

To: DivSeek Steering Committee
From: DivSeek Expert Governance Committee
Re: Report of Governance Expert Group
Date: December 8, 2015

EXECUTIVE SUMMARY

DivSeek is strongly advised to:

1. Modify the current organizational structure to include an Executive Director with executive/operational function. In this revised model, the JFU members would become advisory, or could be seconded for specific functions under the direction of the Executive Director. The Steering Committee would maintain the same role and be importing in setting the ground rules and objectives. The Assembly's role would continue unchanged.
2. Develop (a) a five-year strategic plan that sets out operational policies to define the range of projects and partnerships to pursue and the key goals and objectives, and (b) an annual workplan to realize the goals of DivSeek.
3. Empower the Executive Director to operationalize the workplan and five year strategic plan.

If this recommendation is accepted, there are three options for implementation:

1. The Steering Committee appoints an Executive Director and designates the executive function (i.e. administrative capacity) at one of the current JFU partner organizations;
2. The Steering Committee appoints an Executive Director and designates the executive function to be located within an existing organization that is engaged in similar ventures as DivSeek to deliver the programming (e.g. CIAT); or
3. At the direction of the Steering Committee, contract with a third party organization with recognized executive and management capacity that can deliver the programming under contract (e.g. CABI).

DISCUSSION

1. Background

At the first meeting of the DivSeek Steering Committee in May, 2015, certain issues were referred for further consideration to a "governance expert group" to be convened by Steering Committee member, Emily Marden. The list of issues identified by the Steering Committee for the governance expert group were identified in the Report of the Steering Committee Meeting; the relevant excerpts from the Report are included in Appendix 1 to this document.

Pursuant to this request, Emily Marden convened an expert group consisting of (in addition to herself): Bill Boland (U. Saskatchewan), Peter Bretting (USDA), Regiane Garcia (U. British Columbia), and Peter Phillips (U. Saskatchewan). Collectively, the group has extensive experience with public and private agriculture governance issues, including experience with organizations around the world. The expert group held meetings by teleconference in September and October, as well as discussions via email.

In addition to bringing their relevant expertise to bear on the questions presented, the expert group considered the following DivSeek documents: (1) the May, 2015 Steering Committee report; (2) the DivSeek Charter, adopted in January, 2015; and (3) the Operation of the Joint Facilitation Unit (2015) DS/SC---1/15/4 document.

The expert group deemed the governance questions to have priority and so focused mainly on these. Recommendations on publication and the private sector were also considered and are summarized at the end of this report.

2. Governance Issues

DivSeek was formed at the first Assembly of the Partners in January 2015 in San Diego. As a part of that formation, a Charter was approved. The DivSeek Charter identified roles for a Joint Facilitation Unit (JFU), a Steering Committee (SC) and the Assembly of Partner Organizations (Assembly). The DivSeek JFU currently consists of a single representative from each of: the Secretariat of the International Treaty (Treaty), the Global Crop Diversity Trust (GCDT), the Consortium Office of CGIAR, and the Global Plant Council (GPC).

As is often the case in the first year of a new organization, governance challenges have arisen. To some extent, DivSeek was conceived with both too much and too little governance: that is, DivSeek has a JFU, SC and Assembly, but lacks both clear operational leadership and a team to deliver the work of the organization.

a. Importance of Operational Leadership and Function

The JFU developed an Operational Document (DS/SC-1/15/4)(OD) to help guide DivSeek and to clarify roles. However, while this OD lays out what could be an appropriately

aggressive initial mandate and set of activities, it does not provide for an operational structure to advance the work.

The OD suggests that all activities of DivSeek are decided, supported and implemented collectively (§2.2). At the same time, the JFU members ultimately answer to their organizations rather than DivSeek. Such an approach is certainly appropriate for the development and founding of an organization. However, this structure is problematic for operation, especially for an organization such as DivSeek that aims to engage flexibly with a variety of actors, including international organizations, NGOs, universities, NARS, farmer organizations, producer organizations and the private sector. Consensus at the operational level while representing individual organizations is not feasible particularly in the face of pressures to be adaptive and responsive.

The attempt to embrace consensus even while representing divergent views is a common problem within agricultural research partnerships. In general, key contributing organizations want to position their own personnel within the decision-making process to observe developments and to protect their investment and interests. Moreover, agricultural research partnerships can be difficult to organize efficiently as they often consist of a variety of dissimilar organizations with different values and organizational objectives. Extensive research on agricultural-related partnerships by Phillips, Boland and Ryan (2013) (attached at Appendix 2) suggests that outside of funding issues, a lack of feasible operational principles is the greatest threat to the survival of these partnerships. We mention a few cases from this research below to demonstrate the significant impact of operational principles on outcomes:

- Vineland Research and Innovation Center: One model of success is the Vineland Research and Innovation Center in Ontario, Canada. This is a large and complex partnership that evolved from a former public research institute into a partnership that consists of over 30 upstream and downstream organizations. Vineland is governed by a board of 12 directors, and one CEO, who has full control of operations and finance. The office of the CEO retains operational control and streamlines decision making into a single authoritative system. The Board approves annual work plans and all key operational policies. The Board's input is relied on as important – given that members are experts drawn from many of Vineland's partners. As such, while the CEO maintains operational authority, the Board provides input and review, and critically, links together a large number of diverse organizations into network and sets the tone for shared interests and investments.
- Molecular Plant Breeding Cooperative Research Centre (MPBCRC): In contrast, the MPBCRC in Australia failed despite having a sound business plan and being well-financed. At one time it was one of the largest agribiotechnology ventures in the Southern Hemisphere. MPBCRC used a distributed model of governance and lacked a central decision making capabilities, relying instead on consensus based decision making. MPBCRC is no longer operational. MPBCRC suffered from a lack of a clear board vision (they agreed on the general direction but could not distill it to

instructions to their operational team) and ineffective leadership. This was compounded by conflicts emanating from the different sectors, as public and private employees use different values that were operationally incompatible, providing grounds for conflict. Failure could not be attributed to their output: the ROI was 300% on technology investments and 700% on educational outreach. The business fundamentals were sound, but the governance structure was not capable of sustaining the partnership.

An array of other examples along the spectrum of success to failure is included in the attached report.

b. Elements of Successful Ag Organizations

The Phillips, Boland and Ryan (2013) study identifies a set of considerations necessary to a demand-driven research partnership capable of operational success. These are worth considering *in toto* as DivSeek moves forward. We acknowledge that some of the issues below have already been addressed by DivSeek.

The factors are:

1. Initial Identification of the Common Interest Driving the Organization
 - Formation of a Committee to oversee the planning of the partnership;
 - Mapping the research network, identifying and convening potential partners and key actors in the research network;
 - Determining the common interest shared by the potential partners.
 - Developing a clear and concise strategic vision to guide the participants and to empower an operational mandate; and
 - Defining loyalty to the partnership so that the results and operations of the partnership do not elicit conflict with the individual partners.
2. Core Elements:
 - Organization: includes a description of the roles and responsibilities of each partner organization, the governing body the board (Steering Committee) and the executive (Executive Director);
 - Activities: includes a description of each partner's activities and responsibilities as well as the mechanisms of interaction among partners;
 - Budget: includes the total cost of partnership, joint financing requirements, and the specification of each partner's contributions—in cash and in-kind—or at least principles and practices that will enable future contributions; and

- Monitoring and evaluation mechanisms: include an examination not only of the results of the partnership, but also of the collaboration itself, including an analysis of the partners' commitments and the overall synergistic effects.

3. Common Clauses in a Organization Formation Agreement

- Identification of the partners
- Subject of the contract: the partnership
- Objectives of the partnership
- Organizational design
- Duration and termination
- Obligations and commitments of the partners
- Means of contributing resources (financial and in kind)
- Dates of payment
- Types of activities
- Evaluation and monitoring mechanisms
- Mechanisms for conflict resolution

c. **Recommendations for DivSeek**

Further defining the operating principles is a necessary next step. Specifically, there is a need to define both: (1) the existence of and parameters for executive action and (2) the nature of partnerships to be encouraged through DivSeek.

i. Establish Operational Leadership

Based on the Phillips, Boland and Ryan study, it is clear that a empowered executive is necessary to allow DivSeek to engage and leverage opportunities.

There are two possible paths, any of which could be implemented via one of the three specific approaches discussed below:

- "Top Down": An executive could be established and given a set of guiding principles that set the outer bounds of the allowable partnerships and activities; or
- "Bottom Up": An executive could be established and given the authority to engage with any and all current and future partners on projects to advance

their DivSeek related activities, thereby building through custom and precedent the range and scope of allowable partnerships.

Neither is unambiguously preferred: top down definition in absence of any practical examples can be slow and/or self-limiting while the bottom-up approach is highly enabling but can lead to an excessive diffusion of models and simply put the onus on the putative partners to define their principles. Over time, each model is likely to converge on a common set of principles.

Depending on the institutional approach chosen, an effective administration is needed to implement the strategies and plans. This would necessarily include development of a budget for the executive function and recruitment of necessary staff either by temporary/permanent staffing and/or secondments is necessary.

ii. Further Define Operating Principles

In either case, an empowered executive needs clear parameters for operating (i.e. what can be done by the executive, and where must additional consultation with the Steering Committee take place?). There are models for such principles that can be provided; these could be reviewed and modified by the Steering Committee to delegate appropriate amounts of authority. In this context, the Steering Committee will need to decide what types of actions the executive is authorized to take without SC review, and which activities require notification to the SC, or authorization by the SC.

An executive for a multi-faceted organization such as DivSeek will also need to have the ability to draw upon and engage experts in relevant fields. Such expertise can be gained by seconding members of the JFU or other partner organizations, as appropriate.

Importantly, the move to adopt an executive function requires only moderate revision of the Charter. It can be revised to incorporate an executive function to undertake the operations of DivSeek. The JFU can remain in an advisory capacity. The SC and Assembly remain largely unchanged.

