point of interface with, and reporting to, the Fund.
- Engaging in fund raising, together with the Fund Council.
- Reviewing the performance and efficiency of Member Centers, and their general alignment with the SRF and Strategy.
- Advising Member Centers on best practices in areas of common interest.
- Conducting advocacy, public relations and communications efforts to expand the CGIAR's positioning and brand.
- Overseeing shared functions and research platforms

As set forth in Exhibit 1, these activities imply a certain set of functions that will need to be performed by the Consortium Office, including: strategy setting, SRF and Mega Program development; portfolio management and fund allocation; finance and administration; communications; stakeholder relations; performance management and reporting; Consortium-wide initiatives; shared services and research platforms.<sup>4</sup>

*Exhibit 1: Required functions of the consortium office*

Activity area	Key Board and CEO roles and responsibilities as defined by the Draft Consortium constitution <sup>1</sup>	Required functions of the Board and CEO <sup>2</sup> The Consortium office needs to support
Strategy, SRF and Mega Program portfolio	<ul style="list-style-type: none"> <li>• Oversee the development of, review and endorse the CGIAR strategy and SRF with Member Centers and partners</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy setting and SRF development</li> </ul>
Allocation of funds to Mega Programs (MPs)	<ul style="list-style-type: none"> <li>• Develop a framework for funding</li> <li>• Review and endorse MP proposals</li> <li>• Propose allocation of funding across MPs and determine fund allocation within MPs</li> </ul>	<ul style="list-style-type: none"> <li>• Mega Program portfolio development and &amp; fund allocation</li> <li>• Finance &amp; administration</li> </ul>
Donor and Partner relations	<ul style="list-style-type: none"> <li>• Engage in fundraising with the Fund Council</li> <li>• Conduct partnership building activities</li> <li>• Engage in advocacy, PR, and communications efforts</li> </ul>	<ul style="list-style-type: none"> <li>• Communications</li> <li>• Stakeholder relations</li> </ul>
Performance management	<ul style="list-style-type: none"> <li>• Review and endorse Mega Program proposals</li> <li>• Enter into performance agreements with Fund Council, Member Centers and Partners</li> <li>• Set common criteria, policies and standards for MP execution to ensure effectiveness<sup>3</sup></li> <li>• Oversee the monitoring of MP performance</li> <li>• Report annually to the Fund Council on system performance, and financial and operational performance of MPs &amp; Member Centers</li> </ul>	<ul style="list-style-type: none"> <li>• Performance management &amp; reporting</li> </ul>
Member Center Performance and Efficiency	<ul style="list-style-type: none"> <li>• Set common criteria, policies and standards for Member center and efficiency<sup>3</sup></li> <li>• Review performance and efficiency of Member Centers, and general alignment with SRF &amp; strategy</li> <li>• Review current and potential organization structures of and among Member Centers</li> </ul>	<ul style="list-style-type: none"> <li>• Performance management &amp; reporting</li> <li>• Consortium-wide initiatives</li> </ul>
Advice on best practices and provision of shared services	<ul style="list-style-type: none"> <li>• Advise Member Centers on best practices in areas of common interest incl. governance, risk mgmt and supporting functions</li> <li>• Oversee shared functions and research platforms<sup>4</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Consortium-wide initiatives</li> <li>• Shared services / research platforms<sup>4</sup></li> </ul>

1. Articles 6.4 & 8.1 of the draft Consortium Constitution as at 23 September 2009. 2. Describes generic functions implied by the Constitution without defining the organization structure under which those functions would be housed. 3. As are consistent with the Consortium purpose stated in Article 2.2 of the Constitution. 4. To be determined as part of separate Shared Services Source: 23 September 2009 Draft Consortium Constitution

<sup>4</sup> To be determined as part of separate Shared Services consultancy.

### 3.3 Recommended organizational structure for the Office: Four discrete units

The Office's successful performance of the above duties is critical to the Consortium's goals. We believe the Office will operate most effectively if its functions are divided into four key organizational units:

**1. Research Strategy & Performance:** Responsible for harnessing the expertise and input of Member Centers and other stakeholders in the development of CGIAR research priorities, the Strategic Results Framework and Mega Program Portfolio. Will also support the Board and CEO in developing proposals for fund allocation across and within Mega Programs, and for monitoring and reporting on Mega Program performance

**2. Finance and Administration:** Responsible for providing financial oversight of Mega Programs and Member Centers, performing aggregated financial reporting, and improving the efficiency and effectiveness of financial management by coordinating activities across Member Centers. Also responsible for financial management of the Consortium Office itself.

**3. Communications and Stakeholder Relations:** Responsible for helping the Board and CEO locate new funding sources and attract them to the Consortium and for raising the profile of the CGIAR through marketing and brand-building activities. Will also coordinate and synthesize communications efforts and build a community of practice across Member Centers.

**4. Strategic HR & Change Management:** Responsible for supporting change management throughout the transition to the new Consortium, including recruiting Consortium Office staff, and for leading the development of cross-center Strategic HR initiatives in collaboration with center leadership and HR teams.

Note: A **Shared Services** unit will also be part of the new Consortium. The detailed organizational set up and activities of this function will be detailed under a separate consultancy. However, from a governance perspective, we recommend that the Head of this unit report directly to the Consortium CEO.

This division of responsibilities under the CEO:

- Is a logical separation of Consortium work according to the skill sets required to perform each type of activity
- Aligns each function with the key stakeholders involved (e.g. the Finance and Administration unit will primarily interface with the DDGs Finance in the centers, while the Research Strategy and Performance unit will mostly be involved with DDGs Research)
- Provides the Consortium with sufficient senior management focus and expertise in each key area of work it must perform
- Provides an appropriate span of supervision and sufficient operational support for the CEO to enable him/her to focus on relevant leadership-level priorities
- Creates a relatively lean structure with as few organizational layers as possible
- Facilitates efficient communication and decision-making

We detail below each unit’s responsibilities (to be carried out in each case by a proposed unit head and eventually by staff members below that level). At the end of our discussion of each unit, we have inserted a “value-add” box. This is intended to respond directly to stakeholder concerns about how the Consortium Office can add value to the system.. We also explain how to avoid duplication of effort between each unit and other actors within the system.

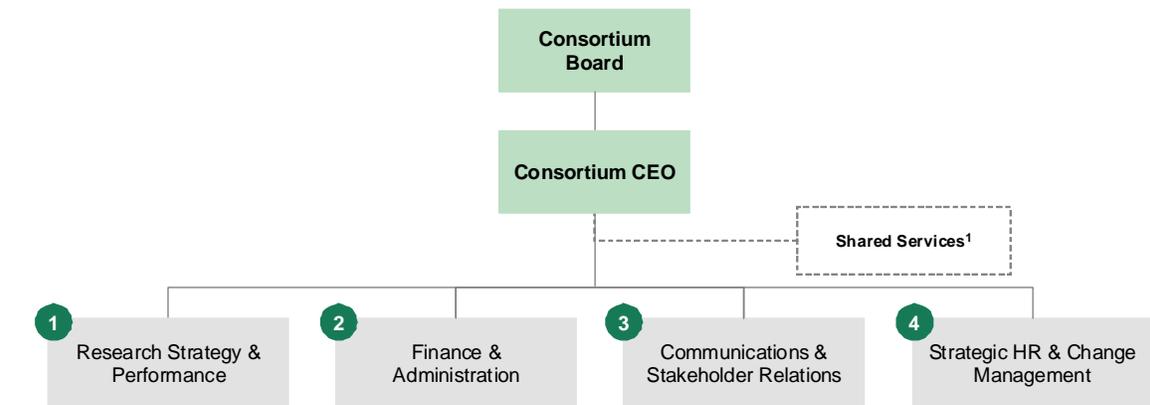
We are cognizant of stakeholder concerns that the Consortium Office be as lean as possible. The design represented in this chapter describes a “steady state” organization in which all roles are filled, not necessarily a “starting” organization. In this Chapter we have included a brief “Sizing note” for each unit, explaining” how staffing and sizing may vary under different scenarios. A fuller discussion of Consortium Office sizing and costing under different scenarios is provided in Chapter 5.

An early draft of these recommendations was discussed with the Alliance, and our current proposals incorporate revisions based on those discussions. Throughout this chapter, “Feedback notes” respond to key points of feedback we received and considered. A great deal of this feedback is already reflected in these recommendations. Where we disagree with feedback received, we have laid out our counter-arguments. In other cases, we have stated that the feedback presents valid alternatives to certain features of the proposed design, alternatives that are worthy of consideration by the Board.

(The “Design Notes” at the end of this entire document provide further detail on our approach to organizational design development and the lessons learned from organizational analogues.)

The head of each unit will report directly to the CEO, as shown in the organizational chart in Exhibit 2.<sup>5</sup>

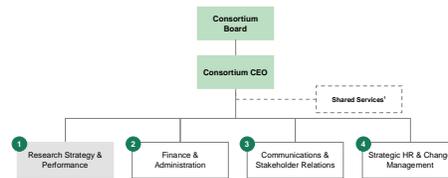
*Exhibit 2: Recommended Consortium Office organization design*



1. To be determined as part of separate Shared Services Consultancy

<sup>5</sup> In this chapter we describe the role of the “Head” of each of the Consortium Office’s units. We use the uniform term “Head of Unit X” to provide clarity as to the level of these roles and the scope of their functional responsibilities. However, the Consortium Board and CEO may wish to alter these job titles at a later stage for the purposes of job advertising and recruitment.

### 3.4 The Research Strategy & Performance (RS&P) unit



The Consortium Constitution articulates a set of essential responsibilities the Consortium CEO and Board must carry out as they lead the process for setting the CGIAR’s strategic priorities, Mega Program research portfolio development and Mega Program performance management. Given the scope of the CEO’s role, he or she will need strong, dedicated support from the Consortium Office to carry out these activities. We therefore recommend the creation of a Research Strategy & Performance unit to support the CEO and Board in:

1. Strategy setting, portfolio development and resource allocation
2. Mega Program portfolio performance management
3. Donor interface and reporting
4. Fostering efficiencies, best practices and Consortium-wide policy discussion

In the following subsections, we describe the responsibilities of the Head of RS&P and the roles of proposed officers supporting the Head.

#### *Responsibilities of the Head of RS&P*

##### **1. Strategy setting, portfolio development and resource allocation.**

In this area, the Head of RS&P would be responsible for supporting the CEO in:

- **Overseeing the process for defining CGIAR strategic objectives** and linking them with measurable indicators of impact (through the Strategic Results Framework). This strategy development process would be performed in partnership with centers to mobilize CG expertise and would also seek the input of a broad range of stakeholders.
- **Reviewing and endorsing a coherent portfolio of Mega Programs**, based on inputs from Member Centers, to meet the CGIAR’s objectives as they develop and evolve over time.
- **Recommending the allocation of funds** across and within the Mega Program portfolio, again based on inputs submitted by Mega Program participants.

The Head of RS&P would manage a robust strategy and portfolio allocation process, and help to shape a coherent and balanced agenda of Mega Programs in collaboration with centers and other stakeholders. Harnessing the expertise and involvement of centers, he or she would help to identify strategic priorities for the CGIAR, design and manage the Mega Program portfolio selection process, develop an “investment plan” proposing the allocation of resources to maximize synergies across the Mega Program portfolio, and nominate Lead Centers. On an ongoing basis, the Head would help the CEO to review the portfolio of Mega Programs to identify gaps and assess the portfolio’s overall impact, and

periodically review the general alignment of Member Centers' activities with the system strategy and the SRF.<sup>6</sup>

A high level of *engagement and dialogue* between the Consortium and the centers in the strategy setting, portfolio development and resource allocation process will be a critical element of the new system. Given the CEO's extensive responsibilities, the Head of RS&P would serve as the regular point of contact with science leadership in the centers to ensure this engagement is active and robust. The locus of science expertise, however, would remain with Member Centers, with the Head of RS&P playing a collegial role in facilitating and coordinating this expertise through continuous dialogue with the centers.

The organizational analogues we have studied indicate that it is common for organizations that, like the CGIAR, manage a large and varied body of research work, to centralize the responsibility for setting overall research priorities and strategy. Similarly, it is common for such organizations to have resources dedicated to ensuring that the portfolio of projects they manage and coordinate are delivering expected results and impact, as input to fund allocation decisions.

In a corporate setting, the head of strategy typically partners with R&D and operations leadership through some regular process of interaction (remaining networked with business units in a continuous manner, as well as facilitating more formal strategy review and investment planning meetings). We would envision the Office's Head of RS&P leading a similarly regular process in developing the SRF and Mega Program portfolio. While it is imperative that this individual lead an objective and balanced process for engaging with centers and gaining input, the Head's role is not simply about consensus building. Rather, he or she would need to be the "impartial arbiter" in recommending to the Consortium CEO and Board (and in turn the Fund) what trade-offs to make when allocating resources across the CGIAR's research portfolio, based on a view of how the CG system as a whole can have the greatest development impact.

*Feedback note:* In our consultations with Alliance Members, there was a great deal of emphasis placed on the need for the Consortium to respect Member Center "subsidiarity," and to mobilize center expertise as part of the process for strategy and Mega Program portfolio development. Some suggested that DDG-Research should explicitly dedicate time to this work, for example by convening regular forums for strategy development and priority setting. This vision is consistent with our view of the Head of RS&P's role in leading an inclusive and collegial approach to working with

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<sup>6</sup> Member Centers may choose to continue receiving bilateral funding from donors outside of the CGIAR fund. As part of its mandate to ensure that the total CGIAR research portfolio (including both Fund and bilaterally-funded projects) is consistent with the SRF, the Consortium will need to periodically review the full set of research activities undertaken by all Member Centers. This work would be undertaken by the Head of RS&P. We do not envision this to be a major or heavy-touch role for the Consortium, whose core focus will remain on the Mega Programs, rather than on bilaterally funded programs. The process for reviewing bilaterally-funded projects may involve no more than a periodic review of Member Centers' strategic plans in order to assess fit with the SRF. Similarly, the Consortium's annual reporting to the Fund on system performance vis-à-vis the CGIAR strategy and SRF will principally involve reporting on Mega Program performance, and performance management of bilaterally funded projects should remain the primary responsibility of centers, center Boards and bilateral donors.

centers to develop the SRF and Mega Programs. However, as noted above, the RS&P head will make final recommendations to the Board on resource allocations.

## **2. Mega Program portfolio performance management**

The Head of RS&P would also be responsible for **monitoring the scientific performance of Mega Programs** so as to:

- Inform intelligent decisions about future resource allocations
- Provide annual reporting to the Fund on the performance of Mega Programs
- Provide meaningful feedback to programs and maximize the development impact of the CGIAR's research.

Support for the performance management of individual Mega Programs would be provided by Mega Program Officers reporting to the Head of RS&P (described below).

Performance management will entail assessing the performance of each Mega Program against its plans and, over time, forming a view on the performance of the Mega Program portfolio as a whole, measured against the objectives outlined in the SRF. The Head of RS&P would also produce comprehensive reporting on the performance of the full portfolio, covering both the scientific progress of MPs (using inputs from Mega Program Officers) and their financial health (using inputs from Consortium Finance). Finally, the Head would be responsible for ensuring that Mega Programs maintain the appropriate focus on development impact - for example, by encouraging them to engage in robust impact assessment activities, and by leading periodic evaluations of overall portfolio outcomes and impacts (e.g., through external assessments).

Although the details are still being finalized by the workstream focusing on fund design, our understanding is that there will be three funding windows for contributing to the CGIAR fund

- Category 1: Unrestricted funding to the CGIAR program portfolio, to be allocated to Mega Programs or Centers
- Category 2: Mega Program funding, to be allocated to specific Mega Programs
- Category 3: Institutional funding, to be allocated to specific centers for activities under the Strategic Results Framework

While the fund allocation and performance management responsibilities of the Consortium CEO, Board and Office will focus primarily on Mega Programs, a question arises as to their responsibility for center-specific activities funded through the Institutional window (Category 3 above), and potentially through the Unrestricted Funding window (Category 1). It is as yet unclear how much of total funding will flow directly to centers through these windows, and therefore what role the Consortium Board, CEO and Office will need to play in allocating and monitoring these funds. In our view, this center-specific funding is likely to operate in a very similar manner to current “unrestricted” funding, and monitoring and evaluation of the use of these funds should be commensurate with their unrestricted nature. As such, the Consortium Office RS&P unit should, at most, perform a very light role in monitoring this activity (potentially no more than a simple review of centers' annual reports as part of the overall assessment of

centers' alignment with the SRF<sup>7</sup>). The Consortium Board and CEO should revisit the topic of center-specific funding once Mega Programs have been articulated in greater detail and there is greater clarity as to the amount of funding through each window.

### **3. Donor interface**

In support of the CEO, the RS&P Head would serve as a **central point of contact for reporting to the Fund and donors** on Mega Program and overall system performance. There are two important aspects of this role.

First, the Head of RS&P can take the lead, on behalf of Mega Programs and centers, in promoting the development of standardized reporting across programs. This in turn has the potential to drive significant efficiencies for center scientists.

Second, feedback from Alliance members has reinforced the importance of maintaining a strong relationship of trust between the Consortium and the Fund/donors. Through ongoing dialogue and interaction with the Fund and donors, the Head of RS&P, in support of the CEO and Board, can help provide donors with a deeper understanding of the relevance and value of the CGIAR's portfolio of work and the time horizons necessary for impact. By acting as an "envoy" for the collective strength of the CGIAR centers and their work, the Head of RS&P can support the CEO and Board in building the overall profile of the CGIAR and a platform for encouraging larger amounts of reliable, long term funding.

### **4. Fostering efficiency, best practices, and Consortium-wide policy discussion**

The RS&P Head would be responsible for facilitating Consortium-wide debate on crosscutting issues and policies. An example of one such issue is the CGIAR's approach to intellectual property in the development of international public goods. A number of Director Generals have highlighted this as an area in which the system would benefit from some coordination and thought leadership to develop more uniform policies. A suggestion was made during our consultations with the Alliance that the Consortium Office employ a full-time legal counsel for this purpose. In our view, this is not necessary, but it would be beneficial for the Head of RS&P to coordinate the necessary legal expertise (from within centers, by third parties, or from Consortium shared services) to develop CG-wide policies.

In other areas, there may be opportunities for the Consortium Office to facilitate the sharing of best practices across centers and programs (e.g., with respect to impact assessment and other M&E best practices and methodologies, information systems, and research platforms).

#### *RS&P Staff Supporting the Head*

The responsibilities we have described for the Head of RS&P encompass a wide range of activities; some involve close contact with individual centers and other system actors,

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<sup>7</sup> On the other hand, the Consortium's fiduciary duty over all money – including institutional money-flowing through the Fund does necessitate that it play some role in oversight of center financial health. (See the discussion in subsection 3.2 on the role of Consortium Finance and Administrative Officer.)

while some require a more system-wide perspective. To provide operational support to this unit, we recommend creating two distinct types of roles to support the Head:

**A. Mega Program Officers (MPOs)** would serve as the **primary science performance managers of Mega Programs**, with specific responsibilities that include the following:

- Rigor-testing Mega Program proposals and strategic and operational plans and providing feedback to Mega Program participants
- Defining Mega Program objectives and performance metrics tied to the SRF
- Maintaining an ongoing dialogue with Mega Program participants to provide a sounding board and share best practices across programs
- Developing and monitoring performance agreements with centers
- Setting such common policies and standards for Mega Program execution as are needed to ensure MP effectiveness
- Monitoring Mega Program performance through both internal and external means (e.g. commissioning external evaluations)
- Providing input to the Head of RS&P for the purposes of reporting to the Fund on Mega Program performance and informing future portfolio resource allocation decisions.

MPOs would not be responsible for day-to-day program management of Mega Programs; that will be the role of Lead Centers. Rather, they would be charged with maintaining an “arms-length” perspective on Mega Program performance through regular monitoring of progress against planned milestones, and evaluating the impact of Mega Programs using relevant, program-specific metrics. (See Chapter 4 for a discussion of performance metrics in the new system.)

The MPO role, as contemplated here, is similar to that of a Program Officer in a philanthropic foundation or donor organization that (like the Consortium Office) is responsible for managing a portfolio of projects. To fulfill this role, MPOs would need to engage with Mega Program participants regularly and closely enough to understand what is truly driving the performance of individual projects or partners within the program, make meaningful recommendations on fund allocation, and provide value-added feedback to Mega Programs on their strategies and plans. It will be critical that MPOs establish themselves as “honest brokers” and establish relationships of trust with Mega Program participants, a dynamic that independent evaluators found to be lacking in interactions between centers and CG system-level performance managers today.

The degree of involvement that MPOs would need to perform these duties will vary depending on the situation and context. For example, more monitoring may be warranted if a project seems to raise issues that could jeopardize overall Mega Program delivery or impact, is of a sufficient size to justify special attention, or has reached a significant stage of development or milestone. MPOs would need to have some degree of autonomy to define, in consultation with individual Mega Programs, the appropriate model and level of engagement with different parts of the Program. However, at a minimum we would envision that Mega Program Officers would be involved in the annual or semi-annual

strategy setting, workplanning and performance review meetings, spend time on the ground, and maintain an ongoing dialogue with Lead Centers and key Mega Program participants throughout the year.

Through their role in assessing the performance of Mega Programs, MPOs would also play a critical part in providing input to portfolio allocation decisions. By providing an objective perspective on program progress and helping to contextualize what is driving that progress, they would play a critical translation function between Mega Programs and the Fund and donors. This would benefit Mega Program participants by adding depth to the Fund/donors' understanding of the timeline and pathways to development impact. Given that cutting-edge research is inherently risky and some lines of inquiry will not pan out, MPOs can help donors to meaningfully inform investments in agricultural research for development by distinguishing “well-executed failure” from poor execution.

Finally, through engagement across Mega Programs, MPOs will be in a position to serve as a sounding board for Mega Program strategic planning, and to promote active cross-fertilization of ideas and sharing of best practices across Mega Programs.

*Sizing note:* In order to maximize synergies across Mega Programs and avoid the risk of MP Officers becoming “siloed” in their thinking, we would recommend deploying one MP Officer for every two Mega Programs (or ~ one MP Officer to every \$60-100M in funding). This is relatively lean in comparison to similar programs at foundations we studied. This ratio will force MPOs into a healthy level of engagement: They will have a sufficient degree of distance from the everyday operation of programs to avoid “micro-management”, yet maintain a level of engagement with MP participants necessary to understand and assess the drivers of MP performance and providing meaningful feedback. (See Chapter 5 for a detailed discussion of sizing issues.)

*Feedback note:* In our consultations with Alliance Members, an alternative model for performance management of Mega Programs was proposed in which, rather than having a dedicated Mega Program Officer role in the Consortium Office, monitoring and evaluation of Mega Programs would be performed principally by external evaluations/peer reviews commissioned by centers. The reasoning was that, while the Consortium Office can add value by guiding synergies across Mega Programs, its role in monitoring and evaluation would be “too controlling.”

We believe that having resources in the Consortium Office dedicated to managing the performance of individual Mega Programs is critical if the Consortium Board and CEO are to fulfill their performance management responsibilities under the Constitution. We support the notion of supplementing any internal performance management process with external reviews on a periodic basis, but are opposed to relying solely on those external reviews to monitor and assess performance. Having Consortium Mega Program Officers continuously focus on the progress and impact of the CG's research is necessary if the Board and CEO are to achieve the level of understanding necessary to develop well-informed views on the allocation of funds. Achieving this understanding requires regular tracking of performance against milestones and ongoing dialogue about the drivers of performance, driven by the Consortium Office, which will have an “arms length” relationship with the Mega Programs. In addition, we believe that the Mega Program Officer model will promote longer-term research impact for the CGIAR, since having

continuous system-wide performance management arrangements in place will drive a more sustained focus on learning, adaptation and results.

