



**UPDATE ON THE STATUS OF THE DIFFERENT WORKSTREAMS FOR CONSORTIUM  
DESIGN AND CREATION  
MANAGED BY CONSORTIUM PLANNING TEAM & ALLIANCE**

Following the endorsement of the CGIAR Integrated Reform Proposal by the CGIAR membership in December 2008, the Alliance was asked to lead the development of two foundation blocks in the Reform – the establishment of the Consortium, and the development of the Strategy and Results Framework and Mega Programs. The following sections provide a short and concise outline of the process and current status and/or results of the various work streams associated with building the Consortium that the Alliance have been working on in 2009 to support the change process. These are the elements that are for discussion as part of the e-consultation running from 20-22 October. Further details on the Consortium design are available in the report prepared by the Boston Consulting Group. This report is available for the e-consultation.

Consultation on the progress (Progress Report #4) of the Strategy and Results Framework and Mega Programs has been part of another consultation process and will result in a draft report being prepared for 22 October. This draft report will be reviewed by the Alliance at their meeting 29-31 October and by ExCo (3-4 November). Consultations on the draft Strategy and Mega Programs will continue until the GCARD in Montpellier in late March 2010.

***I. Search and Selection of Board members of the new Consortium***

A tripartite committee for the Search and Selection of Consortium Board members (SSC)<sup>1</sup> was created in July. The SSC selected the consultancy firm SpencerStuart to assist them in this process.

The nomination period (with nominations going directly to SpencerStuart) went from July through to October. Centres, donors, partners were invited to nominate and an advertisement in *The Economist* reached the public at large. By mid-October SpencerStuart had a list of 400 nominations from which they will define a long list of potential candidates (4 – 6 candidates for each of the nine positions) and present this list as well as a detailed report of the process to the Alliance at their October 29-31 meeting. The shortlist and interviews will take place in November with a formal Alliance vote to select the final nine Board members at the end of November. The Alliance will announce the appointment of the Board of the new Consortium at the Business Meeting in December with the intention of the first Consortium Board meeting to be held in mid-February 2010.

***II. Consortium Constitution***

Following ExCo comments on the draft Constitution a reference group of Alliance members and donors<sup>2</sup> was created. The reference group had its first Alliance-donor meeting at the

<sup>1</sup> Alliance representatives: Emmy Simmons, Margaret Catley-Carlson, Julio Berdegue and Andrew Bennett; GFAR representatives: Ayman Abou Habib (Egypt), and Mario Allegri (Uruguay); donors representatives: Pierre Fabre (France) and Marco Ferroni (Syngenta). SSC Chair: Julio Berdegue.

<sup>2</sup> Alliance: Beth Woods (IRRI), Uwe Verblow (ILRI), Nigel Poole (ICRISAT), Gordon MacNeil (CIAT), Emile Frison (Bioversity), Steve Hall (WorldFish), Anne-Marie Izac (Alliance Office). Donors: Ian Kershaw (Australia), Simon Hearn (Australia), Ruth Haug (Norway), Catherine Coleman (Canada). Legal advice: Andrea Stumpf (WorldBank)

end of August, to discuss proposed amendments, aimed at addressing the concerns raised by donors at ExCo.

The reference group provided valuable input which has resulted in the development of a penultimate draft Constitution. Center Boards are now preparing their individual responses to this draft.

### ***III. Search and Selection of the Consortium CEO***

The Chief Executive Officer of the Consortium shall be selected by the Consortium Board. The CEO will be both a public face of the CGIAR system and the leader of the Consortium Office staff. There will be a search and selection process initiated by the Consortium Board as a matter of priority with the intent to have the CEO in place well before the end of 2010.

The roles and responsibilities of the CEO are located on page 123 of the BCG report (as Appendix B).

### ***IV. Design, Functions and Location of the Consortium Office***

The Boston Consulting Group's work on the design of the Consortium Office has reached its conclusion. Interviews were conducted with the Science Council Secretariat, CGIAR Secretariat, Alliance and individual Centres to develop a base-line understanding of current CGIAR System functions and activities, including the current CGIAR-wide performance management process. To identify the functions the Consortium Office needs to fulfil to effectively support the Consortium Board and CEO, BCG used as its starting point the draft Consortium Constitution.

