

**Fourth External Programme And Management Review  
of the  
International Service For National Agricultural Research  
(ISNAR)**

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**FOURTH EXTERNAL PROGRAMME AND MANAGEMENT REVIEW  
OF THE  
INTERNATIONAL SERVICE FOR NATIONAL AGRICULTURAL RESEARCH  
(ISNAR)**

**SUMMARY AND RECOMMENDATIONS**

The 4<sup>th</sup> EPMP reviewed progress in implementing ISNAR's mandate over the period 1997-2002. This period has been characterized by considerable institutional and programmatic instability, as ISNAR sought to redefine itself through two strategic planning exercises and several iterations of Medium Term Project (MTP) formulations.

**ISNAR's Strategy**

The 3<sup>rd</sup> EPMP of ISNAR conducted in 1996-97 recommended that ISNAR define its niche in the context of a well developed (and shared) vision and strategy, move 'upstream' in the research-services continuum, and seek ways to enhance the multiplier effects of its capacity building efforts. Accordingly, the Centre developed a new Strategic Plan, "When NARS Retool" in 1998 that envisaged a more proactive research and service institution to assist research organizations in preparing for the changes ahead.

Facing rapid changes in its environment and increasing funding constraints that led to the dropping of six MTPs in the 2000-2002 Medium Term Plan, ISNAR revisited its strategy in late 2000 and 2001. Accordingly, in its new "Road Map" (the Strategic Plan for 2002 – 2006), ISNAR has broadened the target and scope of its programmes to focus on 'innovation systems' which recognizes multiple sources of innovation, both public and private, in the new stakeholder/client landscape. It has also developed its conceptual framework for generating knowledge in the context of application.

In reviewing the 1998 Strategic Plan, the Panel observed that ISNAR had not specified its priority clients sufficiently, its comparative advantage, or the types of products that it would produce in ways that would maximize the international public good (IPG) dimension of its research and services work, and contribute to the CGIAR goals. In addition, ISNAR did not, as recommended in the 3<sup>rd</sup> EPMP, revisit its staff competencies and skill mix, nor develop the required strategic partnerships in order to address the new agenda. As a result it did not move sufficiently upstream in the research-services continuum.

The Panel, in reviewing the difficulties in implementing the 1998 Strategy, agrees that ISNAR needed to revisit its Plan. The new conceptual framework of institutional innovations and action research, that underlies the new plan has much merit. However, the Panel sees this Plan very much as work in progress, and the issues of defining product types, and their IPG dimension, as a basis for selecting a few sharply defined priorities consistent with its resource base still hold. Forging strategic alliances with advanced

research institutes and explaining its new Road Map to its major stakeholders will be critical to its successful implementation.

### **Achievement and impacts**

The Centre has chalked up some notable accomplishments over the last 5 years. The Panel commends the Centre for its work on biotechnology decision tools and frameworks that are being applied in a growing number of countries. In addition, the Centre has developed research management tools and processes that enhance stakeholder linkages, and participatory network approach to solving problems and sharing knowledge on institutional innovations. The Centre continues to provide good quality training in a variety of themes, and has developed Web-based curricula and training modules that are frequently downloaded. Finally, ISNAR has provided quality advisory services to over 20 countries, and in two Latin American countries, these have resulted in significant institutional change. The Panel also found evidence that ISNAR was successfully integrating action research and service provision in a number of situations, especially in Latin America.

However, the Panel considers that ISNAR's contributions to knowledge generation and policy guidance has been modest for an institution striving to be a global centre of excellence in agricultural research policy, organization and management. In the Panel's opinion, the Centre is performing below required standards. This is particularly true with respect to production of high quality peer-reviewed research outputs. As ISNAR was advised to move upstream in the research to service spectrum, the Panel is concerned about the Centre's ability to successfully implement its research programme. ISNAR must make every effort to ensure that its strategic and operational choices are grounded in its comparative advantage as a CGIAR Centre, producing IPGs in the area of institutional strengthening of research systems, and now innovation systems. Management tools and processes, and the associated training modules and guidelines have been the major IPG element of ISNAR's work, and also the one most appreciated by its partners.

The Panel also noted that, overall, the impacts of ISNAR's work has been modest, a conclusion shared by ISNAR's own impact assessment study. Although ISNAR can point to significant impacts at the level of individuals and on some organizations, impacts of its research, advisory services, and training have resulted in significant strengthening of national research system capacity in only a handful of countries. The Panel was also concerned that ISNAR has not developed an evaluative culture for upgrading the quality of both its research and service programmes, (except training), and for assessing its impacts.

In the Panel's opinion, one of the main challenges for ISNAR is to concentrate on a limited number of strategic thrusts and to develop effective programmes around these in the context of strong concepts, approaches and sufficient (appropriate) disciplinary expertise and critical linkages. Despite a number of competent and dedicated staff, the Panel believes that ISNAR lacks the mid-career professionals with high international

standing that could provide the appropriate blend of disciplinary excellence and experience to implement its new Road Map. A wider range of disciplinary skills will also be needed, especially skills in the organizational and management sciences.

### **Management**

During the course of this review, the Panel met with many of ISNAR's stakeholders, Board members, management, staff--both in headquarters and in a number of field offices, and with members of the ISNAR Staff Council to assess governance and management processes and competencies. The Panel has commented on the changing roles that all Boards are being asked to fulfil today and believes that, at the governance level, the ISNAR Board is not yet providing the degree of attention and leadership to the institution that 'best practices' demand today.