In addition, we would not advocate a model in which external evaluations/ peer reviews are commissioned by Member Centers, which would mean that, de facto, final responsibility for Mega Program performance assessment would reside at the center level. In our view, this would not provide the degree of performance accountability that is envisioned for the new CGIAR system. Such a model offers considerably less oversight and accountability than many CG and non-CG donors require today when providing funding to centers.

**B. Portfolio Development and Evaluation Manager:** A second role eventually supporting the head would be a Portfolio Development and Evaluation Manager who would be responsible for **analytical and process support for Consortium research strategy development and priority setting**, including

- Mobilizing expert input (both CG and external) to inform research priorities
- Managing the MP selection process
- Synthesizing inputs from MPOs and finance into reporting to the Fund

*Sizing note:* It is unlikely that the Head of RS&P will need additional support in these areas until the Fund and Mega Programs reach a critical mass. As such, we would not envision the role of Portfolio Development and Evaluation Manager being filled until the Fund reaches at least a “medium” fund size scenario (\$350M in the fund, 7 Mega Programs). See Chapter 5 for further details on Consortium Office sizing and costing.

#### *Relationship Between the RS&P Unit and Other System Actors*

In the new system, the Consortium RS&P unit would become the principal body responsible for strategy development and Mega Program performance management, substantially replacing the current functions of the Science Council and Science Council Secretariat, as well as the CG Secretariat.

The roles and responsibilities of other CGIAR entities should **complement, rather than duplicate**, the role of the RS&P unit in performance management, recognizing that the Office has primary responsibility for performance management of Mega Programs on behalf of the entire CGIAR system. In particular:

The Fund Council can complement and support the unit’s activities by:

- Taking primary responsibility for evaluation of system-wide bodies through the commissioning of external reviews of the Consortium, Fund Office and ISPC.
- Commissioning, jointly with the Consortium Board, external evaluations of the Mega Programs.
- Working with the Consortium to establish common standards for scientific reporting on Mega Programs in order to reduce the overall reporting burden on Member Centers.
- Encouraging donors to adopt common standards for reporting and avoid duplicative evaluation of Mega Programs and/or centers.

- Fulfilling its funding commitments to Mega Programs and centers, including disbursement of funds in a timely manner.

The ISPC can complement the unit’s activities by:

- Per the TMT’s recommendations<sup>8</sup>, restricting its role in monitoring and evaluation to ex-ante development of impact assessment methodologies

The independent evaluation arrangement can complement the unit’s activities by:

- Working with both the Fund Council and Consortium Office to agree on the scope and objectives of any independent evaluations of Mega Programs, in order to avoid overlaps with the work of the Consortium Office.

Mega Program Lead Centers can complement the unit’s activities by:

- Undertaking day-to-day program management of Mega Programs, including project level monitoring and evaluation of Mega Program projects.
- Working closely with MPOs in the development of Mega Program proposals and plans.
- Providing timely and accurate reporting to the MPOs and engaging on a regular basis with the Consortium Office on progress.
- Ensuring that Mega Programs have quality governance and financial and operational management practices in place.

Individual Member Centers can complement the unit’s activities by:

- Engaging with the Consortium CEO and the RS&P team on an ongoing basis and providing expertise to inform the development of the SRF and strategy, and the portfolio of Mega Programs.

**Consortium Research Strategy & Performance Unit: The Value-Add**

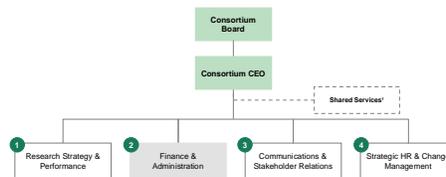
- Managing a robust strategy process that maintains the engagement and input of Member Centers and other stakeholders in the process of developing the CGIAR strategy, SRF and Mega Program portfolio.
- Helping to shape a coherent and balanced agenda of Mega Programs that enhances synergies across the system and minimizes duplication.
- Focusing on opportunities to grow and fill gaps in the portfolio of Mega Programs.
- Maintaining a system-wide focus on development impact.
- Assessing the performance of Mega Programs to inform future resource allocation decisions.

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<sup>8</sup> TMT recommendations in ‘Comments on the Report of the Independent Task Group (ITG) on the Establishment of the ISPC’

- Providing a single source of interface with the Fund and donors.
- Facilitating the development and use of standardized reporting formats in order to minimize Member Centers’ reporting burden.
- Acting as a “thought partner” to Mega Programs.
- Serving as an “envoy” to donors regarding the performance and funding needs of Mega Programs.
- Establishing long-term, stable funding for the portfolio of Mega Programs.

### 3.5 The Finance and Administration (F&A) unit



The Consortium Constitution defines responsibilities for the Consortium CEO and Board in financial management of Mega Programs, including fiduciary responsibility for the money flowing through the funds to Mega Programs and centers, as well as management of the operating budget for the Consortium Office and Board.

We recommend a Finance & Administration unit to support the Board in the following key areas of activity:

1. Financial monitoring of Mega Programs
2. Financial monitoring of Member Centers
3. Financial reporting to the Fund, Member Centers and external bodies
4. Fostering financial management efficiency and best practices
5. Other financial management activities, including: developing an annual Consortium Office budget for Board approval; administering fund disbursements to Mega Program participants; treasury management of funds held on behalf of the Fund<sup>9</sup>; management or procurement of services to support the day-to-day operations of the Consortium Office

To carry out these responsibilities we recommend the Consortium have a Chief Financial and Administrative Officer (CFAO), reporting to the CEO.

<sup>9</sup> The Consortium Office’s role in the administration of fund disbursement and treasury management of funds held on behalf of the Fund would depend on arrangements for the transfer of funds, the details of which are yet to be determined.

*Responsibilities of the Consortium CFAO.*

**1. Financial monitoring of Mega Programs.**

The CFAO would be responsible for:

- Reviewing and analyzing the financial health of Mega Programs,
- Monitoring financial compliance with Consortium-Fund and Consortium-Center performance agreements
- Flagging financial risks presented by Mega Programs and recommending mitigating or corrective actions to the CEO and Board.

The CFAO and his/her team would have a responsibility to interact with Mega Program Officers (and, where relevant, directly with Mega Program Lead Centers and participants) to set common reporting standards, review Mega Program financial performance, coordinate fund disbursement and report back to the Fund on Mega Program financial health. In the Consortium “start-up” phase, the CFAO would need to perform significant work to establish, in partnership with centers, the appropriate standards and guidelines for reporting on Mega Program financial matters.<sup>10</sup>

**2. Financial monitoring of centers.**

This responsibility involves:

- Reviewing and forming a point of view on the financial health of centers, and of the Consortium as a whole
- Monitoring financial and reputational risks that individual centers may pose to the CGIAR, and informing the CEO and Board of these risks

The Consortium has a fiduciary responsibility for all funds that flow through it. Just as many donors who fund centers bilaterally today have a responsibility to monitor the financial, management and governance health of individual centers on behalf of their stakeholders, so too will the Consortium have a responsibility to monitor the health of Member Centers on behalf of donors to the Fund. In a similar vein, the Consortium will need to form an independent view of the effectiveness of the CGIAR’s financial management and risk assessment mechanisms so it can flag potential financial and reputational risks to the system as a whole.

The Consortium Design Reference Group has provided BCG with input on the sorts of information the Consortium Office would need to collect in order to monitor center financial health. The Group has recommended that the Consortium Office review both leading indicators (such as center budgets) and lagging indicators (such as independently audited financial accounts) on an annual or biannual basis for this purpose. (This would

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<sup>10</sup> The Consortium Design Reference Group has highlighted several key questions that need to be resolved in this regard; for example, determining what the “auditable” entity of a Mega Program would be (i.e. the Lead Center versus individual Mega Program participants). Similarly, if the Mega Program is not an independent legal entity, it is not clear at this point exactly what its financial reporting requirements should be. The F&A Unit will likely need to seek advice from appropriate financial experts in order to resolve some of these questions.

be consistent with the process of system-level financial review that is today led by the CG Secretariat). We believe this is an appropriate approach that minimizes reporting burden on centers by not creating parallel M&E and reporting outside of what already exists in centers, yet provides a relevant set of inputs to enable the Consortium Office to monitor center financial health. With regard to evaluation of center management and governance arrangements, we believe there is a continuing role for some form of periodic external management reviews, such as are currently in place through the center EPMR process.

### **3. Financial reporting to the Fund, Member Centers and external regulatory bodies.**

The CFAO would be responsible for preparing annual financial reports with respect to the Mega Programs, the Consortium Office, and also on an aggregated CG-wide basis.

### **4. Fostering financial management efficiency/best practices.**

Based on input from Member Centers and the Shared Services unit, the CFAO will develop recommendations to the CEO and Board for improving the efficiency and effectiveness of CGIAR financial management through Consortium-wide initiatives, e.g., development of financial guidelines, common standards, and shared systems.

### **5. Other CFAO functions.**

- Managing Consortium Office finances, including annual financial planning and budgeting
- Managing disbursements to Mega Program participants
- Treasury management of funds held by the Consortium Office on behalf of the Fund (this will depend on final arrangements with the Fund on disbursement)
- Managing or procuring services to support the day-to-day operation of the Consortium Office (i.e. finance operations, IT/MIS services, HR operations, facilities management). It is also possible, however, that this function may sit in Shared Services, in which case the CFAO would be responsible for assessing whether the services are meeting the Office's needs.

#### *F&A Staff Supporting the CFAO*

To support the Chief Financial and Administrative Officer in fulfilling his/her function, we recommend the following roles:

- A. The role of **Finance Officer** would support the CFAO in monitoring the financial aspects of performance contracts and agreements, lending the analytical and process support necessary for monitoring the financial health of Mega Programs and centers, and preparing financial reporting to the Fund, Member Centers and external regulatory bodies.
- B. The role of **Consortium Office Finance Manager** would be responsible for managing and preparing Consortium Office budgets and financial plans, and managing the interaction between the Consortium F&A team and Consortium Shared Services (e.g., development and monitoring of service level agreements).

- C. The role of **Contracts Administrator** would be responsible for providing process support for contract development, execution and monitoring.
- D. The additional roles of **Fund Disbursement and Treasury Support** (e.g., investment policy, currency hedging) may also be needed, depending on final agreement with the Fund on the process for transferring funds to the Consortium Office and making disbursements to Mega Program participants/ centers. We are assuming that, if necessary, these activities can be performed either by Shared Services or by a third party provider, rather than through the creation of dedicated roles within the Consortium Office.

*Sizing note:*

In a starting fund size scenario, it is possible that the role of financial officer and consortium office finance manager may be equivalent to a single full time employee (FTE).

The level of support required for contract administration will depend on the final contracting arrangements between the Fund, Consortium, Member Centers and non-Member participants in Mega Program research. Either the Consortium will 1) negotiate and sign contracts directly with Lead Centers and individual Mega Program participants, or 2) negotiate contracts with the Lead Centers, which will then act general contractors responsible for negotiating sub grants with other parties. In the former arrangement, the Consortium Office would need to provide significantly more contract administration support than in the latter. For now we have assumed that the second model will be chosen, and therefore a relatively small number of resources will be required for contract administration (1 FTEs in the small and medium fund size scenarios, and 2 FTE in the large). (See Chapter 5 for further details on Consortium Office sizing and costing).

Some roles/activities within the F&A unit may be also outsourced or conducted as part of Shared Services (i.e. HR, finance, IT and facilities support, fund disbursement and treasury services). For these reasons, we have not included any personnel costs associated with these roles, but have estimated the cost of outsourcing in the non-personnel costs of the Consortium Office. If at a later stage it is determined that the Shared Services unit cannot provide these services, it may be necessary to add some staff resources to the Consortium Office to perform them.

*Feedback note:* In our Alliance consultations, emphasis was placed on the importance of linking the Consortium Finance activities with those of Shared Services, particularly if the Consortium Finance team's reporting will draw on data housed and managed within the Shared Services function. We are in full agreement with the principle of integrating systems and processes between the Consortium's Finance team (and for that matter, all Consortium Office units) with Shared Services where this increases efficiency and effectiveness on both sides. However, based on our experience with other organizations, the sort of staff and work done by the shared services area is likely to be highly operational/ transactional, entailing a different skill set than the activities done in the policy setting arena. As such, there is a logic for having different people perform these activities while leveraging the same data and systems.

### *Relationship Between the F&A Unit and Other System Actors*

In the new system, the Consortium F&A unit would become the principal body responsible for monitoring the financial health of Mega Programs and the CGIAR system as a whole.

The roles and responsibilities of other CGIAR entities should **complement, rather than duplicate**, the role of the Consortium F&A Unit. In particular:

The Fund Council can complement and support the unit's activities by:

- Working with the Consortium to establish common standards for Mega Program financial reporting in order to reduce the overall reporting burden on Member Centers.
- Encouraging donors also to adopt common standards for financial reporting and avoid duplicative evaluation of Mega Programs and/or centers.
- Fulfilling its funding commitments to Mega Programs and centers, including disbursing of funds in a timely manner.

Mega Program Lead Centers can complement the unit's activities by:

- Providing timely and accurate reporting to the MPOs and engaging on a regular basis with the Consortium Office on progress.
- Ensuring that Mega Programs have quality governance and financial and operational management practices in place.

Individual Member Centers can complement the Consortium Office's activities by:

- Engaging with the Consortium CEO and the RS&P team on an ongoing basis to develop common financial policies and guidelines and share best practices in financial management

The Consortium Shared Services unit can complement the unit's activities by:

- Ensuring harmonization between the financial management requirements of the Consortium Office (Mega Program financial reporting, aggregated CG-wide financial reporting, etc.) and the data, processes and systems developed and managed by the Shared Services unit in support of these requirements.
- Providing operational services to the Consortium Office for scale-driven activities such as HR and finance operations, IT and facilities support services, fund disbursement and treasury services.

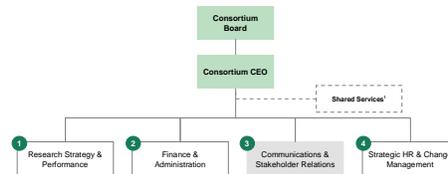
#### **Consortium Finance & Administration Unit: The Value-Add**

- Monitoring the financial health of Mega Programs and Member Centers and flagging risks to all stakeholders in the system, including donors and the centers themselves.
- Facilitating the sharing of best practices and standardization of guidelines and policies to enhance the efficiency and effectiveness of center financial

management.

- Highlighting financial requirements of centers to the CEO, Board and donors, e.g. the need for investments in infrastructure.
- Providing a single point of financial reporting and interface with the Fund.
- Managing the day-to-day financial operations and budget of the Consortium Office.
- Procuring services as needed to support the Consortium Office's day-to-day operations.

### 3.6 The Communications and Stakeholder Relations (C&SR) unit



The Consortium Constitution articulates responsibilities for the Consortium CEO and Board in raising the profile of the Consortium and agricultural research for development, and in supporting the Fund Council in fundraising and donor relations. Fundraising should include encouraging further funding from current donors, identifying completely new sources of funding and cultivating relationships with new types of donors. In addition, the Board itself will require support in its interactions with the CEO and Consortium Office, as well as with Member Centers and other key stakeholders.

To provide appropriate focus and expertise to these activities, we recommend a Communications and Stakeholder Relations unit within the Consortium Office, which, in addition, would lend support to the Consortium Board. The responsibilities of this unit would include:

1. Fundraising and donor relations, in support of the Fund Council
2. Raising the profile of the CGIAR and agricultural research for development, and conducting branding and marketing activities to attract donor investment
3. Monitoring and responding to shifts in the external environment
4. Coordinating and supporting a community of practice among communications and donor relations professionals across CG Member Centers
5. Performing the role of Board Secretary

#### *Responsibilities of the Head of C&SR*

Leading this unit, the Head of Communications and Stakeholder Relations would be responsible for:

**1. Fundraising and donor relations.** While the Fund Council will take the lead in fundraising, the Consortium CEO and Board will play an active supporting role. The Head of C&SR would support the CEO and Board in developing and executing a strategy

for attracting new funds to the CGIAR, including building intelligence on donors' preferences, priorities and policies, and identifying key individuals within donor organizations with whom there are opportunities to build relationships.

**2. Coordinated branding and marketing of the CGIAR and the Mega Programs to attract donor investment.** It may take time for donors and other stakeholders to become familiar with the new CG system, its various components (e.g., the Consortium, centers and Mega Programs), and the advantages of the new structure. There is therefore a greater need than ever for a strategic view of CG branding, marketing and communications so that each of these elements contributes to a consistent understanding of the work of the CGIAR. Members of the CGIAR's current communications community, in a recent discussion paper<sup>11</sup>, described a lack of strategic vision for communications across the CGIAR to date, and called for the Consortium Office to coordinate an umbrella strategy to avoid inconsistencies in communications and create incentives for collective action, "rewarding staff who engage in multi-center initiatives...and share communications resources."

**3. Monitoring and responding to the external environment.** The Head of C&SR can provide a coordination point for sharing information with the centers and alerting them to emerging developments that may require a collective response (such as shifts in policy or donor priorities), as well as monitoring stakeholder perceptions of the CGIAR. This would enable centers, and the Consortium as a whole, to respond in a timely and coordinated way to major external events as they arise.

**4. Coordination and support for a community of practice.** Center Communications directors have expressed a strong desire for the Consortium Office to play a leadership role in coordinating CG-wide communications and facilitating a strong community of practice among center Communications teams. They have described the difficulty of working in relative isolation, given their geographical dispersion. While some informal networking now occurs, centralized leadership and coordination are needed to establish a robust professional network that will allow far-flung personnel to share best practices and build skills. The Head of C&SR would provide a focal point for this network, raising awareness among senior stakeholders of the importance of cross-center initiatives, and helping to coordinate them.

Certain potential cross-center opportunities have already been identified. Some involve strengthening practices that are in place today, such as pooled procurement of PR and media services for cost efficiency. Others constitute new opportunities, such as shared investor intelligence and pooled procurement of publications databases. Center directors also spoke about potential new activities such as convening working groups to focus on sharing best practices in key areas like advocacy, on-line branding and marketing.

**5. Consortium Board Secretary/support.** The Head of C&SR would also perform the role of Secretary to the Consortium Board, attending its meetings and performing recording and record-keeping functions at its request.

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<sup>11</sup> *Communications for Success in the New CGIAR: A Discussion Paper*

### *C&SR Staff Supporting the Head*

The Head of C&SR would be supported by one or more Communications and Stakeholder Relations assistants, who would be responsible for helping to implement Consortium strategies for communications, marketing and stakeholder relations. These duties would include:

- Maintaining a database of donor intelligence (contacts, funding preferences, etc.)
- Managing production of Consortium external and internal communications materials
- Monitoring of external media and publications and timely dissemination of relevant information to the CEO, Board and Consortium Office
- Coordination of forums to support regular interaction between Consortium and center communications and stakeholder relations managers.

*Feedback note:* We have had very strong feedback regarding the importance of the Consortium CEO and Board's role in attracting new funding for the CGIAR. Many Alliance members see the expansion of financial resources over time as one of the key benefits of the formation of the Consortium, and disagree with the idea that the Consortium CEO and Board should play a "support" role to the Fund Council in fundraising. They express a lack of confidence in the track record of the current CG system functions in expanding the CG donor base beyond traditional donors, and the concern that in the future, the Fund Council is likely to dedicate its resources to managing relations with existing fund donors rather than to fostering new relationships. Alliance member feedback has therefore been supportive of a well-resourced communications and fundraising unit to support the CEO and Board in attracting new sources of funding, and we have designed the CS&R unit with this in mind

We have also heard the view that, in the past, the CGIAR has not done as good a job as it could have in collectively addressing global issues such as food security and climate change ("we've missed the boat on too many debates"). Alliance members consider it important that the Consortium Office have a function that effectively coordinates and mobilizes the expertise of centers so the CGIAR can respond in a timely and relevant way to shifts in the external environment. We are in strong agreement with this feedback, and therefore are proposing that the Head of C&SR be responsible for monitoring external affairs and mobilizing CGIAR expertise to respond to shifts in the external environment.

Alliance members are also keen that the Consortium Office C&SR unit (like other Consortium Office functions) should complement, rather than duplicate, the work performed by the centers' Communications and Stakeholder relations functions. A couple of Alliance members suggested seconding staff from centers to the C&SR Unit rather than hiring dedicated resources. We agree that Member Centers will continue to need dedicated support within centers (e.g., to address communication and donor relations needs associated with bilateral funding) and that the Consortium Office should focus on supplementing, not supplanting, the work of centers. However, we do not agree that seconding center staff to the Consortium to perform this coordination role would be an effective model. Our conversations with center Communications and donor relations

representatives indicate that these professionals are already stretched thin in their center-related roles and would like the Consortium Office to provide dedicated coordination and leadership to expand and reinforce the CGIAR's capacity in these areas. In our view, this requires continuous and dedicated focus by a senior individual in the Consortium Office; these needs could not be met by a temporary secondment model.

Finally, the role of Board Secretary came under some discussion in Alliance consultation calls. While some agreed this function should reside with the Head of C&SR, others proposed that it be made part of a dedicated role for an Executive Director or Senior Advisor to the CEO. This individual would support the Consortium Board, play the role of Acting CEO in the CEO's absence<sup>12</sup>, and help the CEO manage the change process as the Consortium develops (the latter being "a critical priority for the CEO"), thereby combining this new role with that of the Head of Change Management and Strategic HR (detailed below). We agree that there is some merit to this delineation of roles, particularly if the CEO's role develops into one that is heavily externally focused. In our current design, the Board Secretary role remains with the Head of C&SR, and the change management role with the Head of Strategic HR (see discussion below). How well this ultimately works will depend on the capabilities of these individuals to take on additional responsibilities for supporting the Board and the change management process.

*Sizing note:* We believe the vision for Communications and Stakeholder Relations articulated above is consistent with the feedback we have received from Alliance Members. Currently this unit is anticipated to be very lean (Head of C&SR plus 1-2 support FTEs, depending on Fund size scenario). This assumes that the Consortium CEO and Board will play an important but ultimately supporting role to the Fund Council in fundraising. There is scope for the CEO and Board to play a much larger role in the future – particularly in forging relationships with new donors and partners – and if that were to occur, we would advocate adding more resources to this unit accordingly.

#### *Relationship Between the C&SR Unit and Other System Actors*

In the new system, the Consortium C&SR unit will play an important role in raising the profile of the CGIAR to attract investments in Mega Programs and the CGIAR at large, and as a coordinator and facilitator of cross-center communications and donor relations activities.

The roles and responsibilities of other CGIAR entities should **complement, rather than duplicate**, the role of the C&SR unit. In particular:

The Fund Council can complement and support the unit's activities by:

- Maintaining frequent contact with the Consortium C&SR unit to share relevant information and align strategies for fund raising, including strategies for actively seeking out new sources of funding for the CGIAR and building new relationships with donors outside of the Fund.

Member Centers can complement and support the unit's activities by:

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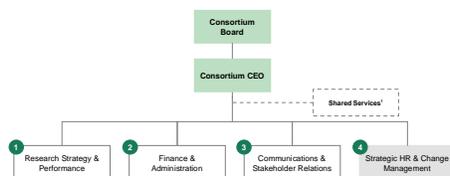
<sup>12</sup> An alternative suggestion was made that the Head of Research Strategy and Performance might perform the Acting CEO role.