From a governance perspective, DivSeek currently lacks clear workable operating principles. The OD §3.5 addresses management of the Steering Committee and Assembly. However, while these work items are necessary, they are not sufficient to ensure that DivSeek itself operates. There is a need to provide a sharper focus on piloting or advancing the practical data sharing platforms envisaged in DivSeek.

Given the many distinct stakeholders and broad goals of DivSeek, it is not reasonable to expect the organization itself to have immediate or near-term access to adequate internal resources to deliver the new platforms by its own initiative. Instead, DivSeek will need to draw on experts and to work cohesively and effectively with other organizations. In this context, it is worth noting that all of the early priority opportunities discussed at the past meetings are in areas where there are established actors, a few investments and some action consistent with DivSeek. For this reason, it will be necessary to develop an

operational model that works with rather than competes with these other actors and ventures.

iii. Medium Term Plan

While there is pressure for immediate action, it would be wise to sketch out a 5 year plan (say in 1-3 pages) that lays out medium term expectations and goals. Most of the projects are unlikely to fit in one-year increments, so having a longer term vision and set of goals would help to guide the development and implementation of those projects.

iv. Annual Work Plan

An annual workplan with priorities for the next calendar year needs to be developed for immediate action. At present, DivSeek is long on principles and short on actionable activities. The workplan should identify a range of specific activities that assign responsibility and motivate action.

3. Specific Options for Establishing an Executive Function

Option 1: Build an executive function at one of the existing JFU partners

- **Synopsis:** The JFU could be restructured into an operating unit rather than a secretariat. This would require the core partners to the JFU to decide on how they will transfer control of their staff and assets to one entity and then step back. This could be done quickly and cleanly if there is agreement.
- **Transition considerations:** Establishing an executive function within one of the existing JFU organizations would be the simplest to effect if the four JFU founding members support this approach. The advantage is that all four partners to the JFU have been involved from the start and have a good sense of the opportunities and implications. However, this approach may not be a simple matter to effectuate.

Option 2: Partner with another existing organization that is engaged in similar ventures as DivSeek to deliver the programming

- **Synopsis:** A number of organizations around the world are engaged directly in activities consistent with DivSeek. It could be possible, given the right circumstances, to negotiate a partnership whereby the responsibility for advancing DivSeek is transferred to a third party. This could involve full devolution of the venture or the transfer of the venture as a new 'business-line' for the organization. One option floated as a for-instance was CIAT, which has recently received new funding for a DivSeek-like venture. Combining resources could motivate the DivSeek venture and accelerate new projects. Depending on the terms of the transfer, there would be different impacts on the JFU, the founding partners and the Steering Committee. The main challenge of this option is that any organization taking

this on would likely want to ensure the venture adds value to their mission—if their mission changes, it could pull DivSeek in directions other than intended by the Charter.

- **Transition considerations:**

- This option would likely require (a) the partners to the JFU to agree to transfer authority and likely some funding/staff to support such a venture, (b) the destination organization accommodating the goals of DivSeek and making room for the general assembly (and possibly even the Steering Committee).
- If this option is considered, the Steering Committee could either issue a call for expressions of interest, proactively identify and approach obvious partners to explore this option or do both.

Option 3: Contracting with a third party organization with recognized executive and management capacity that can deliver the programming under contract

- **Synopsis:** One strategy would be to essentially contract out the management function, either to an international or not-for-profit organization (or even to a for-profit management firm). This would create the cleanest break between the executive function and board oversight, as the relationship would be moderated by a contract, which would help to focus the efforts of the charter signatories and the other partners to identifying strategic direction. Sometimes the intervention of an arms-length disinterested manager can help the partners and projects be developed efficiently and effectively.

- **Transition considerations:**

- This option would require the partners to the JFU to transfer funding to support such a venture.
- This option would allow the Partners' Assembly (and possibly even the Steering Committee) to continue to function as envisaged in the Charter.
- If this option is considered, the Steering Committee would need to issue a call for expressions of interest. There may be a few obvious partners to proactively approach and invite to bid on the contract but it would be ill advised to sole-source this contract.

4. Publication of DivSeek Meeting Documents

For an organization that places a priority on transparency, the common practice is to document meetings by reporting topics discussed, but omitting identification of individual

positions or disagreements. Thus, a meeting report can identify the agenda, including issues discussed, and report the discussion ensued. Where necessary different perspectives can be reported with the ultimate decision reached.

This kind of approach serves the purpose of transparency and communication while still ensuring space for free and open discussion.

5. Engagement with the Private Sector

The expert group feels strongly that open discussion with the private sector is important as a first step to gauge the degree to which the private sector is interested in participating in Divseek, and the terms they seek. The expert group received one unsolicited statement from Syngenta expressing interest and desired terms. However, the group also awaits the read out of the ASU study which looked specifically at the terms and successes of private sector engagement in a number of analogous organizations.