It has also commented on leadership, noting (a) the difficulty that management has had in reconciling donor views with management's views of where ISNAR is headed; (b) the difficulties of hiring the right mix of staff to implement the strategy, and (c) the fact that many staff feel that internal management practices and culture are not conducive to getting results, but are more designed to exercise close and legally-correct controls. The Panel has commented extensively on problems with the current management information systems.

The Panel noted that the External Auditors have given ISNAR a clean audit in each of the years under review. It also commented positively on the new staff performance appraisal system that has been implemented, and has noted the wide diversity of nationalities represented in the current staff.

The Panel was also concerned that the high fixed costs of ISNAR's headquarters operation (35% of total budget) is affecting its ability to provide sufficient resources to implement three of its six MTP Projects and to provide seed money to new activities in its Plan.

### **The future**

As the Panel has pondered the challenges looming ahead for ISNAR, and as it has reflected on its analysis of ISNAR's recent performance, e.g., its modest contribution to new knowledge which is not in tune with its strategy of moving upstream on the research-service spectrum, the lack of measurable improvements in overall institutional capacity of NARS, the inadequate staff mix, and its financial and cost challenges, the Panel concludes that there is a need for a major restructuring of ISNAR. It is convinced that business as usual is not a viable option for the future of ISNAR. Options for restructuring have to be considered in the context of the promising developments within the regional and sub-regional organizations and their potential role in policy, research management, advocacy, and training, and the reform processes in the CGIAR.

In this light, the Panel posed three options: (1) a rejuvenated research and service-oriented ISNAR, (2) a decentralized service oriented ISNAR, and (3) an immediate phasing out of ISNAR with the passing of the most relevant activities to other CGIAR Centres. In **Option 1**, ISNAR would continue to be based in The Hague. It would retool and re-staff to meet the challenges of providing analytical and action research integrated with some services, and devolve all pure service activities to alternative suppliers. The Panel considered this option, and while potentially filling a gap in the CGIAR agenda, noted the higher cost implications, and the existence of other institutional options in the System for providing the same products.

**In Option 2**, ISNAR would transfer its policy research to IFPRI, and decentralize its research and service activities, including a small headquarters to developing countries, with the objective of building capacity in the regional and sub-regional organizations to take over its functions within five years. **In Option 3**, ISNAR would cease to exist as a separate, stand-alone Centre transferring its research agenda to IFPRI, and a potential system-wide programme or challenge programme would be used to maintain ISNAR's IPG activities of strengthening institutional capacity within the CGIAR.

Each of the options spelled out above, can be adopted by the CGIAR as the way forward, but in the Panel's view, the most attractive and less risky option, given the commitment to improve partnerships with the regional and national systems, would be Option 2. Devolution of ISNAR's service functions to the regional and subregional organizations clearly has the potential to become a more effective mechanism for delivering ISNAR type products and services to its clients. The Panel recommends that the CGIAR carefully consider this option.

## **LIST OF KEY RECOMMENDATIONS**

### **Chapter 2 – ISNAR's Strategy**

1. The panel recommends that ISNAR implement its new strategy, through an emphasis on selecting a few sharply-focused priorities, consistent with its resource base and future structure, application of a judicious blend of research, training and services, and significantly adjusting staff breadth and depth, to fit its future agenda.

### **Chapter 3 – Programme Management**

2. The Panel recommends that ISNAR institutionalize comprehensive planning and priority setting as well as internal and external quality control processes to ensure the relevance and quality of its research and service activities.

### **Chapter 4 – Research and Service Programmes**

### **MTP1 – Policies for Institutional Innovations in Agricultural Research**

3. The Panel recommends that ISNAR either comprehensively retool to effectively execute an appropriate agenda for policy issues in institutional innovations, in partnership with IFPRI and others (under a rejuvenated research and service oriented ISNAR – see Chapter 6), or MTP1 (policy research) should be discontinued with IFPRI assuming full responsibility for ASTI and research policy work (under a decentralized service-oriented ISNAR).

### **MTP3 – Learning for Institutional Innovation**

4. The Panel recommends that ISNAR reinforce its capacity to revise and update its training materials and modules while developing an advocacy programme for influencing key policy makers for institutional change, that complements its current programme. Furthermore, ISNAR should not pursue its planned research agenda in learning for institutional innovations without first seeking qualified external experts to review its plans.

### **MTP5 – Building Capacity to Respond to Cross-Sector Demands**

5. The Panel recommends that ISNAR discontinue MTP5 – Building Capacity to Respond to Cross-Sector Demands. The current project on HIV/AIDS should be screened against MTP2 (Linking Research and Stakeholders) strategic priorities and if appropriate, incorporated.

### **Chapter 5 – Governance and Management**

6. The Panel recommends that the Nominating Committee of the Board develop a list of competencies required for the next 6 years (using external assistance as necessary) and then develop a Board of Trustee profile and an associated nominating strategy. The strategy should firstly determine the size of the board -depending on the nature of the future ISNAR—and earmark a number of the upcoming vacancies for highly talented individuals representing the private and philanthropic sectors.
7. The Panel recommends that Management provide:
  - a quarterly management report to all Trustees with project management, personnel, and financial data and comments on results achieved and expected, including a rolling cash flow forecast for the ensuing twelve months; and
  - a monthly financial statement, and a rolling twelve month cash flow forecast to each member of the Audit Committee and to the Board Chairperson.
8. The Panel recommends that ISNAR:

- Review (with external consultants) the adequacy and competency of the current Administration and Finance staff and make such changes as necessary to ensure an adequate level of service. Service levels should be defined by the external consultants and incorporated in revised Job Descriptions for the A&F staff;
- Engage the services of an expert in cost accounting systems to design and help implement the necessary systems and processes that will enable ISNAR to understand, and monitor changes in its own product cost structure;
- Expand the accounting system to include commitments and project implementation scheduling data so that the Administration and Finance department can supply complete, timely, and accurate management information; and
- Develop an internal audit capability – possibly using part-time expertise.