- Building regular engagement with the Consortium C&SR unit with a view to developing a coordinated approach to CGIAR marketing, branding and fundraising efforts.
- Being open to engaging with the Consortium Office and other Member Centers to form a robust community of practice, share best practices and engage in cross-center initiatives.

### Communications and Stakeholder Relations Unit: The Value-Add

- Helping the CEO and Board attract new funding to the Consortium by spotting new donor opportunities, managing donor relationships and through marketing and branding of Mega Programs and the CGIAR as a whole.
- Helping to coordinate and synthesize communications efforts across the entire system (including within Mega Programs and centers) to ensure coherence of branding and marketing activities, thus avoiding donor confusion or dilution of the overall CGIAR brand.
- Providing a point of coordination for CGIAR responses to shifts in the external environment in cross-cutting areas (e.g. climate change, food crisis).
- Facilitating and supporting a community of practice among center communications and stakeholder relations professionals to share best practices and increase the effectiveness and efficiency of center communications.

### 3.7 The Strategic HR & Change Management (SHR& CM) unit



The Consortium Strategic Human Resources and Change Management unit would be responsible for:

1. Supporting the CEO in change management around the CGIAR reform process, including communication, staff pulse checks and support for the hiring and on-boarding of the Consortium Office team itself
2. Over time, building communities of practice across the centers' HR functions and supporting initiatives to generate efficiencies through cross-center HR policies and platforms
3. With the support and collaboration of center HR teams, helping to coordinate system-wide HR programs (e.g., management training, rotational programs, fellowships for scientists) to strengthen the recruiting brand.

We recommend that a Head of Strategic HR & Change management role be created to directly support the CEO.

*Responsibilities of the Head of the SHR&CM Unit.*

### **1. Change Management support for the Consortium Board and CEO**

In our experience, dedicated change management activities are critical to the success of any change process. There are several components to successful change management:

- A clear change agenda
- Visible leadership
- Tight project management of change initiatives - clear plans, rigorous tracking of milestones (the “hard” side of change)
- Frequent communication and checking the pulse of stakeholders to identify and respond to concerns through every part of the system the (“soft” side of change)

The Consortium Board and CEO need to be the very public face of change in the new CGIAR, and through their leadership, mobilize key stakeholders in pursuit of the goals of the new Consortium. However, in our experience, it is also important to have dedicated resources supporting the CEO in the change process, and a dedicated focus on communicating with Member Centers throughout transition. This point has been reinforced through some of the discussions we have had with centers. Feedback has indicated support for the concept that change management is a critical priority for the CEO that deserves “tireless focus and a focused role dedicated to keeping the change on track.” (Chapter 8 discusses strategies for managing the transition to the new system.)

The change management aspects of the Head of SHR & CM role would be weighted more heavily in the first 1-2 years of the Consortium’s establishment, and then, depending on need, could be ramped down. However, some change management activities (e.g., staff pulse check surveys, regular Member Center internal communications) may transition into permanent survey and communications mechanisms.

In addition to change management, in the short term there will need to be HR support for the CEO in hiring the right talent to staff the Consortium Office and Shared Services. This will require resources to manage the processes of search and selection, as well as integration of people into key roles.

### **2. Support for initiatives to generate efficiencies through cross-center HR policies and platforms**

The Head of SHR&CM would help centers to coordinate initiatives to increase efficiencies through common standards and policies across centers in areas such as recruitment, benefits, and performance evaluation. In our experience, individual operating units can expend huge efforts in each of these areas, so there can be major advantages in developing common policies and platforms. Our discussions with center HR representatives indicate that center-wide HR initiatives are already underway (e.g. salary benchmarking, benefits harmonization, and insurance policies), but that there is a

role for the Consortium Office as a coordinator and “champion” for CG-wide HR-related initiatives among senior stakeholders.

Leading private sector companies fulfill a cross-unit coordination role through their corporate center functions. A successful and practiced model is to have each key HR process (e.g. recruiting, evaluation/performance management, training and development, compensation) be mirrored by a representative of that process in the corporate center HR unit, who maintains and advances a “community of practice” across all divisions or geographies. These coordinators typically develop and advance joint proposals with business units to advocate for improved practices, standards and policies. These in turn are decided upon by the company’s leadership (either on the CEO/ board level or in specific HR decision making bodies).

### **3. Strategic HR**

A second role for the Head of this unit would be in Strategic HR. We acknowledge the view expressed by some Alliance members that centers should continue to manage their own human resources and recognize that is appropriate for many HR activities to continue to be managed at the individual center level. We also recognize that in recent years, centers have invested in improving the quality and capabilities of their HR management teams and processes. Under the proposed model, Member Centers will certainly retain responsibility for HR decisions, especially with respect to the hiring and management of staff. However, the CGIAR is a research enterprise whose core assets are its people, and in the longer term, we believe there is an opportunity in a select number of areas to enhance coordination among centers, in particular to enable more effective recruitment, retention and management of key talent for the system as a whole.

In support of attracting top talent to the CGIAR (and retaining existing talent), Consortium Strategic HR - in partnership with center HR teams- could help coordinate management training programs and develop new career paths for top CG talent, including talent development programs that take advantage of the breadth of opportunities across centers. If the CGIAR is to significantly grow its resource base and research portfolio over time, increasing its attractiveness to scientists will become an ever more pressing priority. Attracting, gaining and retaining the best talent during this ambitious growth path can provide CGIAR with a significant competitive advantage, and will be a key success factor in delivering upon its research vision.

Experience with our corporate clients indicates that cross-unit programs can be designed in a way that benefits all involved. Discussions with center HR directors indicate that there is room for the Consortium Office to add value, for example, by:

- Helping to attract and retain the best talent through the development of talent rotation programs.
- Coordinating CG-wide efforts to tap into fresh talent pools under a single CG-wide recruiting brand.
- Developing cross-center reward programs to recognize top talent.

We also acknowledge “strategic HR” in the system has so far had a mixed record. To the extent that this disappointing performance was due to a lack of clear mandate, we believe

that the new Consortium, CEO and Board, along with leadership from Member Centers, will be able to remedy that problem. We believe that a modest investment here is worthwhile, and that a gradual, staged approach is most likely to succeed.

*Feedback note:* In our feedback discussions, some Alliance members expressed the view that rotational programs, while a good idea in theory, will not work in practice for two key reasons. First, many centers require highly specialized skills, unique to those centers, so there would be limited benefit in sourcing from a broader CGIAR talent pool. Second, talent rotation around the CGIAR system already takes place informally, and there is no particular need to introduce centralized coordination of these efforts. On the other hand, we have also heard the view expressed that there are at least some roles within the CGIAR that are highly interchangeable between centers – examples given were social scientists, those specializing in monitoring, evaluation and impact assessment, and support roles such as finance, IT and communications. As the CGIAR grows, we believe there will be a greater need to coordinate talent movement across the system to ensure that the best people are retained.

We have also heard feedback that CGIAR-wide branding and recruitment is not relevant since most people across the system make the decision to join individual centers rather than the CGIAR as a whole. While we acknowledge that this may be true today, one of the primary goals of the new CGIAR is to increase its profile and relevance as an entity. If current efforts succeed in promoting the CGIAR “brand” on the global stage, this brand should in turn be an asset that can be leveraged to attract top talent from outside the CG system into the system. Building a strong “umbrella” recruiting brand could benefit all Member Centers by enabling the CGIAR to offer a career path in agricultural research for development that spans the entire CG system rather than just a single center.

Finally, Alliance members involved in the consultation process have suggested other roles that we believe should be included in Strategic HR. First, there was support for continuing the work of the CG Gender & Diversity Office in developing policies to promote and reward greater diversity across the CGIAR. Second, we heard the view that management training courses currently organized at the system level should continue. Third, there was a call for an ombudsman function within the CGIAR to provide an independent review process to deal with possible violations of HR policies within centers. Although center leadership and boards have put mechanisms in place to address HR-related complaints, we believe that there is benefit in having an independent process available for escalating those concerns that cannot be readily resolved at the center level. The Consortium SHR team would be responsible for setting up an effective ombudsman function within the Consortium Office.

#### *SHR&CM Staff Supporting the Head*

The Head of SHR&CM would be supported in his/her duties by the role of Strategic HR & Change Management Project Manager, who would provide operational support to the Consortium change management effort, help to recruit the Consortium Office team and develop new HR policies and processes for the Consortium Office, support Consortium-wide interactions such as workshops, and facilitate cross-center strategic HR initiatives.

*Feedback note:* As mentioned in the above discussion about the Communications and Stakeholder Relations unit (subsection 3.6), some have suggested that the Change

Management role – given its critical importance – be housed under a dedicated Executive Director or Senior Advisor to the CEO instead. This is certainly a viable alternative, and worthy of consideration. To the extent that we are recommending that the Head of SHR&CM, in the early stages of Consortium development, focus more on change management than on Strategic HR, we believe that this role will allow the sort of dedicated focus that is consistent with the spirit of the feedback received. A final decision should be made based on the skill sets available in candidates for the role, in particular whether any single candidate possesses the requisite skill sets to handle both Strategic HR and change management.

Finally, a suggestion was made to house the Strategic HR functions described above in the HR function within Consortium Shared Services. We acknowledge the need for close interface and alignment between HR policy and strategy-setting functions and shared services to avoid duplication of system and priorities. However, we do not advocate that the work of developing cross-center strategic initiatives be conducted in the Shared Services HR function. The latter function will involve a very different set of activities from those housed in Strategic HR and require different management and implementation skill sets. In the typical set-up of shared services in many organizations, the function for HR strategy and policy setting is separate from the executing, service function, which merely implements and provides agreed-upon services to its “customers.” From a governance perspective, we would advocate that the Head of the Shared Services unit report directly to the Consortium CEO and maintain close interaction with the Heads of all Consortium Office functions as a member of the CEO’s “senior management team.” In this way, the CEO will ultimately be responsible for ensuring that HR policy and shared services implementation are aligned and integrated across all functional areas, and that the Consortium Office can support centers in both the development and implementation of policies.

#### *Relationship Between the SHR&CM Unit and Other System Actors*

The roles and responsibilities of other CGIAR entities should complement, rather than duplicate, the role of the SHR&CM unit. In particular:

Member Centers can complement and support the unit’s activities by:

- Being open to engaging with the Consortium Office and other Member Centers to form a robust community of practice, share best practices and engage in cross-center initiatives in the area of Strategic HR.

The Consortium Shared Services unit can complement the unit’s activities by:

- Ensuring harmonization between the CGIAR-wide HR policies and strategies agreed upon by Member Centers and the Consortium, and the HR data, processes and systems housed and managed within the Shared Services unit.

#### **Strategic HR & Change Management Unit: Value-Add**

- Providing dedicated support to the CEO and Board in managing the change process for success at this crucial turning point for the CGIAR.

- Facilitating cross-center strategic HR initiatives to draw top talent to the CGIAR and reward talent already on board, to the benefit of all Member Centers and the system as a whole.
- Facilitating cross-center initiatives to drive efficiencies for centers in HR policy setting and platform development.
- Providing for effective meetings and other interactions among Member Centers, the CEO, Board and Office on HR issues.

## Chapter 4. Performance management in the new CGIAR

### 4.1 Introduction

The Consortium Board, CEO and Office have a central responsibility for the performance management of Mega Programs in the new CGIAR. As discussed in Chapter 3, their responsibilities will replace those now housed in the current Science Council, Science Council Secretariat and CG Secretariat<sup>13</sup>. They will need to fulfill these responsibilities by leading an adaptive, flexible process, in which the Consortium Office, Member Centers and partners routinely engage with one another to:

- Develop and update Mega Program proposals and strategic and operational plans
- Develop a clear, shared view of the appropriate metrics, linked to the SRF, that should be used to assess the performance of each Mega Program
- Design the appropriate systems, processes and tools needed to manage the performance of Mega Programs, striving for greatest efficiency and effectiveness across programs, e.g., through standardization of reporting formats
- Distinguish “well executed failure”<sup>14</sup> from poor execution
- Learn from both successes and failures
- Facilitate long-term focus on development impact

Through the Strategic Results Framework (SRF), Mega Program outcomes and impact will be linked with measurable results indicators, and progress against these indicators will be factored into decisions about resource allocation. As such, performance management in the new CGIAR will be closely linked with the process for strategy and SRF development and the process for selecting, defining and planning the Mega Programs themselves.

In this Chapter, we lay out some of the key principles that we consider should guide the performance management process in the new CGIAR. In determining these principles, we are cognizant of certain defining characteristics of the CGIAR’s work that will continue to inform performance management requirements in the future, as well as some new complexities to account for. These characteristics and considerations are set out in Exhibit 3.

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<sup>13</sup> Although we focus in this report on the roles and responsibilities of the Consortium Board, CEO and Office, there is clearly a need to consider the mutual accountabilities of the Consortium, Fund, and Member Centers. We acknowledge that many of the changes proposed in this chapter necessitate a change in the behavior of donor and Member Centers in order to make performance management in the new CGIAR a success.

<sup>14</sup> The 2008 Independent Review of the CGIAR System defines this as “the well designed and managed initiative that fails because the only way you can know if a new approach is successful is to try it out.”

*Exhibit 3: Existing and new characteristics of CGIAR work that inform performance management in the future*

<b>Existing characteristics of CGIAR work</b>	<b>New characteristics of CGIAR work</b>
<ul style="list-style-type: none"><li>• Outcomes that are frequently uncertain, especially in the case of early stage research.</li><li>• Long time frames to development impact.</li><li>• The need for the significant participation and engagement of partners, sometimes with varying capabilities, to realize this impact.</li><li>• High levels of innovation and change in research tools and technologies, driving the need for flexibility to re-direct investments and adapt research approaches.</li><li>• The diversity of CGIAR research topics and methods.</li><li>• The highly politically charged nature of food issues, and the critical role of policy in addressing these issues.</li></ul>	<ul style="list-style-type: none"><li>• Larger programs of work than currently exist. (Mega Programs may be on average twice the size of current Challenge Programs.)</li><li>• The potential need for greater collaboration among centers, given the size and scope of Mega Programs.</li><li>• The Consortium’s mandate to tie performance reporting and impact assessment to measurable indicators as defined by the Strategic Results Framework.</li><li>• The implementation of standard reporting to the Fund, rather than to individual donors, which should allow centers to spend less time on donor reporting.</li><li>• The need to ensure coherence of projects within the broader umbrella of Mega Programs.</li><li>• The Consortium’s fiduciary responsibility for funds flowing through the CGIAR Fund.</li></ul>

#### **4.2 Lessons learned from the current CGIAR performance management process**

As a first step in designing the new process, we have sought to identify concerns with the current system-wide CG performance management system<sup>15</sup> and to elicit suggestions for building a stronger, more effective system. These inputs have included discussions with a sample of DDG Research and scientists in four “case study” centers,<sup>16</sup> the CG Secretariat,

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<sup>15</sup> Defined both as those monitoring and evaluation activities currently performed by the Science Council, SC Secretariat and CG Secretariat, and performance reporting to individual donors.

<sup>16</sup> The four centers were: ILRI, ICARDA, WorldFish and IRRI. The Consortium Planning Team selected these four centers to represent a cross-section of CGIAR research types, geographical location and center size.

the Science Council Secretariat, and the Consortium Design Reference Group<sup>17</sup>. Our views have also been informed by the 2008 Independent Review of the CGIAR System and internal reviews of the current monitoring and evaluation (M&E) system, including Challenge Program reviews and a draft paper by the Science Council Secretariat and CG Secretariat entitled “Key lessons from the Science Council – Research-related indicators.” It has been encouraging to see those who have designed and/or managed some of the current performance management systems provide objective and honest self-appraisals of what exists currently, with a view to improving practices in the new system. Finally, we have drawn on the best practice performance management processes of analogous organizations, such as global agricultural research and product development firms.

Those we spoke to in centers and system functions have highlighted certain positive aspects of the existing system, for example:

- The existence of an annual CGIAR Performance Measurement System (PMS) managed by the Science Council and CGIAR Secretariat has encouraged some useful disciplines in centers: in particular, a greater focus on documenting and sharing research outcomes, and increased investment in center-level impact assessment practices.
- Similarly, Medium Term Plan (MTP) logical frameworks have driven centers to more rigorously define the relationships between activities, outputs, outcomes and impacts.
- External Program and Management Reviews (EPMRs) have provided helpful insights, although the quality of recommendations has been considered uneven, a fact attributed to variations in the quality and research expertise of the Panels performing the reviews.
- The Science Council’s Standing Panel on Impact Assessment has been praised for its work in building support for centers’ development of more robust impact assessment practices.

On the negative side, five key concerns have emerged:

#### *1. Onerous reporting requirements*

Centers describe performance reporting as a very time-consuming exercise, taking up a significant proportion of management and research staff time. (According to our analysis, for example, CG-system wide performance reporting and donor relations reporting for bilateral projects can consume up to 35% of a senior scientist’s time).

This burden is the result of two factors:

- First, centers must contend with a multiplicity of donor reporting requirements. According to some teams, there may be as many as 5 different donors requesting reports for a single project. Reporting templates range from restricted funding

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<sup>17</sup> A reference group selected by the Consortium Planning Team comprising 3 DDG Research and 3 DDG Finance.

reports running 50+pages on a semi-annual or quarterly basis to core funding that may require only a standard center annual report. The shift towards restricted funding is exacerbating the situation.

- Second, centers believe that current system-level PMS reporting employs an unnecessarily large set of metrics.

One Deputy Director General of Research summed up the challenges faced by centers as follows: “We would like our senior scientists to spend more time on research, but the complexities of other management and partner [and] donor relations largely take time from research and also eat into evening and weekends. I guess the numbers don’t completely reflect the ‘time famine’ and extra workload as the system has become increasingly complex.” This view was reinforced by others; one scientist commented that “the funding environment has become more difficult [and] donor requirements have become a lot more taxing,” while a second researcher pointed out that onerous reporting “takes away time from doing the thinking and pushing the research forward.”

## *2. Questionable relevance and quality of metrics used*

Scientists expressed concern over the use in the CGIAR Performance Measurement System of "proxy" metrics to monitor impacts and outputs, since, as one interviewee put it, “whether you have an impact assessment culture may not have a bearing on whether a center is actually having an impact.” Others questioned the wisdom of permitting centers to define output targets and select outcomes on which to report. The use of these metrics to inform donor funding allocations is said to create a perverse incentive for centers to define goals that can be easily met (“outcome statements can be fudged as they are just a narrative”). Another criticism was that a “checklist” approach to scoring does not take into account whether and how policies are enforced. We were also told that global metrics, such as using publications as a measure of output, are inadequate given the heterogeneity of CGIAR research, and should be supplemented with other output measures<sup>18</sup>. As one scientist put it: “We need more than publications as an output measure – only centers can specify what else to use.” Overall, it appeared that some centers did not find their own performance ratings credible (ratings “are a function of time spent tweaking your inputs”).

## *3. Lack of linkages between system-level and center-level planning, monitoring and evaluation tools*

It is clear from discussions with centers that the planning, monitoring and evaluation tools employed at the system level (e.g., project reporting or center annual planning tools) are often not linked with the tools used at the center level (e.g. the PMS or MTP). As described above, the CGIAR Performance Measurement System does not provide a basis for the systematic monitoring and evaluation of center outcomes or impacts. Many of our interviewees have also found the MTP too crude to use as an annual planning tool because it lacks quantitative milestones that centers can meaningfully link to their

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<sup>18</sup> In its draft paper entitled ‘Key lessons from the Science Council - Research Related indicators’, the Science Council and CGIAR Secretariat identified additional indicators that could be used, i.e., those that measure capacity-building and public access to data.

decision-making process. To be sure, in recent years some centers have stepped up efforts to incorporate MTP into their annual planning. Still, in some cases centers find themselves duplicating effort and resources by engaging in two levels of planning: high-level planning through MTPs plus their own more granular center-research portfolio and project planning. As with the annual CGIAR Performance Measurement System, there is a perception that MTP is flawed because there is insufficient rigor testing of the information provided by centers (“everyone knows you can write something to get it approved”).

#### *4. Insufficient trust in the system*

The 2008 Independent Review of the CGIAR System found that centers perceive Science Council M&E activities as being conducted for donors, and feel little ownership of the outputs and recommendations. In particular, reviewers were told that the “Science Council rarely visits centers or seeks a better understanding of their issues and perspectives, which might improve what some centers perceived as the variable quality of their advice on MTPs.”<sup>19</sup> Center scientists and managers reiterated this view. It is apparent that there is a lack of mutual confidence and trust between centers and system-level performance managers (Science Council, CG Secretariat); centers feel they lack input into priority and policy setting, and that system-level performance managers do not always do a good job of communicating the value of the centers’ work.

#### *5. Lack of consistency across Challenge Programs*

There are multiple performance management tools and processes, with no one body responsible for comparison and synthesis of performance data across the entire range of Challenge Program work. It is difficult, therefore, to compare progress and results across different Challenge Programs.

### **4.3 Principles to guide the performance management process in the new CGIAR**

We recognize that the current CGIAR performance management system has been through several cycles of review and improvement, and that the very nature of the CGIAR’s work – diverse research portfolio, uncertain outcomes, heterogeneous research management structures across 15 geographically dispersed centers – makes the design of a unified system-wide performance management process challenging. We also acknowledge that the donor reporting burden imposed upon researchers is driven mainly by donors’ own reporting mandates and organizational processes. However, we believe that the CG reform process, and the design of the Consortium Office in particular, present an opportunity to increase the value of performance management to all stakeholders while decreasing the burden of reporting work in centers. Designed and executed well, performance management in the new CGIAR can accelerate the process of learning from research and make programs nimbler and more effective.

The aim of performance management in the new system is to balance accountability for the results of CGIAR research with the appropriate level of oversight, and build a greater

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<sup>19</sup> The report also mentions that the Science Council has recognized the need for closer contact, leading to a suggestion by its Chair that it should explore the possibility of relocating closer to a cluster of centers.

level of trust and partnership between those involved in performance management at the “system” and “center” levels.

It is our belief that in order to develop an adaptive, flexible process, the Consortium should lead a performance management system that:

1. Employs more relevant and informative metrics that will contribute to learning, drive enhanced impact, and intelligently inform resource allocation decisions
2. Standardizes reporting requirements and streamlines the reporting process
3. Promotes greater dialogue and more value-added interactions with and among centers

In this subsection 4.3, we explain these principles and the thinking behind them. Subsection 4.4. then outlines the key tools and processes that will make up the new performance management system.

*Principle #1: Employ more relevant, informative metrics designed to contribute to learning, drive enhanced impact, and intelligently inform resource allocation decisions.*

Lessons from the current CGIAR Performance Measurement System highlight the inherent tension between performance management that, on the one hand, seeks to promote honest appraisal of research progress for the purposes of learning and improvement, and, on the other hand, uses the comparative “scores” of programs or centers as the sole basis for resource allocation decisions. In the past, the use of the CGIAR Performance Measurement System for the latter purpose appears to have impeded its utility for the former.

In the new system, the following changes in approach should help to resolve this tension:

**Using program-specific metrics.** In place of global metrics to assess and compare the progress of centers or programs, the new approach will utilize tailor made, program-specific metrics, derived from information collected at the project level and logically linked with the CGIAR’s overall strategic objectives and results as defined in the SRF.

In looking at corporate agricultural research organizations, we have found it is common for projects and programs to be measured against a tailored set of milestones and metrics designed to accommodate different types and phases of research. Corporate performance managers also provide very clear guidelines to research units on the range of metrics to be supplied. These metrics typically include both milestones that measure the progress of scientific research and those that gauge the “uptake” of a product by the market and the degree of internal buy-in from the company’s commercial marketing and sales functions.

