Comments from Chris Gerrard and Markus Palenberg on the Options Team Report Draft 2 — Options for CGIAR Governing Structures and Decision Making (version of March 16, 2015)

Washington DC and Munich, March 22, 2015

We welcome the opportunity to comment further on the Team's second draft. As before, our comments come from having led the first two CRP evaluations in the reformed CGIAR on CRP6 and CRP2 — Forests, Trees and Agroforestry (FTA) and Policies, Institutions and Markets (PIM), respectively. We have also led or overseen reviews of four of the comparator partnerships during the last five years and have participated as governance experts in three CGIAR Challenge Program evaluations.

The team has done a good job of further laying out the legal, programmatic and fiduciary implications of each of the options, as a result of which we have changed our preference from option 3 to option 2 with the Consortium keeping its fiduciary responsibilities for the use of CRP funding. We also have extensive comments on paras. 257 to 269 on the IEA.

Comments on the Suggested Options

Options 1 and 2 are very similar, the only difference being the provision for joint annual meeting of the Consortium Board and the Fund Council. Since we think that this would be a good idea, we prefer option 2 to option 1.

Regarding footnote 12 in para. 127, we do not think it is practical to separate programmatic and fiduciary responsibility at this level. If fiduciary responsibility for the use of CRP funding is removed from the Consortium, it is unlikely that the Consortium will exercise much programmatic responsibility either. Therefore, the essential choice among the two-board options is for the Consortium Board to exercise programmatic and fiduciary responsibilities (options 1 and 2), or the Fund Council to do so (option 3).

There is considerable discussion, starting in para. 138, about reducing the number of voting members on the Fund Council from 26 to 16. The draft should discuss the size and composition of the Consortium Board. Para. 128 (in option 1) proposes that this be comprised of Center Board members, Center DGs, CRP Directors, and independent members, and para. 190 (in option 3) proposes that this comprise only Center Board members and Center DGs. Neither paragraph mentions anything about size, but the arguments against an unwieldy Fund Council (starting in para. 144) also apply to the Consortium Board. We think it is important for the Consortium Board to comprise both representatives of the Centers and independent members, including an independent chair. We would suggest only one voting member from each Center (either the DG or a Center Board member, this being each Center's choice), and six independent members including the independent chair. We fail to see a justification for including CRP Directors on the Consortium Board. We would suggest that the independent members be appointed in their professional capacities, while seeking those with professional backgrounds who could also serve as chairs to the various subcommittees of the Board. These suggestions would apply under both options 1-2 and option 3.

Para. 204 (in option 3) indicates that the Fund Office would provide both programmatic and financial oversight. First of all, this needs to be further explained and spelled out, since it seems to be inconsistent with para. 79, which says "the Fund Office would not have fiduciary accountability." Second, we are not sure, but we suspect that this may not be possible under current World Bank policies for financial intermediary trust funds. The Bank cannot supervise a recipient-executed trust fund under rules other than its own. Can the Bank provide a monitoring and reporting service sufficient for the Fund donors in conjunction with a financial intermediary trust fund? We are not sure that this is possible under current policies. Are there any precedents? If not, option 3 would require changes in these policies by the World Bank's Board, which they may not agree to. Even if the World Bank were to agree, it seems that both programmatic and financial oversight would be light under option 3. It is not clear, for example, who would seek to standardize financial management practices across the CGIAR System.

We agree with the concerns expressed that the current three levels of contracts is impeding the flow of W1-2 funds from the CGIAR Fund donors to the participating Centers in the various CRPs. We think it should be possible (under options 1-2) to have a Joint Agreement-type framework between the Fund Council and the Consortium Board that is also signed by the Centers and that would thereby eliminate the need for a Program Implementation Agreement in addition to the Joint Agreement. In this way, the Fund Council would contract directly with each Lead Center for each CRP, while the Consortium would retain overall programmatic and fiduciary responsibility for the CRPs. We note that funds are already flowing directly from the Trustee to the Centers, upon the approval of the Fund Council.

Regarding option 4, we note that this would create a "two masters" problem, with the CGIAR Office reporting to both the Consortium Board and the Fund Council. We think that the CGIAR Office would be too conflicted to serve both masters effectively.

Regarding option 5, we note that institutional reform is path-dependent — that is, dependent on the path of previous institutional choices made, not simply on current conditions. Effective governance is not only a function of organizational charts and terms of references, but also on the history and culture of an organization. Drastic governance changes are costly. Moving to a one-board structure from a two-board structure (that has been painfully installed) may trigger a flurry of additional changes and not give the system the stability and calm that it badly needs.