## **Chapter 6 – Options for ISNAR’s Future**

9. The Panel recommends that the CGIAR carefully consider the option of:
  - transferring the ISNAR mandate for analytical policy research on innovations systems to IFPRI; and,
  - transforming ISNAR into a decentralized service-oriented institution with devolution of its remaining functions to the regional and subregional organizations over a five-year period.

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**USA**

The Hague, July 24 2002

Dear Emil and Francisco,

Please find enclosed the ISNAR Board of Trustees and Management response to the 4th External Program and Management Review of ISNAR, as submitted to us by the EPMR Panel on 19 July, 2002. At the time of writing we are not yet in possession of the completed document from the EPMR Panel, but we have been ensured that only minor revisions remain that will not substantially alter the text or the conclusions. If they do, we must reserve the right to return to the issues thus raised.

We appreciate the willingness of the interim Science Council to consider a smaller EPMR Panel for ISNAR that worked for a shorter time, and which had fewer people conduct the global field visits. ISNAR is of course subject to the same review procedures as other centers, but our relatively small size was found not to warrant the traditional larger Panel. In this process we also explored the Australian research system success of inviting an external Visitor to supplement internal center reviews. We note that both ISNAR and the Panel found merit in this. All of this may have increased the burden on Panel members, giving them little time to consult with senior management and Board members during the process.

You will find that although we consider the report to still contain a number of factual errors, we have little difficulty in endorsing the majority of their recommendations. We are very pleased that our new strategy is so warmly welcomed when it has been operational for only 6 months. Similarly the high marks given to two-thirds of ISNAR's activities over the last five and a half years will not escape the careful reader.

The most far-reaching recommendation, however, to close ISNAR down after a five year period, may not serve national research systems in developing countries, and will seriously hamper CGIAR efforts to prepare developing countries for the new innovation systems required to tackle food insecurity, poverty and environmental degradation. We have therefore suggested a modification to this recommendation that we believe will best serve national, sub-regional, and regional agricultural research players.

We are looking forward to discussing this report with you during the next iSC meeting.

Yours sincerely,

Moïse C. Mensah  
Chair of the ISNAR Board of Trustees

Stein W. Bie  
Director General

## **ISNAR's Board of Trustees and Management Joint Response to the Report of the Fourth External Program and Management Review July 2002**

The 4<sup>th</sup> ISNAR External Program and Management Review (January 1997-June 2002) endorses ISNAR's mission and vision, and approves and encourages the implementation of its new strategy, effective 1 January 2002. The *Innovation System* approach using *Action Research* now embedded in ISNAR's MTP 2002-2004 meets much of the Panel's concern for earlier lack of focus. It has been developed jointly by ISNAR's Board of Trustees, ISNAR staff and ISNAR shareholders and stakeholders. The new strategy and associated MTP call for increased decentralization of ISNAR's work.

The Review gives high marks to three main components of ISNAR's work: shareholder linkages, learning and training, and use of new technologies. These activities embody two-thirds of ISNAR's annual human and financial resource investment. ISNAR is also heralded for its early warnings in the CGIAR system, and active engagement with other CGIAR centers and UN organizations, on the effects of HIV/AIDS on agriculture and rural livelihoods.

ISNAR occupies a unique niche in the CGIAR system, with prime responsibility for institutional organization and management of emerging new innovation systems for rural development in general, and agriculture in particular. ISNAR's challenge is to stimulate the interactive dimension of this development by pointing to and facilitating human and institutional cross-linkages between the technical dimension and the economic dimension of research for development. This means, to a much greater extent than before, direct involvement of the ultimate stakeholders in the development process. Against the backdrop of almost no improvement in the global food situation over the last five years, and little or no reduction in the number and conditions of the poorest of the poor, ISNAR – a small organization - has made its modest contribution to the ongoing reorientation of agricultural research in many poor countries.

The 4<sup>th</sup> EPMPR Panel believes ISNAR could have done even more, and could have been more efficient in the way it conducted some of its business. The Board and Management of ISNAR are grateful for the constructive criticism on these points, and will urgently address the areas for improvement highlighted by the Panel. We agree with the Panel that it is not business as usual. In our responses to their recommendations we have indicated overall endorsement of most points, and explained why we believe that a smaller number of suggestions are sub-optimal at the present time.

Following ISNAR's response, and interim Science Council and CGIAR member consideration of this 4<sup>th</sup> ISNAR EPMPR Report, ISNAR may later wish to revisit its MTP 2003-2005 (to be submitted in August 2002) to take account of comments received. ISNAR may ask for the assistance of the interim Science Council and the Executive Committee of the CGIAR to expedite this in early 2003, for changes to become effective in 2003.

## Chapter 2 – ISNAR’s Strategy

### **Recommendation 1:**

**The panel recommends that ISNAR implement its new strategy, through an emphasis on selecting a few sharply-focused priorities, consistent with its resource base and future structure, application of a judicious blend of research, training and services, and significantly adjusting staff breadth and depth, to fit its future agenda.**

Endorsed. ISNAR appreciates the support from the Review Panel for its mission and vision embodied in its new strategy, which the BoT and Management started building in late 2000, to be fully implemented from 2002. ISNAR now implements its new strategy to respond to increasing demands and within probable funding scenarios. ISNAR will ensure that this new strategy now becomes widely explained.