In an analogous way, performance managers in the Consortium (Mega Program Officers and the Head of RS&P) will need to partner with centers to form a view of the types of metrics that need to be covered in Mega Program reporting, including both “hard science” milestones and those covering capacity building and uptake.

Scientists in CG centers advocated for an open dialogue about the most appropriate outputs and milestones for the particular kinds of research being undertaken in each program (“the challenge...is defining the outputs very clearly to enable a proper set of milestones”). As one scientist noted, regular engagement with his donor foundation

program officer about milestone reporting “produces a healthy exchange of ideas...and forces a healthy debate on eventual impact.” Similarly, MPOs can play a critical role here, serving as “thought partners” to Mega Program participants, and advising on the appropriate metrics to ensure that Mega Program milestones are robust.

**Incorporating qualitative discussion.** The use of “hard” metrics should be supplemented with qualitative dialogue to parse out the main drivers of scientific performance.

While using relevant metrics in performance measurement is critical, it is equally important to supplement these measures with qualitative discussion to determine the underlying reasons for performance results. As one scientist observed, the future performance management system “should not just be a yes/no exercise in performance management. You need to understand why things were not achieved, because there can be valid scientific reasons for why this occurs.” In the words of the Head of R&D of a global agricultural research company, “the art is in what variances to allow or not allow”. Scientists we spoke to in centers emphasized the “need to provide latitude for creative thinking...if you define how much is spent exactly every month, it makes it impossible ...you need to promote innovation, not a tick-the-box routine.”

Distinguishing “well-executed failure” from poor execution is necessary for learning, and for ensuring that donors’ funding decisions are grounded in a full understanding of the difference between the two. Mega Program Officers and Mega Program participants should have a level of engagement that allows for such discussion, and enough flexibility to “change course” from the original plan where that is warranted by the scientific process. This engagement will encourage appropriate risk-taking, because researchers will feel that they have a channel for debating performance and approaches, rather than simply being “scored” on a narrow set of indicators.

This adaptive process will allow the Consortium to play a critical “translator” role for the system as a whole by helping to arrive at a common understanding of what constitutes “good performance,” and providing an informed viewpoint as to why certain programs fail and others succeed. This will be critical to avoiding many of the mistakes of the current process (e.g., the disincentive to take risks and be forthcoming on program performance). It will also help the CGIAR encourage donors to take a long-term perspective on performance, fund allocation and the relationship between the two, rather than simply basing their funding decisions on annual performance indicators.

**Informing resource allocations “holistically.”** Performance measurement should be only one of a variety of considerations that inform resource allocation decisions.

Funding decisions should not rely merely on the mechanistic application of performance measurement outcomes, but also incorporate what is learned from dialogue and debate about performance. In addition, the Consortium CEO and Board, supported by the RS&P team, will need to consider the context in which a Mega Program operates, including factors such as temporary funding needs, emerging issues in the external environment (e.g., the food crisis), and the need for a research pipeline that balances start-up/innovative projects with more mature research. Turning again to the corporate analogy, it should be noted that the “business case” for funding projects typically takes into account not only technical performance milestones, but broader considerations such as

availability of distribution channels, likely competitive responses, and what skills and capabilities the organization needs to succeed.

*Principle #2: Standardize reporting requirements and streamline the reporting process*

Although the types of performance metrics used are to be tailored for each Mega Program, there are still benefits in standardizing the format and types of information required in Mega Program performance reporting. Standardization of reporting requirements could greatly reduce reporting burdens on centers. In addition, the Consortium Office should define a clear set of guidelines governing reporting requirements and a clear process for reporting at the system level.<sup>20</sup> As part of this effort, the Office should keep certain objectives in mind:

**Reporting should be standardized to the greatest extent possible:** Over time, the Consortium Office, in cooperation with the Fund and centers, should build a standardized set of reporting requirements, replacing multiple reporting formats dictated by the requirements of different donors. Bilateral donors should be encouraged to use the same standard reporting templates as are used for Mega Programs.

Our analysis indicates that ~\$46M of Centers' annual personnel cost is dedicated to "center interface costs"<sup>21</sup> – i.e. the costs of interacting with donors and the CGIAR system. Of this amount, ~60%, or \$27M, is the cost of time spent by research personnel, particularly senior scientists, on donor relations activities, including reporting. The importance of decreasing this workload through standardized donor reporting has been reinforced in interviews. One scientist expressed the concern that "unless the funds given to the Consortium come with reporting that is in an accepted format, it will create additional headaches." The Science Council, in a paper on "M&E in the New CGIAR" also cautioned against the creation of parallel systems of MP and bilateral reporting that "could place additional burdens on centers and researchers that the current change process is trying to alleviate." This paper also noted that "measures for monitoring and enforcing accountability that are designed for the new System can satisfy also the bilateral donors' needs. Where legal commitment[s] on donors demand very specific project-specific accountability this should be agreed to be met by relatively simple audits, complemented by existing evaluation materials."

We acknowledge that there is some skepticism, on the part of scientists as well as donors themselves, about donor acceptance of standardized reporting. One scientist pointed out that "donors tend to shift the goalpost regularly, so they won't accept anything standardized since their views will keep changing." Countering this viewpoint, however, one DDG-Research noted that much of the content of donor reports is similar and that it is the formats that differ, so that – in theory – it should be possible to move donors toward largely common sets of metrics and performance indicators. The reform process

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<sup>20</sup> Below the Mega Program level (i.e. at the sub-program or project level) it would be up to Lead Centers to define the tools, processes and templates appropriate for that Mega Program and its participants, but this should be done with the Consortium's requirements for Mega Program level reporting in mind, to ensure that there is an efficient "roll-up" from the sub-Mega Program level.

<sup>21</sup> For further details of this analysis, refer to Chapter 6 of this report.

should be regarded as a critical opportunity to re-open discussions with donors on standardized reporting, making it clear that this is a source of major efficiency gain for the CG system.

**Each report’s level of detail should be tailored to its purpose and its intended audience to avoid “information overload”:** In best-practice agricultural research organizations, project performance reporting and “stage gate” reviews are typically part of a consistent and well-understood process. As one corporate R&D executive described it, the performance reporting process should be “well defined but not heavy.” In addition, stage gate decisions on projects are typically made at relevant points in the project/program lifecycle rather than automatically each year, and the granularity of review varies with the audience. For example, when executive teams and Boards review the performance of portfolio projects or programs, it is often by exception – focusing on larger or riskier investments, identifying what is off-track, what needs an injection of funding, or what needs an extension of time – rather than measuring every project’s progress against milestones. (Individual program management teams tend to perform more granular reviews of projects.) The head of Strategy or Portfolio Management typically plays a role “triaging” which projects or programs to highlight to the Board or executive for formal “stage gate” review and action.

However, in the CG system today, some donors require identical reporting and scrutiny whether the investment is \$50K or \$5M, and insist that it be performed on a regular basis regardless of the stage of the project. In the Consortium, Mega Program Officers, under the leadership of the Head of RS&P, will help to tailor each Programs’ reports to the Consortium Board (and in turn the Fund). They will also work with MPs at a granular level to “triage” performance problems, resolve more minor issues, and highlight topics that need special attention of the CEO and Board to help avoid the need to provide the same degree of reporting at every stage in the review process.

**Parallel reporting systems and processes should be eliminated:** Under the current system, there is too much duplication between performance management processes at the center level and the Consortium level<sup>22</sup>. Wherever possible, systems and processes should be integrated so that reporting inputs and outputs at the more granular (center and partner) levels roll up to those at the highest (Consortium) level. Some centers have, in recent years, integrated their annual planning process with the revision of MTPs, which in turn inform program and project level milestone definition and work planning. This integration, along with the development of an on-line system for capturing and sharing information, appears to have significantly reduced those centers’ workload for system-level reporting. The Consortium should, as a first priority, identify opportunities to develop streamlined systems and platforms for use across Mega Programs, leveraging lessons from centers’ experiences with current CG-level reporting mechanisms.

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<sup>22</sup> For example, between System level (MTP, PMS) processes and center level annual planning and project reporting processes.

*Principle #3: Promote greater dialogue and more value-added interactions with and among centers.*

The existing lack of trust between centers and the Science Council and CG Secretariat appears to have been exacerbated by a lack of frequent, direct interaction between these groups, and by the perception that system functions are out of touch with what happens on the ground in centers. As noted above, performance reporting should not be an end in itself, but a means of facilitating dialogue about what is actually driving a program's performance and how each program can best achieve its desired results. (As one scientist put it, in the future system "we need to avoid the center scientists feeling it's a one-way communication between them and the Consortium.") This outcome, in turn, can best be achieved through regular interaction between the Consortium Office and Mega Programs, and a relationship of mutual respect and trust.

The establishment of such a relationship will depend largely on the extent to which the Consortium Office's interaction with Mega Programs is seen as value-adding. For example, the Office must provide Mega Programs with useful feedback on their strategic and operational plans, milestones, and so forth. One scientist stated: "As a project leader, I would love to get comments back; instead, I spend a lot of time on reports without ever knowing what happened to them." Dialogue about program performance should occur frequently and not be limited to "formal" funding discussions and performance reviews. This will help ensure that necessary course corrections or omissions are addressed far ahead of crucial decisions or reviews, resulting in fewer surprises when investment decisions are made. Finally, dialogue between the Consortium Office and Mega Programs should seek not just to measure progress, but also to facilitate the sharing of best practices across Mega Programs.

#### **4.4 Key elements of performance management in the new CGIAR**

In order to deliver on the principles described above, the new CGIAR will need to focus on the following four key elements of performance management.

- a) Performance contracts/agreements
- b) SRF and Mega Program Portfolio development
- c) Mega Program officers
- d) Performance reporting

These elements will require further detailing as the Consortium develops. Some elements will require legal review; in other cases, detailed design must await final clarification of the other parts of the system. Further discussions between Consortium Office staff, centers and the Fund will therefore be required in completing the design of the new performance management system. However, its basic aspects are outlined here.

##### *a) Performance contracts/agreements*

One of the most important changes in the new system is that the Consortium, unlike the current Alliance, will be a legal entity that is able to sign contracts. Performance contracts will be the formal mechanisms for establishing accountability among participants in the

new CGIAR performance management system: the Fund (through the World Bank as trustee), the Consortium, Lead Centers and Mega Program participants (Member Centers and partners). The ability to sign these contracts is one of the key benefits of Consortium creation, since it offers the potential for greater accountability, and that in turn can generate additional funding.

There are some inherent limits to contracting for performance in the world of science. As we have discussed in the previous section, much of the scientific research conducted by the CGIAR is – by its very nature – experimental, and the outcomes uncertain. For precisely this reason, we have advocated for a performance management process that is adaptable, builds in learning, and encourages appropriate risk taking that is beneficial to the pursuit of scientific innovation. Contracts - being formal documents that bind the parties for a set period of time - tend to be an inflexible mechanism for creating accountability for very specific research outputs and outcomes, and we would caution against using them for that purpose. They can, on the other hand, be effective in creating accountability for the broad objectives of research, for driving discipline around financial planning and performance reporting, and for clarifying how the parties will handle certain issues, e.g., dispute management or the use of intellectual property. It is critical to ensure that performance contracts/ agreements in the new CGIAR do not create a litigious dynamic between parties, but simply provide an agreed-upon framework that clarifies roles and responsibilities. We would advocate that all participants in the system work towards building relationships of trust and partnership, underpinned by frequent dialogue, and that they rely on these informal means to resolve any disagreements or conflicts.

Three types of performance contracts/ agreements are envisioned between the Fund and the Consortium:

- Frame contracts/agreements: These would cover general rights, obligations and remedies - issues such as general reporting requirements, the process for dispute resolution, management of IP, and contract termination.
- Performance contracts/agreements: These would cover rights, obligations and remedies specific to each Mega Program and would include, for example, a high-level strategic plan containing the objectives, key activities and budget for a particular Mega Program.
- Transfer contracts/agreements: These would cover the process for the technical transfer of funds from Fund to Consortium.

These Fund-Consortium agreements would most likely be mirrored by a similar set of agreements between the Consortium and the centers. The details of Fund-Consortium and Consortium-Center contracting should be articulated as a next step with the input of legal advisors. These details include the structure of contracting (e.g., whether the Consortium would contract with a Lead Center who would then act as general contractor with other Member Centers and partners, or whether the Consortium would contract with all participants directly). For the purposes of Consortium Office design in this report, we assume the former model.

*b) SRF and Mega Program portfolio development*

The Consortium Board and CEO (supported by the RS&P team) will be responsible for developing, and refreshing on a regular basis, the Strategic Results Framework (SRF) and Mega Program portfolio. A separate workstream is currently focusing on detailing the initial SRF and Mega Program Portfolio. Here, we will merely provide an overview of the key processes that the Consortium CEO and Board will need to oversee in connection with SRF and portfolio development.

**Regarding strategy setting and review of SRF**, the Consortium Board and CEO will need to lead:

- Formal events with stakeholders every few years to review CGIAR priorities and to “workshop” updates to the strategy and SRF.
- Regular interactions - both formal and informal - between the Consortium CEO (supported by the Head of RS&P) and center leadership to discuss the strategy and SRF.
- Analytical work within the RS&P team to develop a view on priorities and the CGIAR strategy, harnessing external and internal CGIAR expertise.

**Regarding Mega program portfolio development**, the Consortium Board and CEO will need to lead:

- A process for gathering relevant input to inform the development of Mega Programs every few years (or as funding becomes available). This could involve a call for proposals, or a process similar to that currently being employed in the draft development of the SRF and Mega Programs, which uses both an analytical and consultation process.
- Development and updating of a CGIAR “investment plan” for review and discussion with the Fund.
- Selection of MP Lead center(s).

*c) Mega Program Officers (MPOs):*

Mega Program Officers have a particularly critical role in performance management in the new system. MPOs are the embodiment of Principle # 3 articulated above: the promotion of greater dialogue and more value-added interactions with and among centers. They are to be “honest brokers” between donors and centers, challenging and stress-testing Mega Program plans and progress while also ensuring that donors have an accurate understanding of programmatic progress and commit to stable, long term funding where performance warrants it.

MPOs’ judgment will need to be informed by both quantitative reporting on key performance metrics and qualitative understanding of Mega Program performance. Consequently, they will need to interact on a regular basis with centers and Mega Program partners, and develop relationships of trust and mutual respect. It is not essential that MPOs have deep expertise in all topic areas within a Mega Program. As agricultural research and/or development “generalists,” they will need to be smart enough to ask challenging questions, but also smart enough to know they don’t have all the answers. In

addition to performance management, they will need to ensure that Mega Programs are learning from the process, making changes, and sharing best practices across programs.

#### *d) Performance Reporting*

As articulated earlier in this chapter, reporting consumes a significant proportion of scientists' time in the current CGIAR. There are multiple performance management systems and processes in place today, with both centers and individual projects treated as units of evaluation. There is a risk that Mega Program reporting could be layered on top of current project and center-level reporting, increasing the overall reporting burden. It is therefore critical to agree on what the most important unit of evaluation will be in the future CGIAR, and to focus most of the oversight and effort in that one area.

Overall, we envision a shift in focus from centers/projects to Mega Programs as units of evaluation. Accordingly, we would recommend a reduction in monitoring and evaluation activity associated with centers, and replacement of that activity with monitoring and evaluation of Mega Programs, as the unit most critical to determining impact and capturing overall learning. In the same spirit, we would strongly encourage donors (both Fund and bilateral) to comply with Principle #2 articulated above, concerning the standardization of reporting requirements and streamlining of reporting processes. By agreeing on Mega Programs as the primary unit of evaluation and accepting standardized reporting, donors can enable the redeployment of a significant proportion of center resources back towards research.

In the new CGIAR, the majority of funds will be directed toward either Mega Programs or bilateral projects. We have articulated in this chapter a process for determining the allocation of funding for Mega Programs that we believe overcomes the shortcomings of today's performance measurement system. For bilateral project funding, donors will most likely continue to have their own processes for determining the allocation of funds and evaluation of bilaterally-funded projects. A third area of funding - center-specific investments through the CGIAR fund - is anticipated to be a smaller proportion of funding in the future CGIAR<sup>23</sup>. This center-designated funding will presumably be used to fund "innovative" projects outside of Mega Programs, or to fund center infrastructure needs, and will be relatively "unrestricted" in nature. We would encourage the level of planning, monitoring and evaluation of center-allocated funding to be relatively low, to be commensurate with their expected share of total funding, and their unrestricted nature.

In what follows, we discuss the requirements for effective reporting of Mega Programs, followed by discussion of those aspects of the current reporting system that should remain or be ramped down. In this way, we seek to ensure that accountability is balanced by an appropriate investment of researcher time and resources in reporting.

**1) Mega Program Reporting:** As a first priority, the Consortium RS&P team should develop a streamlined system for review of individual MP performance, and the

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<sup>23</sup> Center-specific funding and would presumably be provided through Category 1 (unrestricted) and Category 3 (institutional) of the Fund, although the precise definitions of these categories at the time of writing this report were yet to be finalized.

performance of the Mega Program portfolio as a whole. This new system would involve two types of events:

*Individual Mega Program Annual Progress Review Meetings:* These would involve a review of Mega Program performance against key milestones and other indicators. Review meetings should involve Mega Program Lead Centers, the Consortium CEO, Head of RS&P and the relevant Mega Program Officer. They should be characterized by robust debate in the spirit of learning and progress towards common goals, not just a “check-the-box” or “policing” interaction. These annual meetings would be held against the backdrop of frequent informal dialogue throughout the year between MPOs and Mega Program leader centers and participants.

The Consortium Office should provide clear guidelines and standard templates to guide regular MP reporting in preparation for these discussions. These templates should be designed in collaboration with MPs and should “roll up” metrics from the sub-MP/project level rather than being part of a parallel system. Where possible, the aggregation of metrics should be automated through reporting systems and should leverage common MIS and data systems (potentially housed in Shared Services). Consistent with Principle #1 articulated above, Mega Program reporting would standardize *types* of performance indicators used (e.g., annual output milestones, indicators of capacity building and partnership), but would provide latitude as to the *specific metrics* employed to measure outputs, as these would vary for different programs of research.

Enabling centers to define milestones and metrics that are meaningful for the kinds of research they are doing within Mega Programs, and having MPOs discuss and stress test these metrics, will not only ensure the relevance and robustness of progress measurement, but will also build greater ownership and accountability by those responsible for delivery of results.

*Portfolio Review Meetings:* The Consortium Board and CEO should also develop a process for the review of MP performance at the portfolio level. These meetings should involve the Consortium Board, CEO, Head of RS&P, and all MPOs, as well as Mega Program Lead Center representatives.

The purpose of these meetings would be four-fold. First, they would be used to review the general progress of all Mega Programs against milestones and sign off on their financial/institutional health. Second, and more importantly, they would focus on reviewing in greater depth those Mega Programs that are at critical points in their funding in order to revise, build on and update the overall CGIAR investment plan. Therefore, it is not envisaged that every Mega Program would be reviewed in equal depth in each review meeting. Third, they would provide an opportunity to review and take stock of the overall impact of the Consortium’s portfolio. Last but not least, these meetings would provide an opportunity for all Mega Program representatives to meet collectively with the Consortium Board and CEO to present findings and share progress and best practices. Portfolio review meetings should occur annually, but may also occur “off cycle” - e.g., if significant new monies come into the Fund and need allocation.

The data used for portfolio level reviews should not add incremental burden to centers and other Mega Program participants. Rather, the information provided in review meetings should leverage the standard Mega Program reporting that will be in place as

part of the Individual Mega Program Annual Progress Review Meetings. Consistent with Principle #1, discussed above, the data reported by Mega Programs would be supplemented in review discussions by Mega Program Officers' qualitative understanding of what is driving MP progress. In addition to Mega Program performance, a "holistic" set of considerations would be employed in reviewing allocation of funds across the entire portfolio. These considerations could include temporary funding needs, emerging issues in the external environment and the potential need to invest in innovative/start-up projects outside of existing Mega Programs

2) **External reviews:** External Program Mgmt Reviews (EPMR) are now performed every 4-5 years and provide external evaluations of a center's scientific research, governance and management. We still see a continuing role for center-based EPMRs to inform the decisions and actions of center Boards, bilateral donors, the Consortium Board, and donors to the CGIAR Fund (for instance, to support decisions regarding institutional funding). We would propose that the Consortium Office take over the role of commissioning center EPMRs from today's Science Council.

External reviews of Mega Programs would also be necessary. It has been proposed that all evaluation activities commissioned by the Fund Council be handled by an independent evaluation arrangement. This would include a CGIAR independent system review every 5-6 years and independent evaluations of Mega Program relevance and research quality every 4 years<sup>24</sup>. We believe that it is appropriate for the Consortium CEO and Board, in their central role as performance manager of Mega Programs, to be involved in the commissioning of the Mega Program external reviews (with the Fund Council having final say in choosing the evaluator). This would mitigate the risk of the Fund Council duplicating the work of the Consortium in coming to a view of the requirements for the evaluation of Mega Programs. We acknowledge that the rationale for recommending an independent evaluation arrangement is in part to manage any potential conflict of interest that could arise in having the Consortium both advise Mega Programs on strategies and priorities and evaluate the effectiveness of such strategies. However, we do not think this risk would be great, particularly if the Fund Council were to make the ultimate decision on the choice of external evaluator.

In addition, we would advocate for the independent evaluation arrangement being an ad-hoc outsourcing arrangement commissioned jointly by the Fund and Consortium, rather than a standing capacity or unit dedicated to external evaluation. Given the tendency for organizational units to expand and self-perpetuate, an outsourced model would help manage the risk of the independent evaluation arrangement becoming – de facto – another monitoring and evaluation body duplicating the role of the Consortium Board, CEO and Office.

3) **The evolution of other current performance management elements:** There are several other performance management mechanisms in place in the current CGIAR

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<sup>24</sup> Noted in the draft paper on the 'M&E Framework in the New CGIAR', 19 September 2009, written by members of the Accountability workstream.

system, including: Medium Term Plans<sup>25</sup> (MTPs), the CGIAR Performance Measurement System (PMS), center-commissioned External Reviews (CCERs), system-wide external reviews, and reviews of cross-center programs of work (e.g. external reviews of SWEPs and Challenge Programs).

As noted above, wherever possible, monitoring and evaluation systems that are no longer relevant in a Mega Program-focused world should be re-evaluated and, to the greatest extent possible, subsumed or replaced by the Mega Program performance management process articulated above.

**Medium Term Plans:** MTPs drive useful disciplines in the linkage of inputs, outputs, outcomes, and impact. The discipline of the MTP-type logical frameworks should be applied in the design of Mega Program strategic plans. However, MTPs as a *center-level* strategic planning mechanism should continue only to the extent that centers find them valuable for their own strategic planning purposes. The Consortium Board, CEO and Office should not review or try to shape center-level MTPs (as the Science Council does in today's CGIAR). Instead, they should primarily focus on rigor testing and reviewing Mega Program strategic plans, treating this as the primary unit of evaluation.

Overall, the importance of center MTPs in system-wide performance management would likely decrease over time.

