Background Note on
CGIAR Nominees on Center Boards

Brief History of Discussions in ExCo2 through ExCo6

1. Since its second meeting (in April 2002) ExCo has been discussing the role and selection of “CGIAR nominees” to Center Boards. The process that had been in operation was suspended at ExCo4 (in May 2003) because, based on the documentation provided by the Secretariat, it no longer served a useful purpose.\(^1\) ExCo concluded that:
   - *The CGIAR should maintain and improve the CGIAR nominee process. Each Center Board should have at least two members identified by the CGIAR and appointed by the Board. These members would be briefed by, but not report back to the CGIAR.*
   - *The CBC should design a clear code of conduct for board membership, for discussion by ExCo. This should include, among others, policies on board size, rotation, conflict of interest, etc.*
   - *The CBC and the System Office should strengthen and deepen orientation programs for all board members, not just CGIAR nominees.*
   - *The current CGIAR nominee process should be suspended until the improved process is in place.*

2. The CGIAR Secretariat and CBC developed a revised CGIAR-nominee appointment process, taking into account ExCo discussions. On the important issue of who identifies CGIAR nominees, the revised process suggested joint identification by ExCo and the relevant Board. ExCo endorsed the process on December 31, 2003 and it was approved by the CGIAR on March 12, 2004. The steps of the process are as follows:

   **Step 1:** *All members are invited to help populate the database.*

   **Step 2:** *At the end of each calendar year, each Board submits to the System Office a panel of up to 3 names for each anticipated vacancy. ExCo, with the assistance of the System Office if required, is invited to add up to a further three names for each vacancy, based on the skills required.*

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1 The background paper (*The CGIAR Nominees on Center Boards—The Need for Reform*, April 30, 2003) argued that:
   1. The rationale for the appointment of “CGIAR nominees” (under current arrangements) to Center Boards is no longer relevant.
   2. “CGIAR nominees” carry that designation only in name, and not in function. “CGIAR nominees” are not selected by the CGIAR, and do not represent the CGIAR. The CGIAR does not instruct “CGIAR nominees” and they do not report to the CGIAR.
   3. The existing “CGIAR nominee” process does not provide a means by which Board members associated even in name with the CGIAR can help the System function like a “system” by helping strengthen the fit between the Boards on which they sit and the CGIAR.
Step 3: The list of potential candidates are referred to the Board for due
diligence and scored for suitability based on criteria to be identified by CBC.

Step 4: The Boards then indicate to ExCo their preferred candidate, and the
reasons for their selection, for endorsement and, if required, further
negotiation. In the event of further negotiation, the candidate jointly agreed by
the Board and ExCo would be submitted to the CGIAR membership for
endorsement, on a no-objection basis.

Step 5: The System Office then submits the identified candidate to the CGIAR
for endorsement on a no-objection basis.

Step 6: The Center then fills the vacancy.

Step 7: The CBC, in collaboration with the System Office, organizes an
intensive briefing for CGIAR nominees through a revised orientation program,
which would be open to all new Board members.

3. Procedural guidelines that highlight specific actions required by the various
parties were developed to help implement the new process and presented at ExCo 6 (May
10-11, 2004). The Secretariat and CBC agreed on two six-month timetables (one starting
in March and the other in September) for identifying and appointing CGIAR-nominees to
Center Boards using the agreed process. This was presented at ExCo 7 (September 13-
14, 2004).

ExCo7 Discussion and Recommendations to the CGIAR

4. Discussion:
- A strong concern was expressed that (in step 2) each Center’s existing Board,
  and not the CGIAR, is to submit the set of names of possible CGIAR
  nominees on Boards for consideration by the Boards. This does not respond
to CGIAR’s need to have board members who are truly nominated by the
CGIAR. It continues the old process where Centers both put forth the
nominations and select the nominees to serve on the Board. In effect, CGIAR
members (the shareholders) are not and will not be represented on any Board
in the proposed process. Board governance structures for private enterprises
in virtually all countries of the world now provide the shareholders
representation on boards. In many cases shareholders control boards, and
there is an increasing tendency to protect shareholders rights through board
membership. The proposal now on the table continues the de facto existing
situation of no shareholder representation on any Board. To resolve this,
CGIAR nominees on Center Boards should be nominated and chosen by the
CGIAR membership, though in consultation with existing Boards.
- A member also pointed out that in the proposal on the table, Boards would
  identify their recommended nominees on the basis of CBC-identified criteria.
  Have these criteria been determined? Do they differ from the criteria
identified in the first page of the document for CGIAR nominees to meet? How does this ensure CGIAR representation on Boards? Having a clear code of conduct for CGIAR nominees is also necessary.