ISNAR agrees that a judicious blend of research, training and services is required to meet future demands and will make special efforts to ensure that the required mix of human resources will become available to undertake the execution of this agenda. We will adjust staff composition and forge stronger strategic alliances to achieve this. Although ISNAR already annually devotes about 40% of its resources to work connected with sub-Saharan Africa (in line with the CGIAR average), we agree that national agricultural research institutions there may require further attention.

## Chapter 3 – Programme Management

### **Recommendation 2:**

**The Panel recommends that ISNAR institutionalize comprehensive planning and priority setting as well as internal and external quality control processes to ensure the relevance and quality of its research and service activities.**

Endorsed. As an institution largely dealing with social science concepts and challenges in organization and management, ISNAR has been employing tools for planning and priority setting that are somewhat different to those often used for commodity centers. The methods which are now used represent well-established tools for planning and priority setting in ISNAR-relevant areas. Broad-based stakeholder consultations and extensive interactive and participatory methods form the basis for ISNAR’s methodology for work in the research-service continuum. We will revisit and strengthen these approaches. We will further ensure that more of both internal and external quality control mechanisms are employed to correspond to present-day needs and present-day budgets.

## Chapter 4 – Research and Service Programmes

### **MTP1 – Policies for Institutional Innovation in Agricultural Research**

#### **Recommendation 3.**

**The Panel recommends that ISNAR either comprehensively retool to effectively execute an appropriate agenda for policy issues in institutional innovations, in partnership with IFPRI and others (under a rejuvenated research and service**

**oriented ISNAR – see Chapter 6), or MTP1 (policy research) should be discontinued with IFPRI assuming full responsibility for ASTI and research policy work (under a decentralized service -oriented ISNAR).**

Endorsed with a caveat: ISNAR recognizes that it cannot pursue research and services in innovation systems without a solid knowledge of the policy environment, which keeps on changing. ISNAR will strengthen current alliances with IFPRI and others in policy to have access to advanced research there and will retain capacity to utilize such knowledge. ISNAR will discuss with IFPRI possibilities for supporting and ultimately devolving major responsibility for agricultural science and technology indicators (ASTI) activities to regional and/or sub-regional organizations. These organizations also require the data for effective monitoring and priority setting within their regions.

### **MTP3 – Learning for Institutional Innovation**

#### **Recommendation 4.**

**The Panel recommends that ISNAR reinforce its capacity to revise and update its training materials and modules while developing an advocacy programme for influencing key policy makers for institutional change, that complements its current programme. Furthermore, ISNAR should not pursue its planned research agenda in learning for institutional innovations without first seeking qualified external experts to review its plans.**

Endorsed. ISNAR notes the high marks given to its training activities and agrees that frequent updating of its many and varied modules is required. ISNAR will explore alliances for the proposed advocacy work among key policy makers, often in positions outside agriculture, in support of innovation. Within ISNAR this will require cross-linkages between sectors, such as those now supported within MTP5 (Building capacity to respond to cross-sector demands). ISNAR will seek qualified external experts to review its planned research agenda in learning for institutional innovation.

### **MTP5 – Building Capacity to respond to Cross-Sector Demands**

#### **Recommendation 5.**

**The Panel recommends that ISNAR discontinue MTP5 – Building Capacity to Respond to Cross-Sector Demands. The current project on HIV/AIDS should be screened against MTP2 (Linking Research and Stakeholders) strategic priorities and if appropriate, incorporated.**

Not endorsed. ISNAR appreciates the recognition by the EPMR Panel of its pioneering work within the CGIAR to deal with a wider range of stakeholders in the context of HIV/AIDS. Working closely with other CGIAR centers (IFPRI, WARDA, IWMI) in HIV/AIDS and malaria, and with international agencies such as FAO, UNAIDS and WHO, ISNAR is breaking new ground - not in solving medical research issues but in creating institutional linkages that allow broad intervention for prevention and alleviation. There is a need to influence key policy makers to assist in institutional change that can enable increasingly complex problems in linking agriculture to environment and human health to be successfully tackled. ISNAR is increasingly receiving major donor funding for such initiatives. ISNAR optimizes the

use of these resources by facilitating extensive network-building in affected countries. MTP5, which represents new activities, started in the beginning of 2002. ISNAR finds it much too early to close down this MTP after such a scientifically and financially promising beginning.

## **Chapter 5 – Governance and Management**

### **Recommendation 6.**

**The Panel recommends that the Nominating Committee of the Board develop a list of competencies required for the next 6 years (using external assistance as necessary) and then develop a Board Trustee profile and an associated nominating strategy. The strategy should firstly determine the size of the board—depending on the nature of the future ISNAR—and earmark a number of the upcoming vacancies for highly talented individuals representing the private and philanthropic sectors.**

Endorsed but with a caveat. The Board of Trustees is fully aware of the need to adjust the Board composition to the requirements of new challenges for ISNAR and the CGIAR. It has been BoT practice to ensure that the mix of trustees corresponds to the need for relevant expertise and with due cognizance of geographical and gender balance. Consequently the BoT has over the last couple of years kept several positions open to give flexibility to adjust to new circumstances. More Board vacancies are due in the near future. Private and philanthropic sector experience may be useful to stimulate further the development of best practices. The BoT also wishes to ensure that the ultimate customers of ISNAR’s research and service work can have their voices better heard in the BoT. We have for some time been exploring candidates who have developing country farmers’ association and non-governmental organization background.

ISNAR finds the explicit severe criticism of its Board unsubstantiated and asks for it to be withdrawn by the Panel. The Panel’s use of completed CGIAR-wide “Board Self-Assessment Forms” as a proxy for their assessment of Board performance is wrong and inappropriate. The center maintains that the Board has played a pivotal role in the transformation of ISNAR’s strategy – so strongly supported by the Panel – during the review period and has exerted due diligence in all financial and administrative fields. The Panel has offered no evidence to the contrary.