**Performance Measurement System (PMS):** The PMS should be phased out as funding shifts from individual centers towards Mega Programs. To date, the PMS has been used as a mechanism for measuring and comparing the performance of each center along certain global dimensions in order to inform resource allocation and influence center internal practices (e.g., in impact assessment). For reasons already articulated above, the PMS has not provided an effective basis for funding decisions, and improving it in this regard would require turning it into a far more resource-intensive process than it is today. More importantly, if center-specific funding in the future proves to be of a relatively unrestricted nature, this level of monitoring of center outcomes would probably be overkill. Like many donors of unrestricted funds today, Fund donors in the future could leverage center annual strategic plans and reports to inform and evaluate center-specific funding decisions, making a continuing PMS system redundant.

The PMS's purpose in influencing center internal practices has been in two separate spheres. First, the PMS's scientific indicators are intended to encourage robust center science monitoring and evaluation practices. In the future, providing that Mega Programs make up a large enough part of a center's total funding, we anticipate there will be sufficient incentives in place to encourage good practices through Mega Program performance management processes.

Second, the PMS's non-science indicators were developed to measure the financial and governance health of centers. In Chapter 3, we have articulated the role that the Consortium Board, CEO and Office would play in monitoring centers' financial health,

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<sup>25</sup> MTPs can be regarded as part of the "performance management system" in the broadest sense, since they define the research activities and outputs, outcomes and impacts that are measured ex-ante through various monitoring and evaluation systems.

replacing the role the CG Secretariat has played to date through the PMS system. This process, in contrast to today's, would be lighter touch, leveraging centers' existing reporting outputs (annual budgets and independently audited financial statements) rather than requiring additional system-level reporting. Periodic center EPMRs should thus continue to reinforce this oversight of center governance and management health.

**Center Commissioned External Review (CCER):** Center-initiated reviews should continue to the extent that centers find this a valuable use of time and resources. CCERs should continue to be the responsibility of center Boards and be used for center learning and improvement.

**System-wide reviews:** These should continue for the new system entities (Fund Office, Consortium, ISPC etc) and should be commissioned by the Fund Council on a periodic basis.

**Monitoring and evaluation of cross-center programs** (Inter Center Thematic Reviews, External Reviews of SWEPs and Challenge Programs): These should continue if and only if these programs of work are continued in the new CGIAR. To the extent that cross-center programs are folded into Mega Programs, their performance would be managed as part of the Mega Program.

#### **4.5 Meeting the challenges of assessing CGIAR impact**

Given the nature of CGIAR research, assessing its impact will continue to be a challenge. As the Science Council has stated, "good research performance does not necessarily equate to high levels of impact, since impacts depend on numerous factors outside the control of the research that have entered the impact pathways over time." Identifying these factors is a major part of the challenge.

There is no "magic bullet" solution to this perennial difficulty. Ultimately, a large part of the solution is for centers (and in the future, Mega Programs) to continue their commitment to better define their impact pathways, collect relevant baseline data, and document outcomes and impact over time. However, there is also a clear role here for the Head of RS&P and his team as a system resource that can:

- Help manage donor expectations about time to impact, and educate donors about how to interpret performance results for the purposes of guiding investments.
- Reinforce, through performance reporting, best practice sharing and other interactions, a rigorous focus on CGIAR development impact.
- Provide institutional continuity in reviewing and understanding the impact of Mega Programs over time.
- Assess impact on a system-wide basis by building a central team of MPOs who do not "own" particular Mega Programs, but can, assist the Head of RS&P in assessing outcomes and impact across the portfolio, despite the diversity of Mega Program impact pathways.
- Support donors and development partners (e.g. NARs) in developing their own delivery capacities and strengthening the pathways from research to development impact.

## Chapter 5. Estimated size and costs of the Consortium Office and Board

### 5.1 Introduction

This Chapter outlines the analysis that we have performed to estimate the size and costs of the Consortium Office under different scenarios. To be successful, the Consortium Office needs to have sufficient resources to carry out its day-to-day responsibilities. At the same time, staffing of the Office should strive to be as lean as possible, so as to maximize the resources available for research. Staffing levels also need to scale up or down depending on the size of the Fund, the number and size of Mega Programs, and other factors that drive the Consortium’s work load.

In order to perform this analysis, we focused in detail upon the work that would need to be done by each of the units in the Office. We identified a set of work drivers for each of the units, and estimated their impact on resourcing levels based on inputs from several sources, including: stakeholder and other expert interviews, findings from organizational analogues, and staffing and cost data for existing system functions and the CG Centers.

### 5.2 Sizing scenarios

Our analysis addressed a set of Fund-size scenarios provided by the TMT. There are three scenarios that correspond to different “steady state” Fund sizes in the future (or to three different phases of Fund growth). In these scenarios, the Fund size ranges from \$150M to \$600M, and the number of Mega Programs ranges from five to ten, as shown in Exhibit 4:

*Exhibit 4: Scenarios used for Consortium Office sizing*

Parameters	Starting position Scenario 0	"Small" Fund Scenario 1	"Medium" Fund Scenario 2	"Large" Fund Scenario 3
<b>Total CGIAR Fund (\$)</b>		<b>\$150M</b>	<b>\$350M</b>	<b>\$600M</b>
<b>No. of MPs in portfolio (#)</b>	<i>No assumptions about Fund size or mega programs made</i>	<b>5</b>	<b>7</b>	<b>10</b>
<b>Avg size of MP (\$ per MP)</b>	<i>This scenario describes the first set of positions to be recruited once the CEO and Board in place</i>	<b>\$30M</b>	<b>\$50M</b>	<b>\$60M</b>
<b>CGIAR Fund as % of 2008 funding levels</b>		<b>29%</b>	<b>67%</b>	<b>114%</b>

**Small, medium and large Fund size scenarios as defined by the CGIAR Transition Management Team (TMT)**

Source: TMT

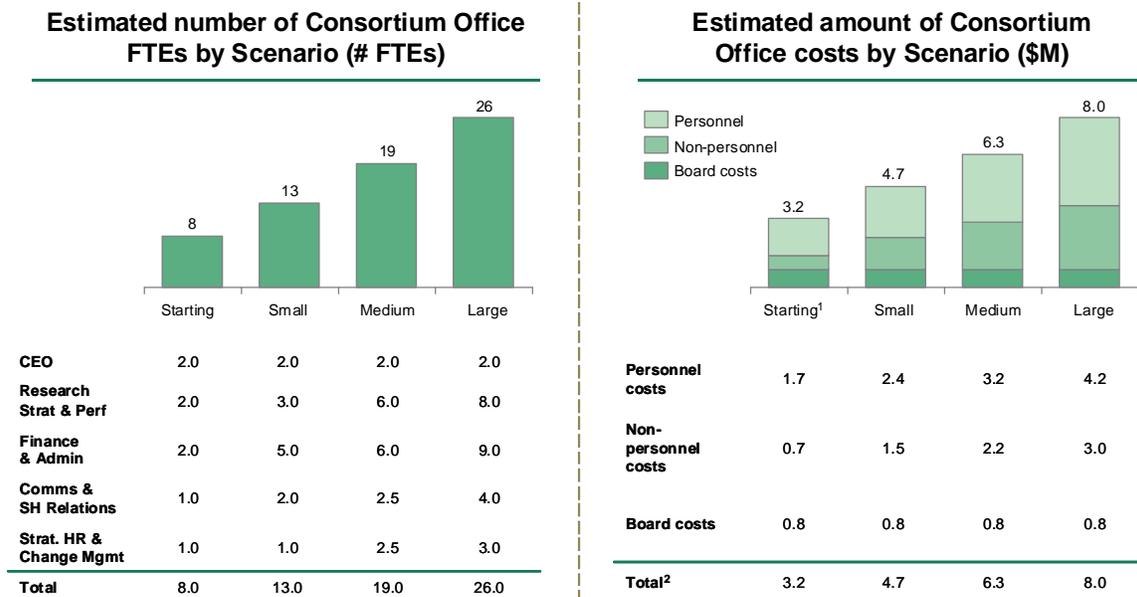
We have also included a fourth “starting” scenario based on an estimate of the positions that would need to be filled in the Consortium Office when it first comes into existence.

The purpose of the “starting” scenario is to highlight the required roles and associated costs at time of launch.

### 5.3 Estimates of Consortium Office & Board Sizing

Our sizing and cost estimates for each of the four scenarios are summarized here. The supporting details and explanations follow in Sections A & B below.

*Exhibit 5: Estimate of Consortium Office FTEs and total costs by scenario*



1. Startup phase does not include change mgmt costs 2. Numbers may not sum due to rounding  
 Source: Baseline FTE estimates provided by CG Secretariat, Alliance Office, and Science Council Secretariat; Framework Document for the CGIAR Fund; Aug. 2009 ITG report on the establishment of ISPC; ICARDA, ILRI, IRR1, and WorldFish 2009 budget personnel data; TMT assumptions for Consortium Office sizing; BCG analysis

This level of resourcing is consistent with a number of benchmarks for other organizations that play similar roles in research performance management. Refer to Design Note #2 for lessons from organizational analogues that helped guide the design and sizing of the Consortium Office.

#### A. Explanation of FTE estimates

The staffing of the Consortium Office, under the different Fund size scenarios, would range from 8 to 26 FTEs. This is driven by the need for greater resource requirements in each of the four organizational units as Fund size grows. A brief description of the growth dynamic in each unit is provided below.

**CEO/Unit Heads:** The CEO and all of the organizational unit heads are present in all four scenarios. Given the nature of the Consortium Office and the desire to have a lean organization, these officers need to be strong “doers” as well as active managers. The size of each of their teams varies across the scenarios:

#### Research Strategy & Performance (RS&P):

- Mega Program Officers would vary with the number of MPs, and to a lesser degree, with the size of the Fund. Our resourcing assumption here is based on the view that one MP Officer would be required for every 2-3 Mega Programs. This

level of resourcing is comparable to that of similar research funding organizations. Having each MP Officer cover multiple programs encourages the identification of synergies across Mega Programs and lessens the risk of MP Officers becoming “siloes” in their thinking. We also believe this is a manageable ratio that will allow MP Officers to maintain the appropriate level of engagement with the Lead MP Center and other key participants. As discussed in the detail of Chapter 3, these activities are important in helping MP Officers achieve an informed understanding of the drivers of MP performance so they can provide meaningful feedback to the Consortium, the Fund and others.

- The second role is the Portfolio Development & Evaluation Manager. We would recommend leaving this position open until the Fund and Mega Programs reach critical mass. As a result, we have assumed 1 and 2 FTEs for the medium and large size Fund scenarios, respectively.

#### **Finance & Administration (F&A):**

- There are three roles reporting to the head of this unit: two different Finance Officers - one to oversee the financial reporting aspects of Mega Programs and another to focus on Centers – and also a Consortium Finance Manager to manage the Office’s own financial planning and budgeting. In the smaller Fund scenarios, we have assumed that these roles can be shared across 1-2 FTEs, and that the roles would become more distinct only as the Fund grows to the Medium-size scenario.
- The work of the Contract Administrators also varies with the number of Mega Programs. Here we have projected one FTE for the small- and medium-size scenarios and a second in the case of the Large-size scenario. We have also assumed no FTEs in the starting scenario.

#### **Communications & Stakeholder Relations (C&SR):**

- This unit is anticipated to be very lean. The Head of C&SR will draw support for communications activities from other professional staff in the Office, and from resources in the Centers. For instance, the Head of Strategic HR & Change Management would provide content for internal communications to Centers about the change process, while the Head of Research Strategy & Performance, Mega Program participants and individual Member Centers would contribute content toward other CGIAR publications. It would source third-party services in some areas, for example printing and website development. We therefore estimate that only one Communications Assistant would be required for every ~\$300M in the Fund. This leads to no junior FTEs for the starting scenario, 1 for the Small and Medium-size, and 2 for the Large Fund scenarios.

#### **Strategic HR & Change Management SHR&CM:**

- One Project Manager would be needed for the medium and large size Fund scenarios, and none for the small-size and starting scenarios. This individual would support the Head of the unit.

Note that there would also be a need for administrative support as the Office grows. We have projected that the Office would add 1 assistant for every 5-7 professional FTEs. This assumes administrative assistants are shared between units in the smaller fund scenarios. In the large Fund scenario we have allocated an administrative support role to each of the units, plus a receptionist for the organization.

The exhibit below summarizes the number of FTEs by role in each Fund size scenario:

*Exhibit 6: Estimate of Consortium Office FTEs by role in each Fund-size scenario*

Consortium Office role	FTE estimates by Fund size scenario			
	Start <sup>1</sup>	Small	Medium	Large
<b>0 – Chief Executive Officer</b>				
0.0 – CEO	1.0	1.0	1.0	1.0
0.1 – Executive assistant	1.0	1.0	1.0	1.0
<b>1 – Research strategy and performance</b>				
1.0 – Head of research strategy & performance	1.0	1.0	1.0	1.0
1.1 – Portfolio development & eval. manager	0.0	0.0	1.0	2.0
1.2 – Mega-Program officers	1.0	2.0	3.0	4.0
1.3 – Administrative assistant	0.0	0.0	1.0	1.0
<b>2 – Finance and administration</b>				
2.0 – Head of finance and administration	1.0	1.0	1.0	1.0
2.1.1 – Finance officers - Mega Programs	0.3	0.6	1.0	2.0
2.1.2 – Finance officers - Centers	0.3	0.6	1.0	1.0
2.2 – CO Finance Msnager	0.4	0.8	1.0	1.0
2.3 – Contract administrators	0.0	1.0	1.0	2.0
2.3.1 – Admin services - admin assistants	0.0	1.0	1.0	1.0
2.3.2 – Admin services - receptionist	0.0	0.0	0.0	1.0
<b>3 – Communications and stakeholder relations</b>				
3.1 – Head of comms and SH relations	1.0	1.0	1.0	1.0
3.2 – Media and communications officers	0.0	1.0	1.0	2.0
3.3 – Administrative Assistant	0.0	0.0	0.5	1.0
<b>4 – Strategic HR and change management</b>				
4.1 – Head of strategic HR and change mgmt	1.0	1.0	1.0	1.0
4.2 – Project manager	0.0	0.0	1.0	1.0
4.3 – Administrative Assistant	0.0	0.0	0.5	1.0
<b>Total</b>	<b>8.0</b>	<b>13.0</b>	<b>19.0</b>	<b>26.0</b>

1. Positions to be filled first once the Consortium CEO and Board are in place  
Source: BCG analysis

### *B. Explanation of cost estimates*

As mentioned above, the total costs of the Consortium Office and Board range from \$3.2M to \$8.0M across the different Fund size scenarios. The three components of this cost, i.e. personnel costs, non-personnel costs, and Board costs, are described below.

#### **Personnel costs:**

Except in the case of the CEO, projected personnel costs for the various positions were based on current full-cost estimates for similar positions in the system functions and centers today. It is important to note that a number of factors – including Office location, cost of living, and tax status – could alter the costs projected below.

The following full-cost assumptions were used for the positions indicated:

- In order to recruit a world-class leader for the CEO position, we have assumed a level of compensation that is higher than for any position that now exists in the Centers or system functions. As a proxy, we have used the VP role at the World Bank, with an annual cost estimated at \$425K.
- Compensation for the Head of RS&P is also based on comparisons to the current system. In this case, we have estimated the cost at approximately \$250K. This figure is higher than the costs for most DDG-Research positions in the centers,

but at the low end for costs of the DG positions. We have also assumed that the heads of the other organizational units will earn director-type compensation levels of approximately \$200K.

- MP Officers are also assumed to have compensation of \$200K per year. This figure falls below most of the DDG-Research positions in the system.
- Managers, finance officers, and contract administration professional staff would be compensated at similar levels to CG Secretariat professional staff or senior IRS positions below director level within centers today. Full costs would therefore range from \$150-160K.
- Administrative assistants would range from \$75-85K; however, this could decrease significantly in a low-cost location.

These assumptions and project function sizes yield personnel costs ranging from \$1.7M to \$4.2M across the different scenarios. Salaries and benefits per position do not vary among the four scenarios, so the only driver of increasing personnel cost with Fund size is the increasing number of FTEs for each unit.

Since the initial positions to be filled in the Consortium Office are the more senior (and therefore the higher paying ones) personnel costs do not grow as quickly as headcount across the scenarios. For example, in the small-Fund scenario, the Office has only 50% as many FTEs as the in the large-fund scenario, but its personnel costs equal 60% of those in the large-Fund scenario.

#### **Non-personnel costs:**

Non-personnel costs were estimated based on several factors: external benchmarks, comparisons to similar costs in the system functions today, and expert interviews.

The non-personnel costs comprise several different components that we have estimated in different ways:

- Rent & utilities, IT services, finance services, HR services, and professional services were sized by taking external benchmarks to determine unit costs, and conducting expert interviews to assess the quantity of each resource required. For rent & utilities in particular, an average cost location was used<sup>26</sup>. This amount could increase or decrease by as much as \$200K per year (for rent & utilities alone), depending upon where the Consortium Office is located.
- Supplies, equipment, travel, communications, facilities management, and meeting expenses were estimated based on comparisons with analogous system functions today. However, we took the different nature of the Consortium Office's roles and responsibilities into consideration as well. For example, we adjusted the projected expenses for communications and travel upward from today's levels to reflect the assumption that the Consortium Office staff would travel more

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<sup>26</sup> The average office rent per year for 200 cities globally, based on Cushman & Wakefield's 'Global Office Market Report 2009'

extensively and use communications services more than staff in the current system functions today.

It is important to note that our estimates for non-personnel costs focus solely on the Consortium Office. We have assumed that centers would continue to cover the costs they currently incur (except costs that may be absorbed into Mega Program budgets) in the future. For example, our estimates cover Consortium Office staff travel, but not Center staff travel. Another example is the cost of center or Mega Program reviews. Today, EPMRs and CCERs are included in center budgets. We assume that the costs of future center and Mega Program reviews would come out of center and MP budgets respectively.

Using these assumptions, the total non-personnel costs would range from \$0.7M to \$3.0M across the different scenarios.

**Board costs:**

As described in the Constitution, the Consortium Board will consist of ten voting members (including a chair and vice-chair) and two non-voting observers, and will convene twice per year. As a reference, this is approximately the same size and format as the current Science Council. In order to estimate the cost of the Board, we made the following assumptions:

- Compensation for board members will be honoraria-based at an average of \$850/day, which is roughly 250% of the current Alliance Board honorarium;
- The Board chair and vice-chair will be required to devote 25% and 15-20% of their time respectively toward Board activities, with other members contributing about 15% of their total time;
- Travel and per-diem costs will be similar to those of today's Science Council
- Consortium Board meetings costs and fees will be approximately 150% of today's Alliance Board meetings & fees

Employing these assumptions, we estimate that the Consortium Board will cost \$0.8M per year. This figure is not expected to change significantly regardless of Fund size. A key uncertainty in this estimate is whether Consortium Board members will be compensated by honoraria or by salary. At the time this report was being finalized, a final decision had not yet been made on that question. If salaries are used instead of honoraria, the total costs of the Consortium Board would increase markedly.

## Chapter 6. Net cost impact of the new CGIAR

### 6.1 Introduction

In the new CGIAR system, the Consortium, Fund and ISPC will replace the current Alliance, CGIAR Secretariat, and Science Council. While the new model has the potential to increase the effectiveness of the system and to draw new resources into agricultural research for development, many stakeholders have also expressed a strong interest in what the new system will cost. As part of our scope of work, we were asked to assess the net cost impact of the new system, and to highlight the factors with the greatest potential to affect the costs going forward.

In this section, we are providing two types of cost analysis:

1. *An apples-to-apples comparison of the costs of the current system functions (the Alliance Office & Board, the CG Secretariat, and the Science Council and Science Council Secretariat), versus the new system functions (the Consortium Office & Board, the Fund Council & Office, and ISPC Council & Secretariat, and the Independent Evaluations Arrangement) . Our analysis assumes that the new system functions will replace the old ones. As a result, it does not represent the transition period when the new institutions are emerging as the old ones are phased out. The analysis yields an estimate of the “net cost impact” of the new CGIAR system functions (in a given Fund scenario) when compared with the old.*

The results of this comparison are described in Section 6.2 below.

2. *A set of analyses that highlight how the new system could impact the costs of the centers, specifically around “interface activities.” We use “interface activities” here as a shorthand term for all activities centers conduct that involve interactions with donors and CG system functions. This is an important source of cost in the system today; in aggregate, center “interface costs” are several times larger than the direct costs of the system functions themselves. To understand these costs, we estimated the time that the staff in four sample centers spend today on interface activities from a sample of centers, calculated the personnel costs associated with these activities, and then analyzed the factors driving this time and cost. We then highlight some opportunities the new system can seize to drive down these costs in the future – and point out some risks that could lead them to rise.*

A detailed explanation of what constitutes interface costs, and the results of our analysis, are set forth in Section 6.3 below.

### 6.2 Scope, assumptions and caveats

At the outset, it is important to clarify the scope of our analysis and to keep in mind certain caveats. Many important elements of the new system are still in the process of being designed, and choices around those designs could yield different costs. Because of these uncertainties, our goal here is not to achieve complete precision in the forecast, but rather to give a sense of the future costs under certain scenarios, as well as an understanding of the factors that drive those costs. As a result, we have sought to be conservative in our cost assumptions.

A few other caveats are important to highlight:

- In calculating current system costs, we have considered only the system functions named above. The other system offices (CAS-IP, Internal Audit, Gender and Diversity, CIO/ ICT-KM) are included as part of the shared services consultancy and therefore excluded from this analysis to avoid double-counting. It is hoped that the shared services analysis will point to significant potential cost savings for centers in the near term.
- In estimating future system costs, we have used the Consortium Office sizing projections for the medium Fund size scenario. We have also relied upon inputs from other work streams involved in the CGIAR change process. At the time of writing this report, many of these inputs, including the potential costs of the Fund Office, Independent Science and Partnership Council (ISPC), and Independent Evaluation Arrangement were still in flux. Therefore, our estimates of future system costs should be considered *placeholders*, to be revised as other work streams provide more information.
- The location of the Consortium Office could potentially have a large impact on both its personnel and non-personnel costs. In our analysis, we have not assumed a low-cost location; instead we assumed average rental cost that is between that of high and low-cost locations. If the Consortium Office were to be situated in a low-cost location, these costs could be significantly lower than those indicated here.
- We have not included any potential impact on the current Challenge Programs and their costs. It is unclear at this stage exactly how those current Programs will be affected by the upcoming system changes.
- We have developed our view of center interface costs from a sample of four Centers: ICARDA, ILRI, IRRI, and WorldFish; center core personnel and non-personnel costs and Challenge Program costs are not included. Center interface costs and their drivers may vary widely, based on factors such as the nature of each center's funding and how they interacts with the system. Generalizing from this sample could therefore be misleading for any individual center.