As mentioned in our previous comments, the CGIAR should note what happened to GAVI when it moved from a two-board structure to a one-board structure in 2008 — merging the former GAVI Board and GAVI Fund Board into the GAVI Alliance Board. This fundamentally changed the nature of GAVI partnership from an informal alliance to a formal, corporate entity, in which the influence of the UN founding partners (UNICEF, WHO, and the World Bank) has diminished considerably. Some now view GAVI as primarily serving the interests of the pharmaceutical industry. Many view skeptically GAVI's emphasis on making new vaccines available as quickly as possible, even if costly. The World Bank has largely withdrawn from GAVI, as the GAVI chair and CEO have been intolerant of contrary opinions on the GAVI Alliance Board, and UNICEF and WHO have largely become GAVI contractors rather than partners. Like happened in the case of GAVI, moving to a one-board structure could transform the CGIAR from a collective action entity, bringing the partners together out of a common interest, to a hierarchical top-down organization like GAVI has become.

The IEA

We have the following comments on selected paragraphs in this section:

Paras. 257-8. We agree that the IEA was created in part to reduce the number of donor-commissioned evaluations and reviews. While donors do continue to commission evaluations and reviews outside the current structure, these are typically evaluations of individual research projects, not program-level evaluations like the CRP evaluations. This does not represent duplication. Donors are not commissioning CRP evaluations, and CRP evaluations are usefully drawing upon the project-level evaluations that the donors have commissioned.

There is however a gap in the current structure — namely, the evaluation of the CGIAR Centers. While CRP evaluations can be expected, over time, to cover most of the programmatic work of Centers, they cannot be expected to cover Center governance, and central Center functions such as administration, human resources, legal, finance, communication, fundraising, etc. While EPMRs in the pre-reform CGIAR were focused on a single Center, CRP evaluations usually cover many Centers and partners and cannot dig deeply into each Center's governance and management operations. The Internal Audit Unit may be filling some of this gap.

Para. 259. We agree that the effort to complete CRP evaluations prior to the call for the second round of CRP proposals has revealed a bottleneck in their finalization process. Therefore, the proposed functions of the Fund Council (para. 137 or 198) should also include "receiving CRP evaluation reports." And the proposed functions of the Fund Office (para. 155 or 201) should also include supervising management responses to CRP evaluations, and regular reporting on the progress in implementing the agreed recommendations.

Para. 260. The third sentence says that "each of the CRPs has or is developing an independent science panel with a role in monitoring program strategy and performance, including recommending periodic reviews." Was this intended to refer to "independent steering committees" per the recent (January 2015) agreement between the Fund Council and the Consortium Board on the governance of CRPs in the second generation of CRPs? Neither FTA nor PIM has an independent science panel, nor are they planning to establish one to our knowledge.

Paras. 261-2. We do not agree with the recommendation of the MTR that the review of the quality of research should be under the oversight of the ISPC, if this means removing the assessment of research effectiveness and quality of science from CRP evaluations. Research (or development) effectiveness and organizational effectiveness are two inter-dependent components of program-level evaluations, based on our experience of evaluating or reviewing more than 30 global and regional partnership programs over the last ten years. Their assessments cannot be so easily separated since research (or development) effectiveness is dependent to a considerable degree on organizational effectiveness. It's also not clear what problem the MTR recommendation was trying to solve. Where is the evidence that CRP evaluations are not doing a good job of evaluating research effectiveness and quality of science? Therefore, the IEA should maintain the lead role in program-level evaluations, while cultivating stronger links with the ISPC.

Para. 266. There are four internationally recognized standards for independence in evaluation: organizational independence, behavioral independence, protection from outside interference, and avoidance of conflicts of interest. This paragraph is essentially suggesting that it is possible to compromise organizational independence and rely on the behavioral independence of the evaluators to ensure overall independence. But why compromise organizational independence if it is not necessary to do so? While this may be common practice — but not best practice — in many organizations and partnerships, this is only because it is unavoidable in their particular circumstances, such as paying for a program-level evaluation out of the trust fund that is supporting a program when the program management unit has signing authority for that trust fund.

Para. 267. The two sentences in this paragraph are misleading, incomplete, and inaccurate. The GEF and the CGIAR are part of a trend among large global partnership programs to establish an independent evaluation office. To point to other large partnerships that have not yet done so without investigating why they have not done so is like saying that farmers should not adopt improved seed varieties because most farmers have not yet adopted them. This situation is true of all innovations.

The Five-Year Evaluation of the Global Fund (completed in 2009) was not carried out by the Global Fund Secretariat. It was overseen by the Technical Evaluation Reference Group (a subcommittee of the Global Fund Board) with secretariat support from the Global Fund Secretariat. But this created problems towards the end of the evaluation when the Secretariat was reorganized under new leadership that showed less interest in and support for the TERG. The new CEO terminated the two staff positions that had been supporting the Five-Year Evaluation, and the Global Fund did not issue a formal management response to the evaluation until 12 months after the final Synthesis Report was issued.[1]

Nor was the Independent Evaluation of the Climate Investment Funds (completed in 2014) carried out by the CIF Secretariat. This was carried out by an Evaluation Oversight Committee of the independent evaluation offices of the five Multilateral Development Banks that were participating the CIF. The Global Partnership for Education (GPE) has established a similar evaluation oversight committee for its currently ongoing evaluation.

