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*Governance Review Reference Committee
(GRRC) comments on PwC
recommendations arising out of Phase 2
of CGIAR Governance Review*

Submitted by:
Fund Office

**GRRC comments on PwC recommendations
Arising out of Phase 2 of CGIAR Governance Review**

The Governance Review Reference Committee (GRRC) reviewed the recommendations made by PricewaterhouseCoopers (PwC) arising out of Phase 2 of CGIAR Governance Review and, for each of them, developed a position as to whether it should be accepted, partially accepted, or rejected.

The GRRC's positions were developed taking into account the responses of the Fund Council Governance Committee (FCGC) and the Consortium to each of the recommendations.

PwC's recommendations, the FCGC and the Consortium's responses, as well as the GRRC's conclusions are summarized in the attached table.

The GRRC wishes to highlight the following set of issues to provide some more context to what was considered and discussed by the group. The summary table does not always do justice to the richness of the conversation that was held during the GRRC meetings. These issues will require further FC consideration.

1. Cross FC-Consortium communication

PwC emphasizes the need for better communication between the two system pillars and to set up coordination mechanisms to ensure strategic alignment, in particular before and after board meetings. The GRRC agrees that having cross-system communication and coordination mechanisms is essential to enable better engagement and understanding between the two pillars, clarify roles (particularly shared strategic leadership roles), prepare board meetings more effectively, and allow expectations and responses to be matched. In particular, the GRRC agrees that a formal process should be set up for the Chairs of the FC and CB, the Consortium CEO and FO Executive Secretary to engage regularly and in particular before and after board meetings (see Recommendation 1.2.1). The GRRC also supports creating joint working groups or committees as needed (see Recommendation 1.2.2) and having joint meetings as needed, in particular prior to the FC meetings to ensure quality and relevance of discussions and proposal submissions (see Recommendation 2.1.3.). Better dialogue mechanisms could also be set up in the event of a dispute between the FC and the Consortium. The Joint Agreement (JA) already sets out a dispute resolution mechanism for disputes arising in connection with the JA, any Consortium Performance Agreement or any Consortium Fund Use Agreement (i.e. the FC and the Consortium should strive to settle the dispute amicably, and failing this, may submit it to mediation; any mediation resolution needs to be agreed by both the FC (based on consensus) and the Consortium). However, expanding on the various steps involved in both the amicable settlement stage and the mediation stage could be explored in order to ensure proper dialogue in the event of a dispute (see Recommendation 1.2.3.).

2. CGIAR Business Plan

In addition to the on-going updating of the SRF to incorporate the definition and linkages between the System Level Outcomes (SLOs) and Intermediate Development Outcomes (IDOs), and "revitalize" the research agenda to enable priority setting, PwC stresses the need to develop a CGIAR Business Plan to operationalize the strategy for the mid and long terms. The Business Plan would need to set out clear goals, as well as the strategy and required business processes and resources (organizational, operational and costing structures) to

achieve them, taking into account different funding scenarios and setting forward the desired scenario. The Business Plan would take into account the Mid Term Review and the SRF Management Update, and contain tailored sections for each entity in the system. It would focus on performance and outcomes and link these with organizational and costing structures to support coherent strategy implementation, and would ensure a harmonized approach to strategy implementation and governance. Indeed, one of PwC's main findings from the review is that *"without further clarity on the strategic and operational model, governance will never be optimal"*. The FC would need to be involved in the development of the Business Plan so as to provide funding indications. As the Consortium accepts the PwC recommendation that a CGIAR Business Plan is necessary, the GRRC believes that further discussions should be held in this regard between the FC and Consortium. Better mutual understanding of the content of such a Business Plan would be part of that discussion.

3. Additional capacity in the Consortium Office (CO)

Both the Phase 1 and Phase 2 Reviews concluded that, given the pivotal role played by the Consortium Office in the success of the reform and the implementation of the CGIAR strategy, capacity in the Consortium Office was insufficient and, at a minimum, 4 new positions were needed.

The Phase 2 PwC Report assessed the adequacy of the current and future capacity of the CO and concluded that *"the capacity of the CO appears to require additional resources to perform its coordination and reporting responsibilities effectively"*. It recommended that the following core function be strengthened at the CO level: 1) Governance, Ethics, Risk and Compliance; 2) HR coordination; 3) Program management function to oversee robust performance monitoring of each CRP and 4) at least one Program Resource focusing on large and complex CRPs, together with support functions.

The creation of new positions in the CO was discussed by the CGIAR Consortium and the Centers, keeping in mind that the CO should stay as lean as reasonably possible, and agreed that 3 positions should be added. These positions are a Senior Science Officer, CGIAR Strategic HR Manager and a Change Project Manager. The Consortium and Centers did not support the fourth position recommended by PwC, related to Governance, Ethics, Risk and Compliance as it believes current staff is able to fulfill the necessary tasks associated with implementing the related recommendations.

The FCGC agreed with the PwC recommendations on increasing capacity in these areas but they also felt that it was the role of the Consortium to suggest the best way to achieve it. This view was affirmed in the GRRC and it was recognized that any new positions and changes to the CO to respond to the recommendations should be brought to the FC for consideration under the normal budgeting process.