### **6.3 Comparison of the costs of current vs. future system functions**

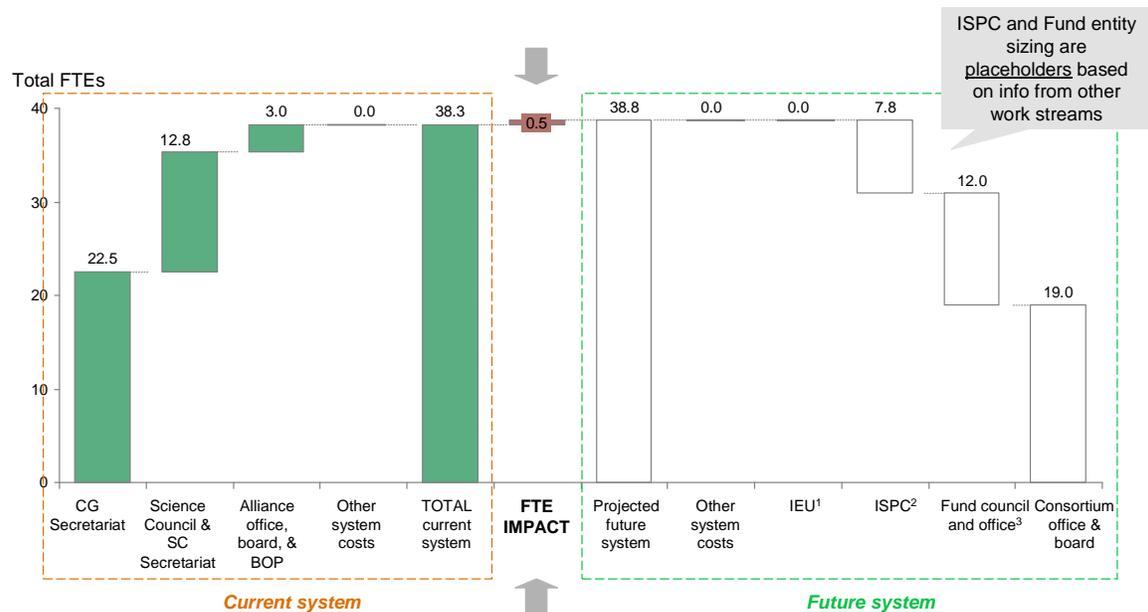
#### *FTE Comparison*

In the medium Fund size scenario for the Consortium Office, the new system functions are estimated to have around 39 full-time-equivalents (FTEs). This compares quite closely to what exists today across the Alliance Office, CGIAR Secretariat, and Science Council – which together add up to around 38 FTEs.

However, the aggregate picture masks a significant change in the mix of those resources. Today, the overwhelming majority of staff in system functions resides in the CGIAR and Science Council Secretariats. However, in the new model, the resources will be split more evenly between the Fund/ISPC and the Consortium. This more even balance of resources is reflective of the spirit of the redesign: it acknowledges the separation of roles

for funders and “doers”, and also provides the two pillars of the new model with a comparable level of resources.

*Exhibit 7: Estimated FTE impact of new CGIAR system functions*



1. Assumed to be an outsourced cost 2. Based on ISPC report as of August 3, 2009, and assumes 0.8 long-term consultant FTEs (same level as current SC Secretariat) 3. Based on ExCo16 Back to the Office Report  
 Source: Baseline FTE estimates provided by CG Secretariat, Alliance Office, and Science Council Secretariat; Framework Document for the CGIAR Fund; Aug. 2009 ITG report on the establishment of ISPC; BCG analysis

Current system functions total approximately 38 FTEs, comprising;

- 22.5 FTEs in the CG Secretariat, which includes two seconded FTEs
- 12.8 FTEs in the SC Secretariat, which includes 0.8 long-term consultant FTEs
- 3.0 FTEs in the Alliance Office

Future system functions, in the medium-size scenario, would total approximately 39 FTEs, comprising:

- 7.8 FTEs in the ISPC Secretariat: The ITG report suggested a 4-5 FTE reduction in moving from the SC Secretariat to the ISPC Secretariat, and we also assumed no change to the level of long-term consultant FTEs. As the Alliance is reviewing and responding to these ITG recommendations, our current estimates are likely to prove conservative, i.e. it is likely the final number of ISPC FTEs will be lower than what is presented here.
- 12.0 FTEs in the Fund Office: This is based on estimates provided at ExCo16 in which the Secretariat was quoted as saying that they expect the Fund to be 11-12 FTEs. To be conservative, we took the higher number.
- 19.0 FTEs in the Consortium Office, as described in the previous section for the medium size Fund scenario.
- At the time of writing this report, the precise set-up of the Independent Evaluation Arrangement was still under discussion. Consequently we have not assumed any FTEs in our estimates, but rather have accounted for the potential costs of an

Independent Evaluation Unit – including personnel costs – in our total cost estimates.

### *Cost Comparison*

In the medium-Fund scenario, the new CGIAR system functions will be more expensive than in today's model. Our estimates suggest the additional cost may be as much as \$3.5 million. This represents an ~30% increase over today's system function costs.

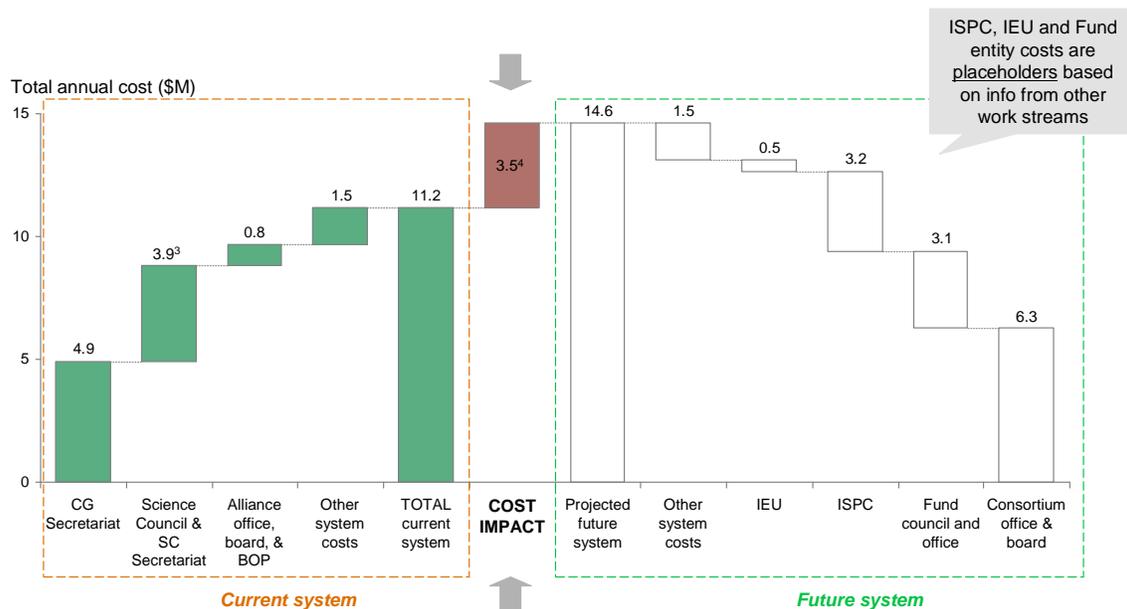
The difference in cost is driven by both personnel and non-personnel costs. While the number of FTEs is comparable under the current and new systems, the average costs per employee will be higher in the new model, reflecting the higher levels of skills sought in the new model. In addition, some non-personnel costs are expected to grow in the new system to reflect the changes in the work the system functions are doing.

- Three-quarters of this increase is driven by additional non-personnel costs associated with the activities required of Consortium Office staff. For example, Consortium Office executives and MP Officers will be expected to engage in a substantial amount of travel, and this has led us to increase our estimates for travel expenses. Also, based on estimates made by the CG Secretariat, \$500K has been budgeted for independent external review of Mega Program and the overall CGIAR system by the IEU<sup>27</sup>.
- The remaining quarter of the increase reflects higher personnel costs, i.e., higher average costs for Consortium Office staff than for those staffing today's system functions. In addition, average costs in the ISPC are anticipated to be higher than in the current Science Council, reflecting a shift in the mix of personnel.

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<sup>27</sup> The CG Secretariat provided BCG with a range of costs for the IEU from \$0.5M - \$2M annually. This range is a point-in-time estimate and the final amount will depend on a number of factors including the final set up of the independent evaluation arrangements, the number of Mega Programs in the portfolio, and the frequency of review.

Exhibit 8: Estimated cost impact of new CGIAR system functions



1. Due to increased system bodies and related direct costs of activities (including increased travel and review costs), increased outsourcing of support functions, IEU 2. Due to small increase in # of FTEs and increase in average FTE costs in Consortium Office and SC Secretariat 3. Includes \$25K estimate for services provided by FAO 4. Numbers do not add up due to rounding  
 Source: Baseline FTE estimates provided by CG Secretariat, Alliance Office, and Science Council Secretariat; Framework Document for the CGIAR Fund; Aug. 2009 ITG report on the establishment of ISPC; ICARDA, ILRI, IRRI, and WorldFish 2009 budget personnel data; TMT assumptions for Consortium Office sizing; BCG analysis

This projected increase in costs over today could be a very worthwhile investment for the CGIAR. Indeed, it will be a modest price to pay if the new model succeeds in drawing significant new funding into agricultural research for development and adds greater effectiveness and developmental impact to the work of the centers.

However, since the increase in costs projected here is based on conservative assumptions, vigilant oversight of costs will be important, especially as the designs of other elements of the system are completed. Organizations have a tendency to grow over time, and checks will need to be in place to counteract this. The CGIAR cannot afford to run operations that are larger than absolutely necessary. There are a range of activities, such as monitoring and evaluation, that could potentially lead to overlap and duplication in the new system. We therefore urge stakeholders, as the design process goes forward, to scrutinize the new system functions to identify any duplication and to ensure that each function has the resources it needs to perform their roles effectively, but not more than it needs.

This analysis also highlights the importance of the shared services effort. An effective process for delivering high-quality, low-cost shared services to the Centers holds the promise of offsetting some of these added system function costs. It will be incumbent upon the Alliance and its advisors to press aggressively for cost savings in these operations.

The analysis also raises questions about the impact of the new model on the costs and economics of the Centers. Indeed, as detailed below, the costs that the Centers incur from dealing with the system functions and funders today are much greater than the direct costs of the system functions themselves. As a result, while it is important to make sure the system functions are as “lean” as possible, it is even more critical to understand how the system generates costs at the Center level. With this understanding, steps can be

taken to reduce the risk of those costs being driven higher – and perhaps even to lower them by streamlining certain activities.

#### 6.4 Analysis of current center interface costs

In this section, we describe our approach to estimating the size of center interface activities and related personnel costs, and discuss the factors that produce those costs. We also highlight some thoughts about how to manage the risk of these costs growing significantly in the new system, and offer some suggestions for how they might be reduced over time.

Before proceeding further, however, it is important to clarify what we mean by a “Center interface activity”. **Center interface activities** are any activities Centers conduct today that require interactions with the “system,” where the system is defined as:

- System functions (SC Secretariat, CG Secretariat, & Alliance Office), and
- Donors, including both CG and non-CG members

Center interface activities fall into a number of categories:

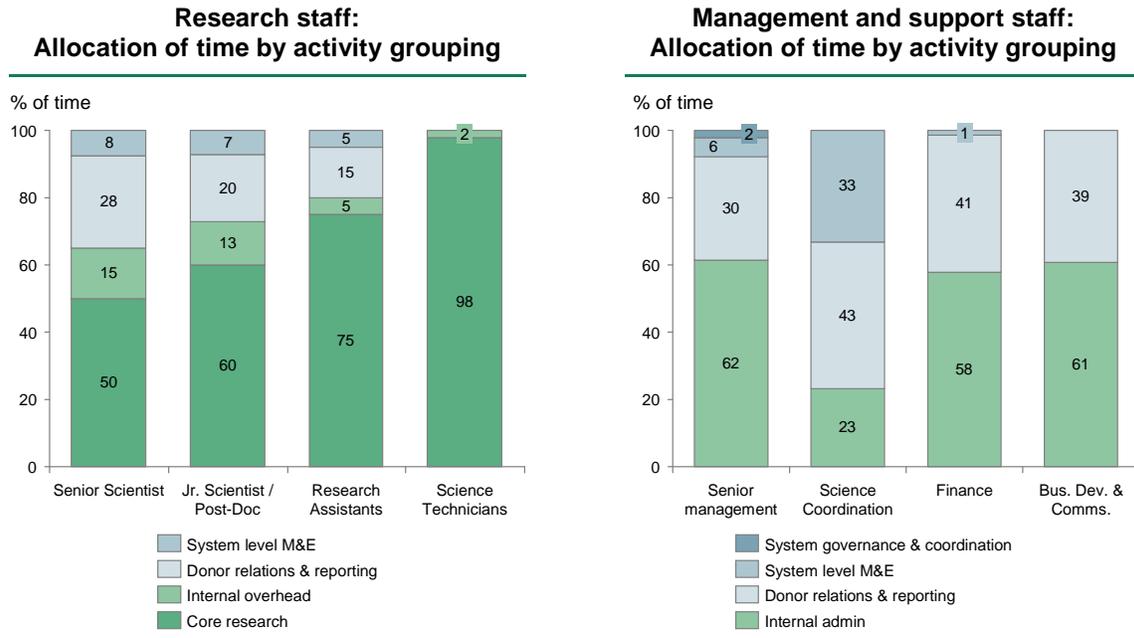
- *Donor relations and reporting.* Donor fundraising activities, development of proposals and concept notes, contract negotiations, and scientific/financial reporting. (Donor reporting varies greatly in its degree of complexity, across both small and large grant sizes.)
- *System-level monitoring and evaluation.* Activities conducted in connection with various system-level reviews (e.g. PMS, EPMRs, Stripes etc.), creation of MTPs, and other strategic planning activities.
- *System governance and coordination.* Preparation for and involvement in AGMs and Alliance meetings, PR and media activities, and cross-Center educational efforts.

To estimate center interface personnel costs in the system today, we used a methodology in which we:

- Interviewed, and in certain instances surveyed, a cross-section of research staff, as well as management & support staff from each of four sample centers (ICARDA, ILRI, IRRI, and WorldFish). These 4 centers were selected by the Consortium Planning Team (CPT) because they are diverse in geographic location, size and activity;
- Asked center teams to divide their time into two different categories for interface and non-interface activities;
- Took personnel cost and FTE data from center finance/HR and combined it with interview data to determine total interface costs and FTEs at each sample Center, and to break out interface costs and FTEs by staff type and activity type;
- Used a weighted average of the sample center data to generate an estimate for overall Center interface costs across the Alliance, using 2008 costs.

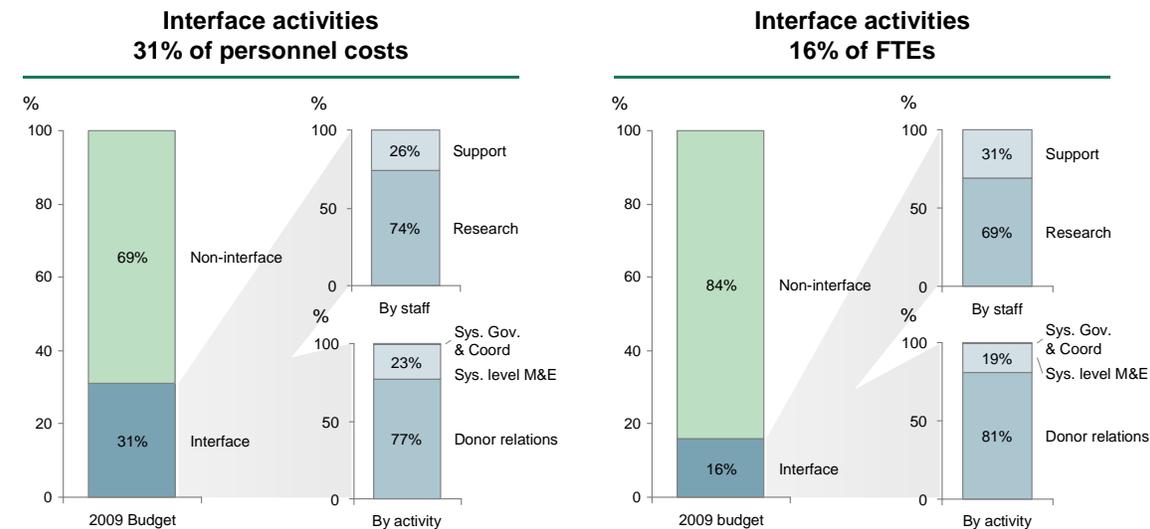
Results from one center are shown in Exhibits 9 and 10 below

Exhibit 9: Example base data: Center C



Source: Center C staff interviews; Center C 2009 budget data; BCG analysis

Exhibit 10: Example analysis of interface activities as a proportion of personnel costs and FTEs: Center C



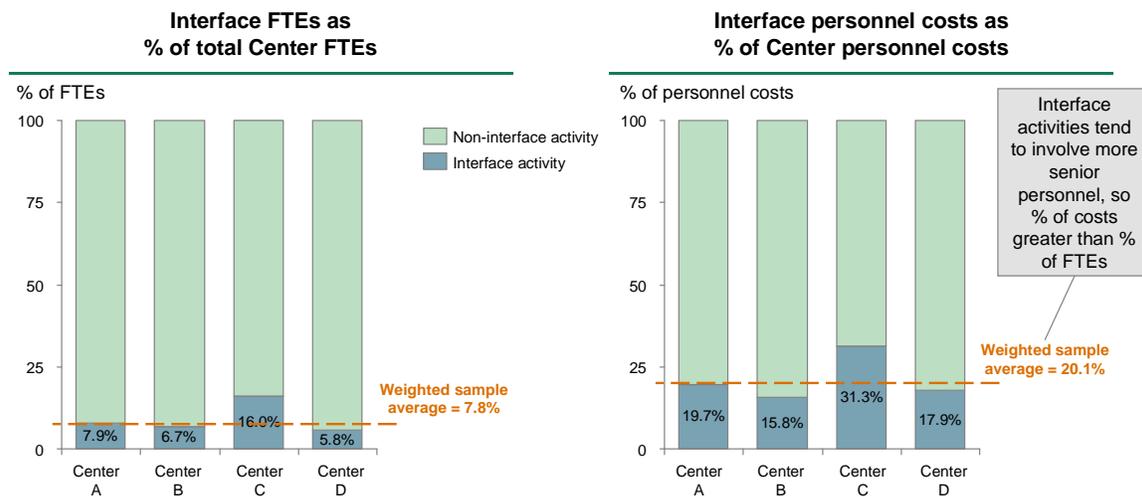
Source: Center C staff interviews; Center C 2009 budget data; BCG analysis

The results for the four sample Centers is shown in Exhibit 11. In these centers we, approximately **8%** of center employee time is devoted to interface activities. Since the center employees involved in interface activities tend to be more senior and therefore more expensive (e.g. DGs, DDGs - Research, Directors, Senior Scientists, etc.), their time involved in these activities represents **20%** of total center personnel costs. According to the 2008 CGIAR Financial Report, total personnel cost across the 15 CG Centers in 2008 was \$229M. Applying 20% to this total cost yields an estimated total center interface costs of approximately **\$46M**.

Our analysis also estimated the costs across different categories of “interface activities”. The largest cost category was donor relations and reporting activities, comprising roughly 75% of the center interface costs. This proportion held across the 4 centers we sampled, with some modest variation within the sample. If one applies this percentage to the personnel costs of all 15 centers, it suggests that donor relations and reporting activities are responsible for more than \$30M in costs at the center level, annually. This is roughly 2-3 times the costs of the system functions today, in aggregate.

Of the remaining costs, the largest were related to system-level monitoring and evaluation activities, at about ~20% of center interface costs.

*Exhibit 11: Results across 4 Center sample: Interface activities comprise ~8% employee time, ~20% personnel costs*



**When applied to personnel costs across 15 Centers, 20% corresponds to \$46M in total interface activity costs**

1. 2009 budgeted personnel costs  
Source: Staff interviews and financial data from sample Centers: ICARDA, ILRI, IRRI, WorldFish; BCG analysis

In interpreting this analysis, one needs to acknowledge a number of limitations and caveats:

- Each center is quite different, so the true proportion of interface costs across the 15 Centers may be quite different than what the sample of 4 centers suggests;
- Within the centers sampled, we interviewed only a subset of the research staff – as a result, the true burden of interface costs may be lower or higher than what we are reporting; and
- Our data relied on individuals providing estimates of time spent on interface vs. non-interface activities, often estimating time spent by other members of their team. This technique, while probably directionally correct, is not as accurate as time and materials studies or other approaches.

For these reasons, it is appropriate to think about the \$46M in center interface costs as an estimate, and one with large error bars around it. That said, it is quite clear that center interface costs are large and significant, that they are effectively “hidden” because they

are not tracked and reported in a consistent manner, and that the majority of them are linked to donor relations and reporting activities.

The new system has the potential to achieve significant savings for the centers – savings that can be redeployed into research – if it can reduce these costs through streamlining of donor relations and reporting activities and other interface-related work. At the very least, steps need to be taken to make these costs and their drivers transparent, so that donors and others do not unwittingly impose activities that cause these costs to grow sharply. We believe it is critical that donors and centers understand the drivers of these “hidden” costs and work collaboratively to reduce them over time.

### **6.5 Interface costs in the new system**

In the new CGIAR, centers will continue to incur interface costs. They will still have to engage in donor relations and reporting work, interactions with system functions, and system-level monitoring and evaluation activities. However, many of the current mechanisms for these interactions will change in important ways. How these changes are implemented will determine whether the interface costs borne by centers will expand or contract.

The process for reporting on Mega Programs provides a useful illustration. One can imagine a model where Mega Program performance reporting is very standardized. In this model, centers who participate in a Mega Program would work with the Consortium Office to compile progress reports using standardized templates, which would then be shared with the Fund and subsequently the donors who have provided their support. In this model, the costs of donor reporting are greatly reduced; the centers still have to report their progress comprehensively, but only once and relying on a single template.

Unfortunately, one can also imagine a model where individual donors insist on separate ad hoc reporting on the progress of the Mega Programs, above and beyond the standard reporting to the Consortium and Fund. In this model, the centers not only have to contribute to the standard reporting for the Consortium and Fund, but also provide additional reports for specific donors. In this situation, despite the attempt to streamline reporting through standard tools, the interface costs created by the system are actually increased.

Responsibility for managing down these interface costs falls not just to the Centers and the Consortium, but also to donors. If donors are able and willing to adjust their expectations and behaviors, they can play an important role in reducing interface costs. This would allow the centers to redeploy valuable time and expertise into research activities. Failure to do so runs the risk of increasing the administrative burden on centers and distracting them from their mission and research focus.

Establishing the right expectations about donor relations and reporting will be important from the start. It is anticipated that much of the initial contribution to the Fund will come from funding that is currently unrestricted. Today, these unrestricted funds have very low transaction costs, as they often require little reporting beyond what centers already provide in their Annual Reports. As these funds move into Mega Programs, the level of reporting cost associated with them will rise modestly due to the standard reporting requirements for Mega Programs. It will be important for the donors to for the view that

standard Mega Program reporting is sufficient for their needs. If additional ad hoc reporting to individual donors is expected on top of the standard reports, the result could be quite damaging; the system effectively will have traded very low-transaction-cost funding for very-high transaction-cost funding, with centers bearing the increase in expense.

Over time, there is the potential for the new model to reduce this interface cost. Bilateral funding currently constitutes the majority of CGIAR funding. Much of this funding is restricted, and in many cases there are significant reporting requirements for a large number of small projects. This funding currently generates large interface costs for the centers who receive it. To the extent that this funding can, over time, be shifted into the Fund and directed into Mega Programs, it has the potential to lead to lighter (standardized) reporting requirements and lower costs for the centers.

We acknowledge that donors sometimes have legislative requirements that constrain their flexibility around funding and reporting. Similarly, different centers will have different burdens based on their mix of research and funding sources. However, to the extent possible, we urge donors, centers, the Consortium, and the Fund to work together in a collaborative manner to streamline the activities that generate these interface costs across the system. Doing so will allow the system to focus its resources on research and enable the donors to achieve greater developmental impact with their funds, a goal shared by all CGIAR stakeholders.

## Chapter 7. Consortium office location

### 7.1 Introduction

One of the first and most important decisions the new Consortium Board will have to make is where to locate the Consortium office. As part of our design work, we have performed some analysis to help inform this decision. In this chapter, we discuss the approach we took to this analysis and then set out the next steps in the location decision process.