### **Recommendation 7.**

**The Panel recommends that Management provide:**

- **a quarterly management report to all Trustees with project management, personnel, and financial data and comments on results achieved and expected, including a rolling cash flow forecast for the ensuing twelve months; and**
- **a monthly financial statement, and a rolling twelve month cash flow forecast to each member of the Audit Committee and to the Board Chairperson.**

Endorsed. ISNAR will provide the reports recommended to all trustees of the Board. Within the limitations of a Finance unit of 2.8 FTE (by far the smallest in the CGIAR family) we will also implement monthly financial statements to be available to the

Audit Committee, including a rolling 12 months cash flow forecast. The ISNAR Board notes that is not a standard CGIAR requirement and is not routinely practiced in other centers, where there is concern that this may involve BoT committees in center micromanagement. The ISNAR Board Audit Committee has, in consultation with the External Auditors, introduced formal 6 months risks assessment on revenues and expenditures.

### **Recommendation 8.**

**The Panel recommends that ISNAR:**

- **Review (with external consultants) the adequacy and competency of the current Administration and Finance staff and make such changes as necessary to ensure an adequate level of service. Service levels should be defined by the external consultants and incorporated in revised Job Descriptions for the A&F staff;**
- **Engage the services of an expert in cost accounting systems to design and help implement the necessary systems and processes that will enable ISNAR to understand, and monitor changes in its own product cost structure;**
- **Expand the accounting system to include commitments and project implementation scheduling data so that the Administration and Finance department can supply complete, timely, and accurate management information; and**
- **Develop an internal audit capability –possibly using part-time expertise.**

[First bullet] Endorsed. Service levels for administration and finance will be specifically defined by providers and users in the center and reviewed by an external consultant. They will be monitored to ensure that adequate levels are maintained. As part of an external consultancy, an international auditing firm reviewed the adequacy and competency of ISNAR's Finance unit staff in 1999. ISNAR has taken great care to follow the recommendations to ensure the adequacy and competence of its Accounting staff, and reviews it annually with the external accountant. ISNAR will now undertake a review of its administrative staff.

[Second bullet] Not endorsed. As of 1 January 2002, ISNAR's cost accounting structure is fully in line with the CGIAR Financial Guidelines; it is operational, monitored, and fully understood by ISNAR. As one of very few CGIAR centers, ISNAR has reported externally audited indirect cost figures from 2001. It provides the required data for analysis of product cost structures and is currently used as such. A further review is not required at this moment.

[Third bullet] ISNAR endorses this proposal. ISNAR has – in common with several other CGIAR centers – been slow in adopting commitment accounting and linked scheduling procedures. ISNAR notes that the number and amounts of commitments are quite small for this small institute and are easily monitored. Timely and accurate project scheduling data and associated management information rely on close cooperation between the projects and the Finance unit, and we will take steps to strengthen these links.

[Fourth bullet] Endorsed. The Panel has not reported in their Review that ISNAR had an internal audit function for the first half of the EPMR period: a fully qualified, internationally recruited, internal auditor devoting half time to this. Upon his transfer to The World Bank, and with the explicit advice of ISNAR's external auditors, we considered that the relatively small size of ISNAR did not warrant such a part-time function. For the last half of the review period ISNAR has therefore relied on external auditors to do specific internal audits. The Board Audit Committee decided early 2002 to reinstate an internal audit function. Throughout the review period ISNAR has received 100% clean audits from its external auditors, and from all specific audits undertaken by individual donors. During the review period ISNAR has routinely changed its external auditors as per CGIAR guidelines.

ISNAR has at no time during the review period received reports or indications of financial mismanagement, neither through external nor internal auditing, nor auditing performed by individual donors.

## **Chapter 6 – Options for ISNAR's Future**

### **Recommendation 9:**

**The Panel recommends that the CGIAR carefully consider the option of:**

- **transferring the ISNAR mandate for analytical policy research on innovations systems to IFPRI; and,**
- **transforming ISNAR into a decentralized service-oriented institution with devolution of its remaining functions to the regional and subregional organizations over a five-year period.**

*ISNAR notes that the final recommendation on p. xi and p. 68 of the Panel Report is inconsistent with the description of Option 2 on p. 65. Recommendation 9 is substantially different from Option 2 (p. 65). Recommendation 9 (p. xi and p. 68) is therefore not endorsed.*

ISNAR endorses the EPMR Panel's Option 2 (as described on p. 65) but with a major modification. ISNAR wishes to reinforce the Panel's recommendation elsewhere in the Report (see its Recommendation 1) for ISNAR to apply a judicious blend of research, training and services in support of innovation systems. To transform ISNAR into a purely service-oriented institution is therefore not congruent with the Panel's other recommendations. To divorce analytical policy research from the rest of the service-research spectrum will not assist ISNAR in the implementation of its new strategy.

This new strategy, now in place and supported by the Panel, involves further decentralization of ISNAR's research, training and service work. ISNAR has already taken steps to decentralize its work and will now consult with a wide stakeholder group as to the optimal placing of its headquarters services in the future. Under its current 2002-2006 strategy ISNAR already plans to have 40% of its capacity located outside headquarters by 2006 – in developing countries and with relevant partners.

Regional and sub-regional organizations are current partners in ISNAR's overall work and ISNAR will significantly strengthen its support to these and to the Global Forum on Agricultural Research in international public goods. ISNAR will aim to strengthen

their capacities. In ISNAR's view the constitutions of most regional and sub-regional organizations, the subsidiarity principles underlying their operations, together with their current limited organizational and funding structures, are not conducive to their absorption of ISNAR functions through simple devolution over the coming five-year period. To do this transfer hastily will deprive the CGIAR system of its key role and ability to support national agricultural research systems in their transformation to innovation systems.