This design has benefited from a study of analogous organizations, as well as input from the Alliance. In designing the Consortium Office BCG have been cognizant of many stakeholders' concerns that the Consortium be as focused, simple, streamlined, and cost-effective as possible.

Whereas the Consortium Board will consist of part-time members, the Consortium Office will work under the direct leadership of a full-time CEO. So that the Office operates most effectively BCG recommends that the 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.

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

One of the first and most important decisions the new Consortium Board will have to make is where to locate the Consortium office. The Alliance and a wide set of donors and stakeholders were requested to nominate potential Consortium Office locations (during July and August) via an on-line survey. BCG used existing databases to assess various criteria for selecting the location of the Consortium Office from the list of nominated locations. These criteria reflect important strategic and operational considerations that the Consortium Board should weigh in deciding on the Consortium Office location. The results of their analysis will be shared with the Alliance and will serve to inform the decision, by the new Consortium Board, about the location of the Consortium headquarters (Consortium Office). The very important criterion of host country government's willingness to host the Consortium is not part of the metrics and will, of course, have to be addressed by the Consortium Board (e.g., through negotiations and a bidding process and with the guidance of legal counsel).

BCG's recommendation on the design, functions and location of the Consortium Office will be discussed by the Alliance at their meeting and will form part of the package of documentation being provided to the incoming Consortium Board for decision and implementation.

#### ***V. Shared services***

With support from the Rockefeller Foundation the Alliance has moved forward with a review and analysis of the opportunities for common administrative, financial and research support services. Accenture Development Partnership is the consultancy company doing the review with input from a reference group from the Alliance. The Accenture team have been in direct contact (including site visits and data collection) with all the Centers, the System Offices, Challenge Programs, the CGIAR Secretariat, AIARC and some of the regional hubs (e.g. Kampala, Uganda).

Preliminary findings indicate there are clear opportunities to increase and improve services; increase effectiveness and efficiency of back office and research services; improve the CGIAR's ability to support growth and change; reduce redundancies in services, technology and costs, and reduce per unit costs as demand and usage of services increase. It may be that there are additional opportunities to rationalize current functions across centres however all these opportunities will be prioritized against a set of defined criteria.

Accenture's draft report will be reviewed by the full Alliance with the final report informed by ongoing consultation and completed by 10 November 2009. The results of the consultancy will inform the Consortium Board and the 15 Centers on the type of shared services and research support functions the Consortium needs to provide to the Centers and on the most effective and efficient way of providing these services, including the location of the shared services units.

#### ***VI. Analysis of the net cost of the new CGIAR***

Many stakeholders have expressed a strong interest in what the new system will cost. As part of BCG's scope of work, they 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. This includes a comparison of costs today of system functions (CG Secretariat, Science Council and SC Secretariat, Alliance Office, Alliance Board) versus future system costs including the Consortium Board, CEO and Office. This work stream did not analyze the net cost impact of Shared Services in the new Consortium as this is being considered under the separate Accenture consultancy.

Two types of cost analyses were done. One was 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.

The other analysis highlighted how the new system could impact the costs of the centers, specifically around “interface activities.” “Interface activities” are referred to as all activities centers conduct that involves 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.

The net cost analysis was done taking on board 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, the 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, the cost assumptions are quite conservative. Another important caveat is that BCG relied upon inputs from other work streams involved in the CGIAR change process, and many of these inputs were still in flux at the time of their Report. For this reason, their estimates of future system costs should be considered *placeholders*, to be revised as the other work streams provide new information. Moreover, the view of center interface costs that BCG developed was from a sample of four centers: ICARDA, ILRI, IRRI, and WorldFish, and such a generalization could be misleading for any individual center.

In a 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.

Using the same medium Fund size scenario, the new CGIAR system functions will be more expensive than in today’s model. BCG’s estimates suggest the additional cost may be as much as \$3.5 million. This represents a ~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.

BCG indicates that the 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.