### 7.2 Analysis of potential Consortium Office locations

Our analytical work on Consortium Office location has been aimed at providing a ‘‘fact base’’ to the Consortium Board on the locations nominated by stakeholders as part of the design process. We first sought nominations of potential locations from the Alliance and donors through an e-survey. The survey was launched in late July and closed on 21 August, though some additional nominations were later sent via email to the Alliance Office. Each nominated location was assessed against a set of criteria, described below. These criteria reflect important strategic and operational considerations that the Board should weigh in deciding on the Consortium Office location.

Stakeholders have nominated the following thirteen cities, listed here in alphabetical order:

Addis Ababa, Ethiopia	Nairobi, Kenya
Bangkok, Thailand	New Delhi, India <sup>28</sup>
Bonn, Germany	Ottawa, Canada
Geneva, Switzerland	Rome, Italy
Los Baños, Philippines	Wageningen, Netherlands
Montpellier, France	Washington DC, USA
Montreal, Canada	

Each nominated location was filtered against the following criteria, selected as the most important strategic and operational considerations that should influence the choice of Consortium Office location.

**1. Hub for global Agricultural Research for Development work:** The Consortium Office will in many respects represent the CGIAR on the global stage. Operating from a location that is a ‘‘hub’’ for international agricultural research for development ideas and

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<sup>28</sup> India as a country was also nominated as a location, without specification of a particular city.

talent would be beneficial to the Consortium from a recruitment and knowledge perspective, and would also generally enhance its relevance in this domain.

**2. Host country receptivity to international organizations:** As an entity that will have International Organization status, the Consortium will need to be located in a country that is receptive to international organizations and is willing to confer the benefits of that status to the Consortium (e.g., immunities, financial and technical support, civic amenities).

**3. Quality of life:** The Consortium Office will need to situate itself in a location that provides access to people who are capable of carrying out its mission effectively. In order to attract high caliber talent, the Consortium Office will need, among other things, to provide its staff with a reasonable quality of life, taking into consideration such factors as safety, environment, and health care.

**4. Operational readiness:** To ensure the safety and well-being of Consortium Office staff and reduce the risk of disruption of its work, the Consortium Board will need to consider the operational readiness of each potential country: for example, the quality of its communications infrastructure and the reliability of utilities and transportation, and to be aware of any cultural or political barriers to the effectiveness and efficiency of the Consortium Office's operations.

**5. Operating Costs:** In order to keep the Consortium as cost-effective as possible, the Board will need to consider the relative costs of operating in various locations, balancing cost considerations against operational readiness, quality of life and talent availability in cases where there may be a trade-off between those factors

**6. Mobility to Member Centers:** The staff of the Consortium Office will need to maintain regular contact – including in-person contact – with Member Centers. Consequently, mobility – measured in terms of the number of direct flights, and the duration of travel time – to each center is an important factor. Consortium Office staff will also need to maintain contact with CGIAR donors and the Fund, but this is a secondary consideration, since contact with the Fund and donors is more likely to be virtual, and will affect fewer staff members (principally the CEO, and Board members, who are likely to be situated in different locations anyway).

*Exhibit 12: Criteria used to evaluate nominated Consortium Office locations*

	<b>Criteria</b>	<b>Rationale for inclusion</b>	<b>Data used to evaluate candidate locations</b>
1	<b>Hub for global Agricultural Research for Development work</b>	Proximity to ARD hub has symbolic and practical value (e.g., access to thought-leadership, talent etc)	Number of Agricultural Research for Development organizations with a global mandate located in each nominated city
2	<b>Host country receptivity to international organizations</b>	Consortium will most likely seek international organization status hence the need to locate in a host country receptive to international organizations	Number of existing international development organizations located in each nominated country as a proxy for the relative attractiveness of a given host country
3	<b>Quality of life</b>	Quality of life a consideration in attracting senior talent to the Consortium Office	International quality of life survey taking into account factors e.g. socio- cultural environment, political and economic environment, safety, medical and health, education etc. by nominated city
4	<b>Operational readiness</b> A. Political stability B. Infrastructure and technology	Operational readiness factors such as political stability and quality of infrastructure and technology have the potential to impact the efficiency and effectiveness of the Consortium Office's operations	Data comparing governance, infrastructure and technological readiness by nominated country
5	<b>Operating costs</b>	Relative operating costs of the consortium office should be kept as lean as possible	United Nations Cost of Living Adjustments (COLA) used to determine comparative cost advantages by nominated country
6	<b>Mobility to centers</b>	Optimization of travel time/cost to center locations facilitates access and communication	Data on number of direct flights and flight duration between each nominated city and the 15 CGIAR centers

In addition to the above criteria, stakeholders have commented on the symbolic importance of the Consortium Office’s location. Several have made the point, for example, that locating the Consortium Office in the developing world would send a strong positive message reinforcing the CGIAR’s work with, and for, poor farmers. It has also been noted that, conversely, locating the Consortium in the developed world could send a resounding message in the opposite direction. We fully acknowledge the importance of this issue in determining the location, and encourage the Board to consider this as well as the other criteria in making their decision.

**7.3 Next steps in the process**

The above discussion highlights the complexity of any final decision about location, since there is no single city or country that meets all the above criteria equally well. The Consortium Board will therefore need to make trade-offs among the different criteria. The analysis we have performed should provide the Board with a robust set of facts it can refer to as it evaluates possible locations. However, a critical input to the final decision will be the specific offer of support that various host countries provide. This support cannot be articulated through a “desk” analysis, but must be determined through discussions and negotiations with individual host country candidates.

The following next steps will need to be taken in order to arrive at a final decision about the Consortium Office’s location:

- Board members, once engaged, will need to review BCG’s analysis of potential location choices. If new locations are proposed in the interim period between this writing of this report and the engagement of the Board, further analysis may need to be performed, using the data sets provided in the BCG analysis as a starting point.
- The Board, in one of its earliest meetings, will need to
  - Discuss and debate the pros and cons of each nominated location

- Agree on a process for engaging with potential host countries – e.g. through either a closed or open tender process
- Prior to the decision, the Board will need to engage legal advisors to assist in establishing International Organization status for the Consortium and to provide advice on a range of issues pertaining to the Consortium's location in a host country, including: the pros and cons of different processes for engaging with potential host countries, perspectives on the ease of establishment of host country arrangements in various places, and the types of benefits that should be negotiated as part of a host country arrangement.
- The Board, a sub-committee of its members, or its nominated proxies, would need to hold negotiations with potential host countries and reconvene to debate and discuss various options before coming to a final decision.
- Attaining International Organization status and carrying out discussions with potential host countries may take anywhere from several months to a few years. It is possible that in the period between engagement of the Board and full staffing of the Consortium Office, some interim arrangements may need to be made to host the start up Consortium Office team (CEO plus his/her initial team).

## **Chapter 8. Consortium Office transition planning**

### **8.1 Introduction**

As discussed above, the Consortium Office will grow and develop over time. In particular, Chapter 5 sets out four scenarios under which the size and cost of the Office could vary, but these four scenarios are merely snapshots within a continuing and not entirely predictable process. This chapter describes some of the stages and variables in that process, covering the immediate steps needed for the Consortium Office to begin operating, and why and how it should grow from there. In addition, this chapter addresses some particular strategies and structures for managing the change process.

It should be noted that this chapter does not attempt to identify exhaustively all of the implementation steps in the change process. A detailed transition plan pertaining to establishment of the Consortium and other Alliance-related areas of work (e.g., the draft SRF and Mega Programs) is being developed and managed by the Alliance Office. The Transition Management Team (TMT), supported by Considea Consulting, is monitoring cross-workstream dependencies and owns the master implementation plan. BCG has provided input to planning at both levels in the course of our work.

### **8.2 Consortium Office startup**

There are several prerequisites for the startup of the Consortium Office. First, there must be a broad donor and Member Center mandate. This mandate should come from the Business Meeting in December 2009, and should involve endorsement of the emerging system, including the strategy and Strategic Results Framework, the Fund design, and the Consortium Constitution. It is also imperative that the mandate come with some level of donor financial commitments to the Fund. In sum, a significant critical mass of support, in both words and actions, will be needed from centers and donors to get the Consortium Office off the ground.

Second, the Consortium Board members must be selected, and the Board in turn must select the Consortium CEO. Selection of the CEO will be one of the first decisions made using “new CGIAR” structures and decision-making processes. Choosing a chief executive is a critical role of any board; in this case, the Board must find someone who can both inspire its confidence and help establish the authority and the credibility of the Consortium to the outside world.

Currently, the Consortium Board is scheduled to be in place by early 2010. However, in order to accelerate the CEO selection process, it would be advisable to begin aspects of the CEO search immediately after the Business Meeting, so the vetting of candidates can begin in parallel with the start-up of the Board. If this can be done, in an aggressive but still reasonable scenario, the CEO could be in place by mid-2010.

*Note:* As discussed in detail below, we are recommending the creation of a very lightly staffed Transition Management Office (TMO) function to help support the transition to the new structure during the period between the Business Meeting and the hiring of the Consortium CEO and starting team.

Once the CEO has been appointed, the Consortium Office may begin operations in earnest. Again, some early vetting of candidates for key roles may happen in parallel with the CEO search, but CEO involvement and leadership in the selection process is critical; in such a small, start-up environment, the CEO must be able to surround him or herself with a compatible team. Also, the CEO's involvement in the hiring process will better enable the Board to hold him or her accountable for the team's performance.

Precisely because it is so critical that the CEO shape the situation, and because we do not know the exact circumstances under which the CEO will be operating, we would not wish to prescribe exactly how the CEO should fill out the organization. However, the CEO must establish momentum by moving quickly to build a strong team. We believe that the Consortium Office "start-up" scenario described in Chapter 5, in which the Office is staffed by 8 FTEs, represents a nimble critical mass to perform all necessary early stage roles in each of the four major functional areas.

We also set forth below some factors that will be important for the CEO to consider with respect to initial staffing of the Office. For example:

- *Research Strategy and Performance*: It will be critical to quickly build trust and establish a constructive dynamic with the centers and others involved in Mega Programs, as described in detail in earlier chapters of this paper.
- *Finance and Administration*: It will be important to manage the establishment of the Consortium as a legal entity and the development of its relationship with the Fund.
- *Communications and Stakeholder Relations*: The new Consortium will attract a lot of attention, both internally and externally, and its early responses will be crucial in establishing its credibility and importance.
- *Strategic HR and Change Management*: It is essential that a talented, compatible Consortium Office staff be hired, and that the change process be effectively managed and monitored.

All of these requirements are vital to the success of the Consortium. This underscores the importance of quality hiring, and points toward the selection of a relatively senior early staff.

However, hiring must be approached with some degree of flexibility. While it is important to build a strong team quickly, it is unlikely that all 8 FTEs will be on the ground on Day 1. The CEO should be opportunistic in his or her hiring, and this may mean filling out the startup roles in any number of possible sequences. This could entail, for instance, beginning with combined roles—e.g., a Head of Communications, Stakeholder Relations, Strategic HR and Change Management—and/or setting up temporary reporting structures—e.g., having the first Mega Program Officer report directly to the CEO if the Head of Research Strategy and Performance is not yet on board. Even if done out of necessity, there may be value in this approach, as it allows the CEO to table some senior hiring decisions until he or she has a better sense of the Consortium's role in practice (as opposed to on paper), of technical skills still lacking in the organization, or of the personalities that will mesh best with the growing organization.

Because early hires may also be in the running to head up one of the Consortium Office's functional areas, they should not only be able to perform a certain role in the short term, but to evolve beyond that role if the Fund grows rapidly. This entails hiring early employees who are equally adept as "doers" and "managers." Given the Consortium Office's relatively small size even in the long term, a "doer" orientation will be important, but candidates who have most recently been senior leaders in large organizations can add particular value. It will also be a plus if at least some members of the inaugural Office have experience in small entrepreneurial or start-up settings.

### **8.3 Evolution of the Consortium Office over time**

As funds begin to flow and the Consortium Office moves beyond the start-up phase, the growth of the Office should be managed strategically. Until the Fund has reached critical mass, the Consortium Board and Office will have to prioritize their activities, focusing on those tasks that contribute most significantly to the Fund's growth and the Consortium's success. These activities could include: partnering with the Fund in fundraising, ensuring that early Mega Program work is successful so that it provides a proof point for future work, and managing internal communications and change management so those within the system remain engaged with and supportive of the ongoing change process.

Even once the Fund gains critical mass and approaches the medium and large scenarios described in Chapter 5, the Office's growth should still be approached strategically, with restraint, and in alignment with the Consortium's objectives. Increases in staff will not necessarily be proportionate to increases in funding. Some activities, such as managing contracts and financial transactions, will increase roughly proportionately to funding flows, but others will not. At the same time, there may be some cases where it is strategically advisable for staffing to move out in front of corresponding growth of the Fund so the Consortium can reach certain goals. For example, once the first few Mega Programs are in place, early investments in CGIAR branding and marketing may be strategically important in generating new investments in the Fund.

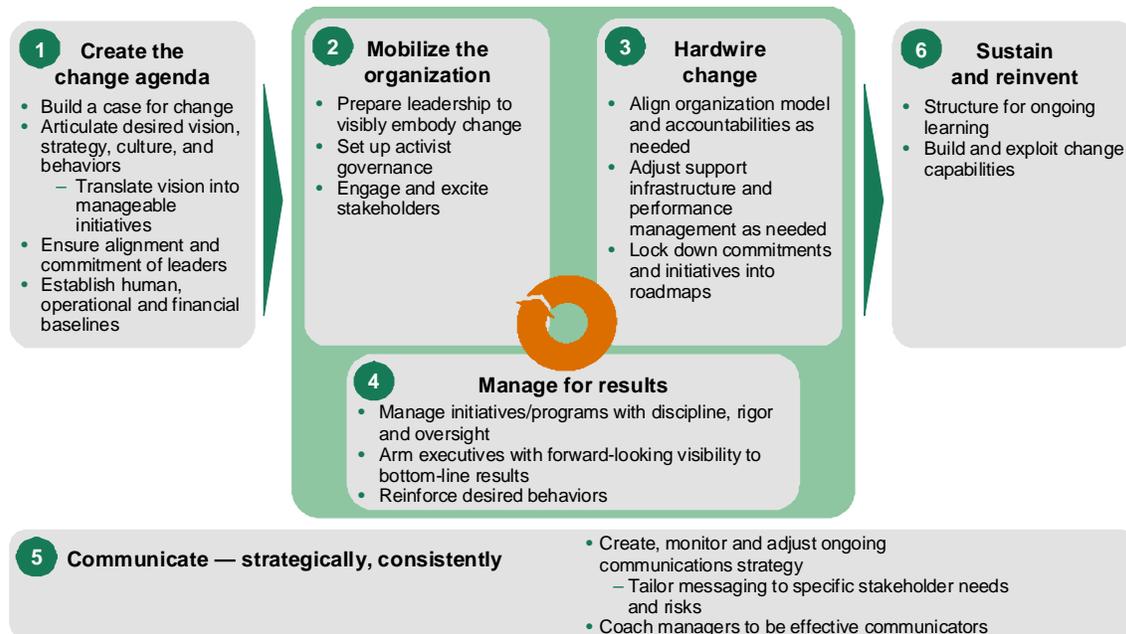
Another variable in Consortium Office size is how the Office's own internal functions (e.g., finance, HR, and operations/facilities management) are managed. The CEO and Consortium Board will have to decide whether these functions are to be conducted in-house or outsourced, and in the latter case, whether to outsource them to Shared Services, the Consortium Office's host facility (if there is one), or an outside provider.

### **8.4 Managing the transition**

It is our firm belief that the success of any major change effort, especially one as complicated and difficult as this one, requires explicit attention to managing both the operational and human sides of change. The time invested by the various bodies involved and actively engaged in the CGIAR change process to date, including the TMT, CPT, Alliance Office, CG Secretariat, World Bank, and the various reference groups representing both Centers and donors, suggests broad alignment with this belief. It is critical that this focus on managing the change does not subside once organs of the "new" CGIAR, such as the Consortium Office, are established. Indeed, the importance of change management will only increase as change becomes more tangible.

BCG has developed a framework of six key dimensions for preparing for and managing through large scale organizational change (See Exhibit 13). Each of these dimensions will need to be addressed in the CGIAR change process in order to deliver bold, successful and sustained change.

*Exhibit 13: Six key dimensions to manage to deliver successful and sustained change*



Source: BCG analysis

**1. Create the change agenda:** The case for change was clearly articulated in the 2008 Independent Review of the CGIAR System, and the vision for reform was laid out at Maputo and in the 2008 Integrated Reform Proposal. Since then, the various workstreams have more concretely described the desired vision, strategy, culture and behaviors for the new CGIAR. As the change progresses, it will be critical to keep referring back to the earliest principles and goals of the reform so as to anchor all stakeholders in a core vision and shared goals for the future. As the new system is implemented, baseline measures of the current system (e.g., the size and cost of current system functions) should continue to be used as a reference point to track the change against core reform principles.

**2. Mobilize the organization:** Individual leaders within every stakeholder group in the new system must be willing and able to support and embody the change process. Each and every leader (including the leadership of donor organizations, the Consortium CEO and Board, Fund Council and Member Center senior management) must be prepared to make necessary changes in their parts of the system to make the total reform a success. They will also need to be armed with all information about the change process they need to inform and mobilize their own organizations.

**3. Hardwire change:** Certain initiatives will need to get underway immediately, including: design and implementation of the future process for Fund disbursements, agreement on Consortium financial and non-financial reporting requirements for the Fund and other stakeholders, and the design of new Mega Program reporting templates, processes and systems as part of the new performance management system.

**4. Manage for results:** All change initiatives will need to be managed with discipline, rigor and oversight. This will require clear definition of who is responsible for delivering results, and the development of plans against which progress can be tracked.

**5. Communicate – strategically and consistently:** The importance of clear, regular communication throughout the change process cannot be emphasized enough. Messages should be tailored to different stakeholders to speak to any specific concerns they may have or actions they may need to take. In addition to “broadcast” messages, communication through the change process will need to involve narrower, informal, interactions among groups and individuals. Leaders and managers across the system will need to be coached on the key messages to deliver, and their own questions about the change must be answered so they can give consistent and clear messages to their teams.

**6. Sustain and reinvent:** Learning and adaptation as the change process unfolds will be a critical component of success. It is impossible to plan for every risk and contingency in advance, so managers of the CGIAR change process must remain adaptable and alert to risks and issues. To ensure this nimbleness, processes need to be put in place for capturing feedback and identifying risks as they arise. Specific tools such as regular stakeholder “pulse check” surveys and an issues log will be valuable for these purposes.

Addressing these six dimensions requires that critical change management roles be fulfilled. On the operational, or “hard,” side of change, these include:

- Establishing a detailed list of change tasks and initiatives across all workstreams and assigning clear responsibilities and deliverables.
- Tracking milestone progress and flagging any issues or areas off-track.
- Tracking who will make decisions, how they should be made, and the parties who should be consulted in the process.
- Identifying dependencies and interactions among the various change workstreams.
- Identifying risks and planning for contingencies.
- Following up to keep abreast of workstream progress and issues, particularly if and when something is off-track or behind schedule, and raising issues to decision makers as necessary.

And on the people, or “soft” side of change, critical roles will continue to include:

- Communicating consistently and straightforwardly about the change process, key decisions, and what is ahead. This will become critical as the new system moves from the planning stage to actual changes in day-to-day activities
- Strategically determining the right amount of information and key messages for a range of audiences.
- Regularly taking “pulse checks” of opinions and concerns for various stakeholder groups, and feeding the results back to communicators and decision makers.

In addition, those responsible for change management might plan and oversee a “road show” of leadership visits to centers to inform and engage center staff and to respond to questions. Depending on the exact timing, the participants in such visits might include

members of transitional structures such as the CPT and/or leaders in the “new” system (e.g., Consortium Board members, CEO).

### **8.5 Recommended role of a Transition Management Office**

Once the change process receives the go-ahead at the December 2009 Business Meeting, the existing change management structures should be evaluated to assess how well they will be able to support both the “hard” and “soft” sides of change.

Based on our experience with similar large-scale transformations, we would recommend the creation of a Transition Management Office (TMO) function supported by a small number of full-time staff (likely 2 to 3). The primary role of the TMO would be to support the change management process between the Business Meeting and the point in time when the Consortium CEO has been hired and his/her starting team is in place. Core activities of the TMO would include:

- Developing and maintaining a “master” timeline and deliverables calendar to track the progress of all initiatives to be implemented as part of the transition to the new Consortium, as well as interdependencies between areas of work.
- Providing project management support to specific initiatives, e.g., initiation and briefing of the Consortium Board.
- Following up with individual initiatives to track progress, flag risks and escalate issues to the relevant decision makers.
- Coordinating meetings and other interactions between different actors (e.g., the Consortium and the Fund) to ensure effective communication and alignment as the designs of different pieces of the new system are finalized and put into operation.
- Managing regular communication to stakeholders in the change process to ensure that they are kept “on board” and informed during the transition, including planning and supporting the execution of a transition “roadshow.”
- Initiating regular pulse checks to gauge the level of buy-in of different stakeholders in the change process.
- Maintaining a master “issues” list to track and respond to concerns and issues as they arise.
- Providing a point of contact and liaison for various external parties engaged in the change process (e.g., legal advisors).

With the TMO handling these tasks, the system bodies providing leadership would be free to focus on the most important decisions. The TMO also would serve as a bridge between the current transitional structures and the newly created structures. It should be created as a temporary body, but its staff might be considered for future roles in the Consortium Office (particularly within the Strategic HR & Change Management unit), or elsewhere in the system.

A TMO could be established just for the “doer” side of the change process, or it could cover funders as well. The latter alternative would have the advantage of supporting the

Transition Management Team (TMT) or its successor in managing system-wide issues, but would be more complex from an accountability perspective. An additional question would be whether to staff the TMO with new hires or re-tasked staff from within the current system.

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Transitioning to the new CGIAR system will require a high level of flexibility and commitment on the part of all stakeholders. As the new model emerges, so too will new questions and new challenges. To be successful in managing this change, the system's stakeholders need to redouble their commitment to the vision of Maputo and to the collaborative process of designing a shared future. Much progress has been made to date, and further progress is achievable if the "funders" and "doers" work together in partnership to resolve the remaining issues and questions. Doing so now will plant the seeds for another 40 years of successful innovation and impact in the CGIAR.