- It was pointed out that the agreed process was the result of previous ExCo decisions, and a similar option to that proposed by the member (above) was discussed previously and was rejected.
- There should not be two classes of board members. This would be divisive. The Boards have a due diligence responsibility which would be difficult to carry out if there is no unity. In addition, board members come to Boards with different skill sets and they are selected based on that skill set, e.g., financial management skills. This process should exist to select members based on a set of skills that the existing Boards have deemed of importance. Also, if nominees are selected from the database, and if that pool meets a certain set of criteria, then there shouldn’t be a problem.
- Access to the database should be clarified.

5. **Conclusions and ExCo Recommendations to the CGIAR:**

- Appointment of CGIAR nominees to Center Boards should be included as a discussion item in the Business Meeting of the CGIAR at AGM04.
- Three sets of issues need to be resolved through documentation and/or discussion:
  1. What should be the selection criteria for CGIAR nominees? What set of skills and perspectives should CGIAR nominees bring to a Board?
  2. How should the CGIAR nominees be identified? In particular what role, if any, should the Boards play in identification of CGIAR nominees? Should the nominees have a representational role on the Board (representing the CGIAR)? How would this affect the liabilities/responsibility of Boards?
  3. What protocols would guide the inputting and access to the database?

6. The following paragraphs address the above three questions raised by ExCo, in terms of quotes from existing documents.

**Selection Criteria**

7. The objectives of the redesigned CGIAR nominee process are\(^2\) to:

- provide greater opportunity for the donors and stakeholders to identify potential board candidates and participate directly in center governance;
- reinforce corporate CGIAR System perspectives to each board;
- promote greater alignment between CGIAR and center goals and priorities;
- maintain and improve the System’s ability to capture geographically diversified representation in governance;

\(^2\) “Action for Selecting CGIAR Nominees to Boards of Trustees of CGIAR Centers” (Process approved by the CGIAR on March 12, 2004).
• strengthen the boards’ expertise in the area of business management and corporate governance; and
• provide that key donor and client interests are considered in a board’s policy making.

8. These agreed objectives suggest the types of skills, experience and perspectives that would be sought in choosing candidates for CGIAR nominees. No separate list of criteria were developed by the Secretariat or the CBC.

**Identification and Role of CGIAR Nominees**

9. As noted above, at its fourth meeting ExCo concluded that “Each Center Board should have at least two members identified by the CGIAR and appointed by the Board. These members would be briefed by, but not report back to the CGIAR.”

10. The Secretariat and CBC were asked to follow-up the ExCo discussion by developing a workable process. The process they developed, the steps of which are outlined above and which was later endorsed by both ExCo and the CGIAR, provided opportunity to both the Boards and the CGIAR to suggest CGIAR nominees. In case the first choice of the Board would differ from that of ExCo, the nominee would be identified through negotiation between the Board and ExCo.

11. As before, the actual appointment of CGIAR nominees to the Board would be made by the Board and the CGIAR nominees would have no reporting relationship to the CGIAR (i.e., once appointed, they would serve like all other board members.)

**Protocols to Guide the Inputting of Names to the Database**

12. The CGIAR Secretariat has restructured its candidate database to allow CGIAR members and others to suggest candidates who could be considered for CGIAR positions, including memberships in Boards. The database would allow Nominating Committees of Boards to access the information on potential Board members. It would also allow individuals whose names are in the database to update their own CVs and other relevant information. There would be several levels of access to users, based on business needs. Only those with the top level access would be able to view confidential information. The CGIAR Secretariat is developing guidelines for the use of the database in consultation with the Science Council Secretariat, CBC and the secretaries to Center Boards. The database is being field-tested by the Centers and has been demonstrated at ExCo7. Another demo is planned for the CBC meeting prior to AGM04.

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3 This section summarizes internal CGIAR Secretariat documents on the status of the Contact Database.