ISNAR will welcome a revisit of Recommendation 9 in a 5<sup>th</sup> ISNAR External Program and Management Review about five years from now, when the effectiveness of the planned decentralization of ISNAR's activities, central to its current 2002-2006 strategy specifically supported by the Panel, can be assessed against the need to devolve the activities.

### **Other recommendations**

Whilst not included in the Panel's key recommendations, ISNAR also welcomes the Panel's view of its current MTP2 (Linking Research and Stakeholders) as "the heartland of ISNAR, the core of its core" and that "it has the potential to become the model project of ISNAR's concepts for the integration of service and quality research" (4<sup>th</sup> EPMR Report section 4.2.2.). Equally welcome is the Panel's assessment of ISNAR's current MTP4 (Management of New Technologies) as "a flagship programme of ISNAR that demonstrates a judicious blend of action research, advisory services and training. It has a well regarded reputation that is reflected in the support it receives from donors. The recent impact study identified ISNAR's Biotechnology Service as one of the outstanding examples of contribution by ISNAR to knowledge and awareness building and the policy debate" (4<sup>th</sup> EPMR Report section 4.4.2.).

Together with the positive assessment of MTP3 (Learning for Institutional Innovation) (4<sup>th</sup> EPMR Report Section 4.3), ISNAR notes that the 4<sup>th</sup> EPMR Panel has given high marks to ISNAR activities that constitute two-thirds of its annual human and financial resource investments. Finally, ISNAR agrees with the Panel to review the future of MTP6 (Entrepreneurial partnerships to support agricultural research) which started in January 2002, in early 2003.



## **iSC Commentary on the 4<sup>th</sup> ISNAR EPMP Report**

The Report of the Fourth External Programme and Management Review (EPMP) of ISNAR was discussed at TAC/iSC 83 in the presence of the Panel Chair, Dunstan Spencer, the Chair of the ISNAR Board of Trustees, Moise Mensah, and the ISNAR Director General, Stein Bie following presentations by each. The discussion was open and frank. The iSC wishes to express its appreciation to the Panel for conducting a thorough and forward-looking review of the Centre's performance over the past five years. The iSC also appreciates the facilitating role the Centre played in this review process.

ISNAR was established within the CGIAR System with a mandate to help strengthen national agricultural research capabilities in developing countries. Over time, ISNAR's mission and mandate have evolved in response to changes in the internal and external environments in which ISNAR operates. ISNAR's new mission "to help bring about innovation in agricultural research institutions to increase the contribution of research to agricultural development for the poor", is as relevant today as it was when the institute was founded, and the challenges certainly as great, if not greater. This is confirmed in the Panel's report, which revealed a continuing and even expanding demand for ISNAR-type research products and services. Indeed, while some developing countries have been successful in building up strong and highly productive national agricultural research systems (NARS), many others—particularly in Africa (but not only there)—are actually experiencing tremendous difficulties in the face of declining financial and human resources. The iSC feels that it is precisely in these countries, where agriculture is the primary means of income and livelihood for the poor, that institutional innovations are essential for making agricultural research systems more effective. The iSC strongly believes that the CGIAR must continue to remain actively engaged in the provision of international public goods (IPG) and services that contribute to more effective agricultural research institution development.

The Panel took as its departure point, the main recommendations of the previous EPMP (Report of the 3<sup>d</sup> EPMP of ISNAR, 1997). These are related to the need for the Centre to: (a) clearly define its niche; (b) reformulate its strategy; (c) move more towards the research-based end of the research-service spectrum; and, (d) move up in the capacity building ladder. These issues were clearly dominant on the agenda of this Panel as well. The Panel's report provides a critical analysis of the Centre's performance. The iSC commends the Panel for its frank and transparent assessment and notes the Centre's generally positive and constructive responses to the nine recommendations of the Panel. Nevertheless, important points of disagreement remain between the Panel and the Centre, which were the subject of very useful discussion during the iSC meeting.

### **ISNAR's Strategy and Priorities**

A major recommendation from the last EPMP review related to the Centre's need to define its niche and re-formulate its strategy. Accordingly, the Centre developed a new strategic plan in 1998 that envisaged a more pro-active research and service institution. ISNAR revisited its strategy in 2001, adopting a new strategic plan (The Road Map) in early 2002. This new strategy broadens the scope and client base to embrace a range of agricultural research stakeholders in developing countries. ISNAR's programmes now focus on "innovation systems", seeking to identify new institutional arrangements that promote more effective generation of new knowledge. The iSC joins the Panel in commending the Centre for

adopting the new plan, which clearly recognizes the multiple sources of innovation, both public and private, in the new stakeholder/client landscape.

The iSC believes the new plan has considerable merit. More work, however, remains to be done before the plan can be effectively implemented. The Panel's analysis identified four critical areas that were not adequately defined: ISNAR's comparative advantage, and basis for it; its priority clients—a crucial aspect given the increasing number of stakeholders/clients, both public and private, in the landscape; the types of products it will produce to maximize the IPG nature of its research and services; and, a strategy for developing key alliances. In the Panel's view, the difficulties ISNAR encountered in implementing its earlier 1998 plan were, in part, due to a failure to define these key areas, resulting in a diffused research focus with many MTP projects.