## **Design Notes**

### **Design note #1: Approach taken in design of the Consortium Office**

Approach taken in organizational design of the Consortium Office

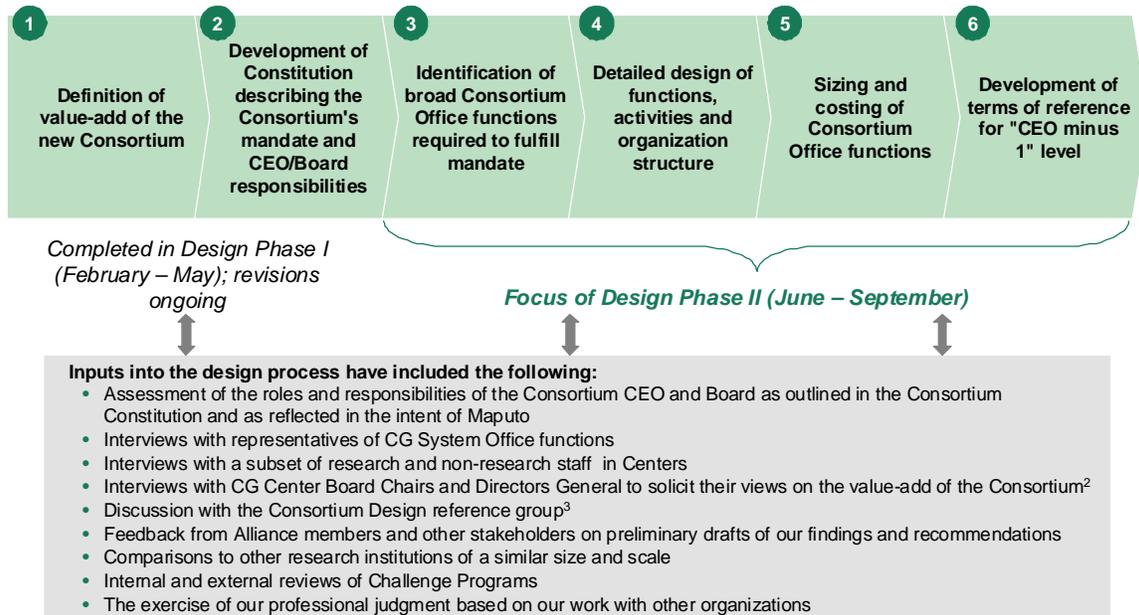
BCG has taken a multi-step approach in developing the organizational design of the Consortium Office:

1. Definition of value-add of the new Consortium (Phase I)
2. Development of Constitution describing the Consortium's mandate and CEO/Board responsibilities (Phase I, ongoing)
3. Identification of broad Consortium Office functions required to fulfill mandate
4. Detailed design of the Consortium Office's functions, activities and organizational structure
5. Sizing and costing of Consortium Office functions
6. Development of detailed job descriptions for "CEO minus 1" level

Inputs that have informed the design are as follows:

- Analysis of the roles and responsibilities of the Consortium CEO and Board as outlined in the Consortium Constitution and as reflected in the intent of Maputo
- Interviews with representatives of CG System Office functions (i.e. CG Secretariat, Science Council and Alliance Office) to understand current CG system-level activities in these areas
- Interviews with a subset of research and non-research staff to understand current interfaces between centers, donors and the CG system
- Interviews with CG Center Board Chairs and Directors General to solicit their views on the value-add of the Consortium
- Discussion with the Consortium Design reference group
- Feedback from Alliance members and other stakeholders on preliminary drafts of our findings and recommendations
- Comparisons to other research institutions of a similar size and scale
- Internal and external reviews of Challenge Programs
- The exercise of our professional judgment based on our work with other organizations

## Process for developing Consortium Office design



1. Staff from "case study" centers approved by the CPT to represent a cross section of CG centers by geography, size and type of research are IRRRI, ILRI, WorldFish and ICARDA. 2. Interviews carried out in Phase I of the Consortium Design consultancy (Feb – Mar 2008). 3. Group approved by the CPT comprised of 3 DDG-Research, 3 DDG-Finance from a cross-section of CG centers

## **Design note #2: Lessons from organizational analogues**

In defining the most appropriate organizational design for this set of activities, we considered the organizational set-up of some organizations with analogous mandates to the CGIAR, i.e., for-profit and not-for-profit organizations that do all or some of the following:

- Coordination of strategy development and priority setting for the overall organization
- Developing and managing a portfolio of research, including determining fund allocation across the portfolio
- Assessing the performance of the research portfolio
- Raising funds and perform advocacy activities
- Developing and managing contracts between the portfolio management organization and research partners
- Managing portfolio-level finances and reporting to stakeholders/shareholders

BCG has worked with a wide range of clients across industries to help design corporate center functions. Corporate centers most commonly provide, to individual business units and the enterprise as a whole, functions such as corporate strategy development, portfolio management, financial control, corporate communications and shared services. By centralizing these functions, organizations benefit from:

- An aggregated company-wide view of business unit priorities and strategies to inform decisions on the total company portfolio
- An aggregated company-wide view of individual business unit performance and a forum for review of overall business portfolio performance
- Benefits of scope in sharing functional expertise (e.g.. strategic HR, risk management, IT) and best practices across the organization
- Benefits of scale in the delivery of shared services support activities
- Greater standardization and efficiency across business units

Enterprises develop corporate centers under a range of models: “Involved” centers, which are heavily involved in the operation of the organization and its decision making); “Activist” centers, which focus on selective value-added activities, and “Minimalist” centers, which provide only very limited functions (solely portfolio management, in most cases). BCG’s Corporate Center database indicates that even the leanest financial holding companies contain centers of 15-20 people (excluding shared services), which is consistent with the model being proposed for the Consortium. In addition, relative to benchmarks, the Consortium Office being proposed (~20 FTEs under a medium size scenario) is very small relative to the total number of employees in the CGIAR (less than 0.5%).

We also benchmarked the overall size of the Consortium Office against some specific organizations with a similar mandate. For example, one statutory organization established

to plan and invest in R&D on behalf a national grains industry with \$110M in annual income and \$80M in annual R&D investment is very similar to the future CGIAR Consortium in that it does not conduct R&D itself, but rather adds value through identifying research priorities, allocating of resources to research partners on behalf of funders, and managing R&D portfolio performance. The office of this organization contains ~50 FTEs and contains the following functions:

- Lines of Business: Project Management groups responsible for performance management of the research portfolio
- Corporate Strategy and Impact Assessment
- Legal and Procurement (contract management)
- Corporate Services (Finance, HR & Admin, IT)

Similarly, we investigated a global not-for-profit product development partnership with \$50M in annual R&D investment, responsible for establishing and managing a portfolio of R&D activities for malaria treatments and operating with an office of ~30 FTEs. Like the future Consortium, the value-add of this organization is primarily in pooling funds from multiple donors and distributing to programs of research. It does not conduct the R&D, but manages a global network of public and private partners and contains the following functions:

- R&D
- Finance
- Corporate Development
- Public Affairs
- Business development (primarily contract management)
- Global access
- Operations & HR

By comparison with these organizations, we believe that a Consortium office of ~20 people in a medium fund size scenario is comparatively lean.

In addition, we investigated some corporate agricultural products companies, focusing on the way they are organized to perform strategy setting, portfolio development and management and performance management. Organizational analogues indicate that it is common for agricultural research enterprises, which, like the CGIAR, manage a large and varied body of research work, to centralize these functions. One large corporate agricultural research organization investigated has a lean but dedicated team under the CEO (~ 5 FTEs) focused on Strategic Planning and Business Development. The value add of this centralized team is in

- Taking a whole of portfolio view to ensure a balanced portfolio of projects, taking into account time horizon (short versus longer-term product needs) as well as balancing the research portfolio across other dimensions (e.g., product traits and regional balance). The benefit of this group at a “corporate” level is that it can

take a long- term view of the project portfolio without having to worry about short-term profitability goals.

- Acting as a point of coordination by partnering with Corporate R&D and business operations to develop an overall set of strategic objectives and a balanced portfolio of projects to meet those objectives. Alignment between the central R&D function and business units is achieved through a series of workshops throughout the year
- Developing project proposals with input from Corporate R&D and business operations, which are then evaluated for consideration in an integrated investment plan.
- Identifying and assigning project owners from business units who will be accountable for progress of the projects in the portfolio, and aligning with these owners on setting milestones and goals that can be tracked for progress.
- Leading the portfolio review process through various investment stage gates.

### **Design Note # 3: Methodology for net cost impact analysis**

BCG has estimated current steady-state system function costs estimated at ~\$11M, using the following methodology:

- 2007 and 2008 cost data for each system function were combined with qualitative information obtained through discussions with system function representatives. BCG analyzed these findings and combined them to determine what the right steady-state size should be, i.e., the portion of these that was not attributable to the change process. The resulting baseline costs for the CG Secretariat, Science Council and SC Secretariat, and Alliance Office & Board are \$4.9M, \$3.9M and \$0.8M respectively.
- Other system costs total \$1.5M and include the direct costs of AGM, ExCO, and other committee meetings as paid for by the system functions today. This number was provided by the CG Secretariat and is based on average historical costs.

The future system function costs were estimated at ~\$14M, based on the following:

- The Consortium Office and Board are expected to cost \$6.3M in the medium size Fund scenario, as detailed in Chapter 5.
- We have relied on inputs from other workstreams involved in the CGIAR change process. At the time of writing this report, many of these inputs were still in flux. Consequently we have used “placeholder” estimates for the potential costs of the Fund Council and Office cost, ISPC council and office and Independent Evaluation Unit.
- For the Fund Council and Office, we used FTE estimates received from ExCo16 and scaled the costs of the CG Secretariat based on the ratio of FTEs in the future compared with today, i.e., the estimate of ~40% fewer FTEs in the Fund Office than in the CG Secretariat today would reduce costs by roughly 40% or \$3.1M.
- For the ISPC Council and Office, we sized the FTEs according to the recommendations of the ITG report on the ISPC, and based the costs of the future organization on current Science Council personnel costs. This resulted in a total of \$3.2M.
- For the Independent Evaluation Unit (IEU), we used an estimate of \$0.5M provided by the CG Secretariat. At the time of writing this report, the precise set-up of the IEU was still under discussion. Consequently we have not assumed any additional FTEs for IEU in our estimates, but rather have accounted for the potential costs of the IEU – including personnel costs – in our total cost estimates.
- Finally, we assumed that other system costs would remain unchanged and continue to cover all future governance costs, including the biennial GCARD and other committee meetings. In fact, because of the move to biennial meetings, it is possible that such costs may be lower than they are today; however, to remain conservative, we have assumed they will be unchanged at \$1.5M.

- With the exception of the Consortium Office, we have assumed no scaling of costs of system functions with Fund size.

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## Glossary

**Alliance of CGIAR-supported Centers:** Current coalition of the 15 centers supported by the CGIAR.

**Board:** Board of the Consortium (unless otherwise specified). A legally constituted body charged with the overall responsibility of providing oversight for the work of the Consortium. A description of the objectives, roles and responsibilities, and functioning of the Consortium Board is given in article 6 of the Consortium Constitution.

**CGIAR Centers (or CGIAR-supported Centers):** International agricultural research centers of the Consortium that implement the CGIAR's program portfolio. Centers operate under oversight of their own Board and the Consortium. Also referred to as the Consortium's "Member Centers."

**CGIAR (or CGIAR System):** The CGIAR is a global research for development partnership with the aims of reducing poverty and hunger, improving health and nutrition and enhancing ecosystems resilience in developing countries. The reformed CGIAR system is comprised of a global network of donors, the Consortium of CGIAR Centers, its Member Centers and partners, and other system-wide entities including the CGIAR Fund Council and Office, Independent Science and Partnership Council and CGIAR Independent Evaluation Arrangement.

**CGIAR Fund or Fund:** A central multi-donor fund that serves as a strategic financing facility for the CGIAR System to provide multi-year support for Mega Programs under the Strategic Results Framework (SRF). It will also provide institutional funding for Member Centers of the Consortium for activities under the SRF while the Mega Programs are being developed.

**CGIAR Strategy:** The approach the CGIAR system is taking in order to meet its overall development objectives by delivering the outputs and outcomes as defined by the Strategic Results Framework.

**Consortium of CGIAR Centers (or Consortium):** A legal entity established by the CGIAR-supported Centers to fulfill the objectives mentioned in the Consortium Constitution. The Consortium provides leadership to Member Centers and is the recipient of funding from the CGIAR Fund for implementation of the Mega Programs through the Centers and their partners, and the signatory of the performance agreements with the Fund.

**Consortium Members or Member Centers:** Research institutions that enter into a specific formal association ("membership") with the Consortium. The rights and responsibilities of Member Centers are detailed in the Consortium Constitution.

**Consortium CEO or CEO:** Chief Executive Officer of the Consortium. A description of the roles and responsibilities of the CEO is given in article 8 of the Consortium constitution.

**Consortium Office:** The Office of professional staff responsible for carrying out the day-to-day operations of the Consortium in support of the Consortium Board and CEO. The functions of the Consortium Office derive from the roles of responsibilities of the

Consortium, as stated in the Constitution. The Consortium Office will operate under the direction of the Consortium CEO.

**Consortium Planning Team:** Group established by the Alliance in December 2008 to lead the process of developing the Consortium and the Strategic Results Framework and Mega-Programs.

**Donor (or CGIAR Donor):** A country or organization (including foundations, multinational agencies and non-governmental organizations) that provides funding (as Fund Donor or Bilateral Donor) to support CGIAR programs/activities and the functioning of CGIAR bodies and research institutions.

- **Fund Donor:** A donor that contributes funding to the CGIAR Fund.
- **Bilateral Donor:** A donor that provides part or all of its funding to a CGIAR Center directly, through a bilateral arrangement that provides support for Mega Programs or components of Mega Programs under the Strategic Results Framework and for the Centers and their partner institutions implementing the programs.

**Evaluation:** The systematic and objective assessment of an on-going or completed project, program or policy, its design, implementation and results.

**Fund Council:** The decision-making body for the CGIAR Fund acting on behalf of the Fund Donors. A description of the objectives and functions of the Fund Council is given in section B.4 of the Fund Framework Document (FFD).

**Fund Office:** The support unit of the Funders Forum and the Fund Council housed, administratively, at the World Bank. A description of the objectives and functions of the Fund Office is given in section B.5 of the FFD.

**Funders Forum:** A forum of all donors to the CGIAR over a threshold amount, including bilateral donors and Fund donors, countries hosting the headquarters of the Consortium and its Member Centers and stakeholder representatives invited by the Chair of the Funders Forum in consultation with donors.

**Independent Evaluation Arrangement:** Independent assessors commissioned by the Fund Council to perform evaluations of individual Mega Programs every 4 years and of the CGIAR System every 5-6 years. One model for the independent evaluation arrangement currently under consideration is the creation of an Independent Evaluation Unit (IEU) of the CGIAR housed by a multi-lateral organization (e.g. IEG World Bank or IFAD).

**Independent Science and Partnership Council (ISPC):** An independent standing panel that is the science and partnerships-advisory organ of the CGIAR, whose primary responsibility is to enhance and promote the quality, relevance and impact of science and science partnerships in the CGIAR.

**Lead Center:** Member Center selected by the Consortium Board and CEO to manage delivery at the individual Mega Program level, including development of a Mega Program's strategic and operational plans, and Mega Program reporting based on progress monitoring at the sub-Mega Program (e.g. project) level. Mega Program Lead

Centers will work closely with the Consortium CEO and Board – principally through Consortium Office Mega Program Officers - to review plans and monitor overall Mega Program progress.

**Mega Programs:** A set of integrated research activities that address one or more themes or components of the CGIAR’s Strategic Results Framework to be implemented by the Consortium through the Centers and their partner institutions. They are the subject of the program performance agreements between the Consortium and the Fund. Mega Programs are the key delivery mechanism for the outputs and outcomes of the Strategic Results Framework with due consideration given to medium and long-term time horizons.

**Mega-Program portfolio:** The suite of Mega Programs that constitutes a coherent research for development agenda addressing the entire Strategic Results Framework of the CGIAR.

**Monitoring:** A continuing function that uses systematic collection of data on agreed upon indicators to provide Centre management, the Consortium and the main stakeholders of an ongoing (development) intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds. Mega Program performance monitoring is a primary function of the Consortium in the new CGIAR.

**NARS:** A country’s National Agricultural Research System, which includes public research institutions, academia, private sector institutions, and civil society organizations.

**Partners:** Groups and entities that work in partnership with CGIAR, including NARS, regional forums, Global Forum on Agricultural Research, advanced research institutions in the North and the South, private sector organizations, farmers and farmer organizations, non-governmental organizations, and donors.

**Performance agreements/contracts:** Binding agreements between the Consortium and the Fund Council and between the Consortium and Member Centers and Partners on Mega Programs clarifying mutual obligations and expectations, as well as the remedies for non-compliance.

**Stakeholder:** An individual or organization who both affects and is affected by the actions of the CGIAR, including beneficiaries of CGIAR research and those involved in agricultural research for development, such as the institutions that partner with CGIAR Centers in the production or delivery of research results.

**Strategic Results Framework (SRF):** A systematic description of the way in which the CGIAR focuses its work in order to achieve its vision via the development of tangible objectives, effective partnerships, and measurable results. It includes: (a) intermediate objectives; (b) expected outcomes arising from outputs, in a cause and effect logic with related performance indicators; (c) critical assumptions that need to be in place; and, (d) defined timelines. CGIAR’s Mega Programs are the programmatic and operational expression of the Strategic Results Framework and are tied to its strategic objectives through a cause and effect logic.

**Transition Management Team:** Group established by the CGIAR at the Annual General Meeting 2008 to oversee the agreed revitalization of the CGIAR.

**Trustee:** A person or organization that carries the fiduciary responsibility and liability to use the trust assets according to the provisions of the trust instrument. The World Bank, in agreement with Fund Donors, is the organization responsible for maintaining the CGIAR Fund and disbursing funds to the Consortium.

**Unrestricted funding (or "unrestricted system funding"):** A type of funding that is provided to the Fund as a whole, available for allocation by the Fund Council based on its judgment, following review of funding requests from the Consortium.

## Appendices

### Appendix A: Roles and responsibilities of the Consortium Board

*Based on Draft Consortium Constitution article 6.4 as at 23 September, 2009*

Although the Board is ultimately responsible for all roles and responsibilities stated below, it may delegate tasks to the Consortium CEO and Office as it deems appropriate.

Concerning strategy development and funds allocation the Board will:

- Oversee the development of, review and endorse the CGIAR strategy and Strategic Results Framework and submit them to the Funders Forum for approval. The strategy and Strategic Results Framework shall be developed together with Member Centers and with the input of a broad range of donors and Partners
- Develop a framework for funding, including a resource mobilization strategy, in cooperation with the Fund Council, to structure funding flows to address programmatic and structural financing needs
- Engage in fund raising together with the Fund Council
- Decide on allocation of funding across Member Centers and programs, in any case where funds are given to the Consortium for allocation

Concerning Mega Programs the Board will:

- Set such common criteria, policies, and standards for Mega Program execution as are helpful in ensuring Mega Program effectiveness and are consistent with the Consortium purpose described in Article 2.2
- Review and endorse Mega Program proposals from Member Centers, which shall address at minimum project leadership and management structure, budget, performance measures, progress-tracking and the reporting process
- Submit proposals for Mega Programs and the allocation of funds across Mega Programs to the Fund Council for consideration, taking into account proposals submitted to the Consortium by Member Centers. Enter into performance agreements with the Fund Council for Mega Program implementation
- Review and authorize fund allocation within Mega Programs, on the basis of proposals submitted by Mega Program participants
- Enter into performance contracts with Member Centers and Partners involved in execution of the Mega Programs
- Oversee the monitoring of Mega Program performance and take appropriate remedial actions with participants when necessary to ensure the success of the Mega Program. The Consortium's performance management role vis-à-vis Mega Programs shall address development impact as well as financial and operational performance

Concerning Member Centers outside of those roles specific to Mega Programs, the Board will:

- Set such common criteria, policies, and standards for Member Center performance and efficiency as are consistent with the Consortium purpose described in Article 2.2
- Review the performance and efficiency of Member Centers
- Review the general alignment of Member Centers' activities with the system strategy and Strategic Results Framework
- Review the current and potential structural organizations of and among the Member Centers, and decide on appropriate actions including any opportunities for Member Center or field asset realignment. Such a review shall be based on thorough analysis and shall include appropriate involvement of Member Centers
- Advise Member Centers on best practices in areas of common interest, including governance, risk management and supporting functions
- Review and endorse plans for, and, together with the CEO, oversee shared functions and research platforms

Concerning reporting and external relations, the Board will:

- Update the Fund Council on its activities. The Board shall report at least annually to the Fund Council, in a form mutually agreeable to the two parties. This reporting shall address system performance vis-à-vis the strategy and Strategic Results Framework, financial and operational performance of the Mega Programs and Member Centers, actions taken by the Consortium Board with regard to Member Center operations and common services, and any other Consortium and Member Center activities relevant to the Fund Council's investment
- Work with the Fund Council to establish common standards for reporting on Mega Program and Member Center performance, in order to reduce the overall reporting burden on Member Centers
- Support the Consortium CEO and Consortium Office in advocacy, public relations, and communications efforts

In addition, the Board will oversee the Consortium Office as a business entity, and in so doing, will:

- Develop, maintain, and, as needed, update the strategic and operating plans of the Consortium Office
- Approve the operating budget of the Consortium Office and Consortium Board
- Select, hire, conduct performance reviews, and determine the continued employment or removal of the Consortium CEO

Finally, in its governance role, the Board will:

- Assume financial and operational accountability for Mega Programs and the Consortium Office including shared services and research platforms

- Initiate periodically external reviews of Consortium functioning and performance
- Determine criteria for membership in the Consortium, and as warranted, nominate prospective Member Centers for membership. This nomination must be approved by the current Member Centers; see Article 9.9.
- Propose amendments to this Constitution to Member Centers, in consultation with the Fund Council
- Resolve conflicts among Member Centers
- Design mechanisms for risk management and compliance and oversee their implementation

## **Appendix B: Roles and responsibilities of the Consortium CEO**

*Based on Draft Consortium Constitution article 8.1 as at 23 September, 2009*

The Chief Executive Officer of the Consortium shall be selected by the Board. The CEO will be both a public face of the CGIAR system and the leader of the Consortium Office staff, which will be recruited and appointed by the CEO. The performance of the CEO shall be reviewed by the Board annually.

The internal roles and responsibilities of the CEO shall include:

- Contributing to the development of and implementing the overall CGIAR strategy and portfolio of Mega Programs, in close cooperation with Member Centers and Partners
- Leading the implementation and ongoing renewal of the Strategic Results Framework
- Working closely with the Consortium Board in developing common policies and standards for Mega Programs and Member Centers, as described in Article 6.4
- Managing the development of Mega Program proposals, budgets, and performance contracts with involved Member Centers and Partners
- Providing day-to-day oversight of the role of the Consortium in managing and monitoring Mega Program performance
- Managing, directly or through staff, the Consortium Office functions and dissemination of best practices across Member Centers in common areas such as governance, HR, financial management and risk management
- Leading the Consortium Office in gathering the information needed from Member Centers in order for the Consortium Board to fulfill its reviewing and oversight roles as described in Article 6.4
- Identifying and setting up such shared functions and research platforms as needed to optimize Consortium and Member Center effectiveness and efficiency, and managing, directly or through staff, the organization needed to provide shared functions and research platforms
- Developing an annual Consortium Office budget for Consortium Board approval, and ensuring adherence to this budget and prudent spending as is deemed appropriate for a development organization
- Establishing an effective system for liaising with Member Centers to ensure coordination and alignment
- Supporting and advising the Consortium Board and liaising regularly with its Chair and members
- Supporting Member Centers to enable them to execute their roles and responsibilities effectively

The external roles and responsibilities of the CEO, which may at times be carried out together with the Consortium Board Chair or other members of the Consortium Board, shall include:

- Representing the Consortium and Member Centers in negotiations and other interactions with the Fund Council, Trustee and, if needed to further the Consortium purpose or requested by the Fund Council, individual donors
- Partnering with members of the Fund Council in raising funds for the system
- Building strategic collaboration and relations with external Partners, including private sector institutions and relevant NGOs, ARIs and national agricultural research systems, to further the pursuit of the CGIAR vision and Consortium purpose, as described in Article 2
- Conducting advocacy efforts to expand the CGIAR's positioning and brand, including representing the CGIAR at top-level international fora and other relevant meetings

The CEO role shall also include such other activities as the CEO may find necessary to further the Consortium's purpose