1. Chris Gerrard, Rolf Korte, and Elaine Wee-Ling Ooi, "Case Study on the Five-Year Evaluation of the Global Fund to Fight AIDS, Tuberculosis and Malaria," presented at the Workshop on Comprehensive Evaluations, Paris, June 2012.

The essential reason why the CIF, the GPE, and the Global Agriculture and Food Security Program have not established independent evaluation offices is that they themselves are not independent legal entities. Each is hosted by the World Bank. Yet, as illustrated immediately above, the CIF and GPE still put in place practices to ensure independence of the evaluation from their respective secretariats, absent such independent evaluation offices.

Other Comments

Para. 236. One could mention some other benefits of having the ISPC, IEA, and GFAR located in FAO, namely the privileges and immunities that staff and consultants enjoy working for United Nations organizations. This, and the ability to recruit internationally for the best persons, could be lost if these are moved, as suggested in para. 247 (under options 4 and 5).

Para. 299. The last sentence says that approximately $500 million flows directly from contributors to Centers. If one includes W3 funding as well (because W3 funds are more similar to bilateral than to W1-2 funds), this adds up to $643 million according to the 2013 CGIAR Financial Report, or 65 percent of total CGIAR revenues being received from donors that are not CGIAR Fund donors, or not represented by the same internal units that represent the CGIAR Fund donors on the Fund Council. That almost two-thirds of System funding stems from bilateral and Window 3 donors has important implications for System governance (in addition to the need to represent Centers on the Consortium Board):

- Strategic direction-setting, performance management targets, and portfolio management cannot be decided unilaterally by Fund Council members (as long as it covers significant bilaterally funded program segments), but need to be formulated/deliberated with the participation/consultation of the bilateral donor group (as defined above).

- The bilateral donor group needs to be motivated to shift their funds to the CGIAR funding windows or to place their bilateral grants consciously into CRP frameworks (e.g. if domestic accountability requirements do not allow shifting to W1-2).

Both the FTA and PIM evaluations found inadequate recognition of the responsibilities and decision-making limitations ensuing from the fact that a large part of the CRP portfolio is bound to a diverse group of bilateral donors, each with its own preferences and priorities. System- and CRP-level governance structures and priority-setting and decision-making processes urgently need to take this reality into account.

One concrete measure to achieve this would be to invite the bilateral donor group (as defined above) to the joint FC/CB meetings under option 2, and to organize similar meetings (between Window 1, 2, 3 and bilateral donors) for specific CRPs. It could also be considered to invite major bilateral donors to selected parts of CB and FC meetings.

Overview of other global partnerships — paras. 37–45 and Annex H. We find that this information is presented rather mechanically without much context or analysis to draw appropriate lessons for the CGIAR.

14. The CGIAR has some features that distinguish it from the six comparator partnerships. These differences need to be taken into account when learning from the envisaged comparative benchmarking. For example,

- GAVI and the Global Fund have large secretariats because they are supervising their own activities. Unlike the CGIAR and the other comparators, they do not utilize implementing agencies as intermediaries. Their Executive Directors have a strong role and a strong public profile because they are in charge of such large secretariats.

- That the GEF CEO is co-chair of the GEF Council dates from the restructuring the GEF in 1994. It is unlikely that such an arrangement would be agreed to today, given the increased recognition of the importance of separating the chair of the governing body from the head of the secretariat in non-profit organizations. Requiring the independent chair to dedicate a significant amount of time to board duties and to advocacy — as in the Global Fund and the GPE — is indeed a growing practice among non-profits.

- The 15 CGIAR Centers are doing research on development. All six comparator partnerships are supporting actual development interventions, downstream from research. That is, CGIAR-supported activities are further removed from the ultimate beneficiaries of their activities, and therefore require different metrics to assess their performance. As we pointed out in our first set of comments, this also requires to formulate the SRF in a realistic way, including performance results targets that represent that still can firmly be attributed to research activities. The current set of targets that include development outcomes and impact are not suitable for results based management of research.

- The six comparator partnerships are working first and foremost with recipient-country governments. This helps to explain why donor and recipient country governments make up the majority of the voting representation on their governing bodies — as on the Fund Council, but not on the Consortium Board. The CGIAR sees itself as financing global investments for global public goods; the six comparator partnerships are largely financing national investments for global public goods.

- The 15 Centers are independent legal entities. They will continue to be responsible, among other things, for human resource management, supervision of individual research projects, and quality assurance. The CRPs were never intended to take over these responsibilities.

- While the GEF and the CTF also rely on implementing agencies to supervise the implementation of the projects that they finance, their implementing agencies (such as the World Bank, the other MDBs, and UNDP) have their own portfolio of environmental projects which far exceeds those financed by the GEF and the CTF, respectively — in the case of the World Bank by a ratio of 20 to 1. The World Bank, the other MDBs, and UNDP would never consider themselves to be only a part of an environmental network headed by the GEF and the CTF. Even with W1-2 funds representing 35 percent of CGIAR revenues, that the Reform tried to steer the direction of the research in the entire CGIAR System would be a bit like the GEF trying to steer the World Bank's entire environmental lending with its GEF grant resources.