Although the Centre consulted with a range of stakeholders in developing its two strategic plans, the plans did not go far enough in spelling out the rationale for the specific choices made. This highlights the importance of using systematic approaches to priority setting, and clearly articulating the links to resource allocation, as emphasized earlier by TAC in its commentaries on ISNAR's MTPs. The iSC agrees with the Panel that the Centre must move quickly now to define its major IPG product types as a basis for selecting more sharply defined priorities consistent with its resource base. This implies achieving a better understanding of the evolving demand for its own range of products and services from its priority clients and, equally important, its own competitiveness vis-à-vis alternative suppliers. At the same time, forging strategic alliances with advanced universities and other partners remains critical to ensuring its success in implementing the new Road Map.

The iSC concurs with the Panel's recommendation that the Centre must explicitly address its skill mix. The previous EPMR panel had recommended that the Centre adjust its structure and staff composition to meet the challenges ahead, particularly as it moved up the research end of the spectrum. The Panel saw little evidence that the Centre had moved ahead in strengthening professional expertise, either in-house, or through strategic partnerships. Under the new plan focusing on innovation systems, this need is even greater. The Panel notes the lack of relevant skill mix and expertise currently in ISNAR for successfully implementing the Road Map. The Panel felt that this is particularly so in fields such as organizational theory and behaviour, institutional development, innovation theory, institutional economics and public policy, among others.

The iSC is pleased to note the Centre agrees with the Panel's recommendation to implement its new strategy emphasizing selection of a few sharply focused priorities consistent with its resource base and to significantly adjust its staff breadth and depth accordingly.

### **Quality and Relevance of Research and Services**

There are a number of areas where ISNAR work is deemed of good quality and relevance to its clients. This is particularly the case with the work in ISNAR's biotechnology service (IBS) and some of the tools, frameworks and services provided for improving institutional performance. Also, the CGIAR Central Advisory Service on intellectual property (CAS) hosted by ISNAR received high marks. ISNAR's training activities are widely appreciated and considered of good quality, and are in continuous demand.

Notwithstanding these examples, there is little evidence from the report that ISNAR is producing sufficient quality research and advisory services. This is particularly true with respect to knowledge generation. Throughout the report, the Panel has identified a number of ‘missed opportunities’ where ISNAR could and should have played a more prominent role, particularly in the area of agricultural research policy—which is central to ISNAR’s mandate. Other potentially fruitful areas of work highly relevant to ISNAR mandate include defining a stakeholder landscape for its priority setting, further development and updating of its products and tools, enhancing institutional performance, comprehensive analyses of NARS strengths and weaknesses, case studies of successful institution building activities and synthesis across the studies, and more actively engaging top policy makers or donors in effective dialogue.

Of particular concern to the Panel, and to the iSC, is the number and quality of publications produced by ISNAR professional staff over the past five years. An important measure of research output is the number of peer-reviewed articles in internationally refereed journals. The number of externally reviewed publications has dropped by about 50% over the previous five year period. This must be viewed in the context of the 3<sup>rd</sup> EPMP report recommendation that the Centre move upstream in the research-service spectrum, which the Centre had endorsed. ISNAR’s output over the last five years of less than 0.2 peer-reviewed journal articles per scientist per year is extremely low, and well below that of centres of excellence in the social sciences.

The iSC considers that the Panel’s criticism of ISNAR’s planning and review processes is justified. Indeed, ISNAR has not undertaken in a consistent manner the standard planning and monitoring processes so essential for establishing programme priorities and ensuring quality control. The Centre apparently relied on internal programme reviews to ensure quality and relevance of its research and services. There were no CCERs commissioned in the past five years, with the exception of the Impact Assessment Study report (see below). The iSC concurs with the Panel in its assessment that the Centre has failed to develop an impact and evaluation culture within the Institute. Such a deficiency is even more relevant for a Centre with a mandate to assist developing country institutions in enhancing the quality and effectiveness of research management. In the 3<sup>rd</sup> EPMP report commentary, TAC stated that ISNAR should subject all of its work to rigorous external review prior to the next EPMP (TAC Commentary, 3<sup>rd</sup> ISNAR EPMP Report). In the 1999-2001 MTP analysis by TAC, the Committee urged ISNAR to ensure stronger coherence in its research agenda and to develop mechanisms to monitor quality in all areas of its work.

The iSC, therefore, strongly supports the Panel’s recommendation that ISNAR institutionalize comprehensive planning and priority setting as well as quality control processes to ensure the relevance and quality of its research and service activities.

The Panel made three recommendations specific to the programmatic agenda of ISNAR, relating to four of the MTP projects. The recommendations propose dropping (for MTP 5), transferring (MTP 1), or delaying implementation (MTP 3) of parts of the current programme. While the Centre endorsed the recommendation related to MTP 3, and agreed with the Panel’s suggestion to re-consider key elements of the MTP 6 project, it did not endorse the recommendation to dissolve MTP 5. The iSC notes the arguments of the Panel but is not in a position to recommend closure to this project. Instead, the iSC recommends that the Centre re-assess the rationale and comparative advantage of its involvement in MTP 5 as it proceeds to operationalize its new innovations systems framework.

The perception of the Centre (as stated in the Centre's Response) that the major part (two thirds) of their work received high marks in the EPMR report, was challenged by the Panel Chair during the iSC meeting. A mix of positive remarks and criticisms throughout Section 4 of the Report indicates to the iSC that the Panel's views were accurately stated in their pertinent recommendations numbers 3 to 5.

### **Achievements and Impact**

The Panel based its assessment of achievements and impacts of the programmes on the ISNAR Impact Assessment Study<sup>1</sup> completed at the start of the Main Phase of the review and on the Panel's own assessments based on the most recent internal programme review (with one external reviewer), project documents, publications, and observations and impressions from the field visits and client/stakeholder interviews.

The iSC is pleased to highlight some notable accomplishments the Centre has made over the past five years. Its biotechnology decision tools and frameworks are being applied in a number of countries and various research management tools and processes and participatory network approaches are being applied in several countries and are highly appreciated. In addition, the Centre continues to provide good quality training on a variety of themes, and has Web-based curricula and training modules that are frequently downloaded. However, the Panel noted that these materials should be updated. Finally, the Panel notes ISNAR has provided quality advisory services to over 20 countries and, in two Latin American countries these have contributed to significant institutional change.

The iSC concurs with the Panel that these and other achievements and impacts noted in the EPMR report are not sufficient for a centre of excellence in agricultural research policy, organization and management. The Panel concluded that ISNAR's contribution to new knowledge has been modest and that measurable improvements in overall institutional capacity of NARS have been very limited and are cause for concern. The iSC agrees with the Panel that greater contributions could have been made on the overarching research policy issues of the day—areas such as decentralization, competitive and contractual funding, policies to promote the private sector R&D and links to broader S&T policy.

Importantly for a CGIAR centre, ISNAR has also had difficulties in capturing the IPG dimension of its work. The exception to this is its management tools and training modules, and even these are in need of updating now. ISNAR's own Impact Assessment Study concludes that impacts have been modest and detected only minimal awareness of ISNAR's products among those NAROs who are not its immediate clients. The Panel concluded that although ISNAR can point to significant impacts at the level of individuals and on some organizations, impacts of its research, advisory services, and training have resulted in significant strengthening of national research system capacity in only a handful of countries.

### **Governance and Management**

The Panel made three recommendations covering the Board and Management functions of the Centre with several sub-recommendations within each. These relate to developing a Board of Trustee profile and associated nominating strategy for attracting highly talented individuals representing the private and philanthropic sectors, reporting more frequently by Management

<sup>1</sup> Anderson, J.R., Anandajayasekaram, P., Craswell, E., Rukuni, M. 2002. Impact Assessment of ISNAR, 1997 – 2001. Report of an ISNAR Team: June 30, 2002.

to the Board, and four specific recommendations aimed at improving financial management procedures within the Centre. While the Centre has not fully endorsed all the specific recommendations made by the Panel, it has endorsed the major elements of these. The iSC is satisfied that the Centre has responded adequately to the underlying thrust of the recommendations—the need for continual improvements in Board governance and oversight functions and the need for Management to provide strong leadership.

While the Panel is to be commended for outlining the new governance model emerging today and the range of due diligence practices and personal competencies that should characterize Boards and its members everywhere, the iSC believes ISNAR, and CGIAR centres in general, cannot be held to standards and practices not yet adopted by the CGIAR System, however meritorious. Nevertheless, the iSC is concerned that, apparently, neither the Centre Board nor Senior Management detected in advance the decline in scientific productivity that occurred in the Centre over the last five years.

Finally, the iSC recognizes the significant value of the Panel’s commentary on the changing roles that all Boards are being asked to fulfil today and believes that all Centres should be providing the attention and leadership that “best practices” demand today, irrespective of the norms and practices to which they may be held accountable by the System itself.

### **The Future**

The iSC compliments the Panel for putting forward an analysis of the challenges that ISNAR faces and specifying three options for the future. A frank discussion on those options took place during the iSC meeting as the Centre Board Chair, Director General and the Panel Chair expressed their views on the viability of each option.

The iSC concurs with the Panel and the Centre that ‘business as usual’ is not a viable option for the future. The Panel recommended that the CGIAR carefully consider Option 2 which focuses on a decentralized service-oriented ISNAR. The iSC, while recognizing the merits in some of the elements for change described by the Panel under Option 2, believes that there are other alternatives that need to be explored. In particular, with respect to Option 2, the iSC does not agree that the transfer of ISNAR’s analytical policy research to IFPRI is justified (complementarity and synergy between research and advisory services would be lost). However, this has significant implications with respect to the need for re-tooling and re-staffing to meet the analytical and action research needs of the Centre. In the context of the new innovations systems framework, it will require a major change in the disciplinary mix towards institutional economics, public administration, political science and organization theory and change.

The iSC also believes that the devolution of action research and services to ROs and SROs should be considered only after an analysis of their capacity and willingness to assume that function. Other questions pertaining to the future structure and viability of the Centre are best addressed in the context of a formal in-depth assessment of the nature of the demand for ISNAR-type products and services. The landscape of clients, stakeholders, and service providers in ISNAR’s domain has changed considerably and continues to change. ISNAR’s competitiveness, vis-à-vis alternative suppliers will also have to be assessed.

The iSC strongly believes that ISNAR needs to respond to the challenges facing it as indicated by the Panel (p. 64). A ‘new ISNAR’ should be designed and be characterized by the following features:

- a centre of excellence in agricultural research policy, organization and management;
- producing research and services of high quality with demonstrated impacts; this will enhance its credibility in the eyes of both donors and stakeholders;
- focusing its activities on IPGs and services thus contributing to the mandate of the CGIAR;
- aware of and responsive to key changes in its external environment
- clear understanding of its comparative advantage and appropriate niche within the research – service continuum of the agricultural research arena;
- decentralized and primarily focused in Africa where CGIAR support in institution strengthening is needed the most.

To move swiftly in the direction of designing and implementing this ‘new ISNAR’, the iSC recommends that a change team be appointed by the Group to design and develop an action plan for the necessary changes in structure, functions and programme of the Centre, with recommendations for process and timing of implementation. The Change Team would report to the Group with its recommendations. As a change in leadership at ISNAR is expected within the coming months, it is essential that this exercise be completed as expeditiously as possible. This will provide critical guidance to the DG search committee in helping define and identify the appropriate skills and leadership required for the ‘new ISNAR’.