

BOARD OF MAJOR DECISIONS

Forty Third Meeting, Addis Ababa, Ethiopia

26 to 28 March 2008

Chair: Nobumasa Hatcho

BOARD MATTERS:

It was agreed that the DG would send periodic updates to Board on items of note and significant developments.

Recommendation:

The DG to send periodic updates to Board on items of note and significant developments.

Strategic Plan

The DG said that under this agenda item the Board is requested to review the general direction and the process for completion of the strategic plan including the management changes proposed therein. The scientific and thematic content will be reviewed and discussed in depth by the Program Committee the next day.

The draft Plan has been circulated to staff for comments and the DG has already received constructive comments. Following the Program Committee discussions, the Plan would be revised and circulated to all stakeholders and feedback solicited by personal visits, phone calls, email, etc. All comments will be seriously considered without deviating from the core direction. The Plan would then be finalized and presented to the science Council for endorsement in September 2008. Copies will be printed in October. The Strategic Plan will be underpinned by a business plan.

Recommendation:

The Board to approve the process outlined for completion, review and roll-out of the IWMI Strategic Plan 2008-2012.

A parallel process to the development of the Strategic Plan is to roll out the management changes put in place by the DG. Once the Board is in agreement with the proposed thematic structure, interest will be sought internally for theme leader positions. If suitable applicants are not forthcoming, the positions will be advertised externally. The theme leaders will be members of the Management Team and will have responsibility for scientific direction and quality. The move to the new MT is anticipated in August and the new Theme Leaders are expected to commence in their roles formally, in October. Project Leaders will report and be accountable to the Theme Leaders. The job descriptions for the Theme Leader, Project Leader and Regional Director roles will be circulated to the Board in April/May as soon as they are completed.

agreement to the management changes proposed.

Report of the Audit Committee

The final financial statements had only just been received and without the signed version of the external auditor's opinion. Amol Khisty advised that the opinion would be a clean one, with no qualifications, and that he would seek to obtain the signed version as soon as possible. The Committee agreed to review the financial statements and audit opinion following their meeting and prior to the reporting back to the full Board. This will happen "out of session" during April 2008.

Recommendation:

The committee recommended that the full set of financial statements should be provisionally approved pending receipt of audit opinion from the auditors and upon clarification on the questions on the financial statements, if any, from the members and observer which will be discussed out of session.

The committee reviewed the management letter from the external auditors, regarding the 2007 financial statement audit and IWMI's response to the same.

The committee discussed the item on withholding tax deduction on payments to service providers. Amol Khisty noted that the management obtained legal opinion on this which specifies two options. Following discussions the committee concluded that it encouraged management to seek a ruling from the Inland Revenue Department.

Recommendation:

The Audit Committee discussed and concluded that it encouraged management to seek a ruling from Inland Revenue Department on withholding tax deductions.

In response to E&Y's recommendation on information system security policy, John Fitzsimon noted that IWMI had developed policies in the past but these need to be checked, updated as appropriate and approved. He also noted that an intended output of the CGIAR system wide Enterprise Security and Business Continuity project was to arrive at agreed, minimum benchmarks for network security. These may be finalized during 2008 but IWMI shouldn't delay revising and implementing its own policies in the meantime. Information security and continuity will be included under the proposed 2008 CGIAU audit plan, under which IAU can provide advisory inputs to the security policy and practice as part of the updating and formalizing of the IS security policy. The committee suggested that Management work with CGIAU and based on the recommendations of the audit, a formal information security policy should be approved and communicated.

Recommendation:

*...ommends that the management should work with
...ommendations of the audit, a formal information
...security policy should be approved and communicated.*

The AC reviewed the IAU report presented by John Fitzsimon which included an update of the IAU, a status report on audits carried out for IWMI in 2007 and an update on the 2008 proposed draft internal audit plan developed in the context of proposed update of the 2008-2010 medium term internal audit plan.

The proposed updates to the previously presented 2008 plan were to: (a) shift the Enterprise Security and Business Continuity audit from 2007 to 2008 and (b) replace the IRSS processes audit with one covering the budget management cycle. This, together with the more in-depth reviews of particular aspects of the financial operations by PWC in 2008 should adequately cover all key financial processes during 2008.

Recommendation:

The Audit Committee recommends the adoption of report from the CGIAR internal Audit.

Recommendation:

The Audit Committee further recommends the approval of the annual internal audit plan for 2008 as presented, but that the CGIAU should consider with IWMI management the possibility of advancing the timing of the enterprise management reporting system to 2008 and the partnership audit to 2009.

Getechew Engida brought to the attention of the AC that per its ToR the Committee is responsible for monitoring of investments to ensure investments are made within the established policy. The Committee requested Management to include a report on the investment policy and investment status for future AC meetings.

Recommendation:

The Audit committee requested Management to include a report on the Institute's investment policy and investment status for future committee meetings.

Report of the Nominating & Human Resources Committee

The new HR Director, Christine Croombes would be requested to review and revise the terms of reference of the NHR Committee to explicitly reflect the Committee's HR role. Christine should review good practices and examples of other HR committees and the Acting Chair will provide examples. Board members who may have good examples are requested to send these across to the DG or the Acting Board Secretary.

Recommendation:

HR Director, Christine Croombes to review and revise the NHR Committee Terms of Reference to explicitly reflect the HR role of the Committee. Christine Croombes to also review good practices and examples of other HR Committees in this regard.

The Board Chair should continue with the practice of discussing the survey results with Board members individually.

Recommendation:

On the Board Self Evaluation, the Board Chair should continue with the practice of discussing the survey results with Board members individually.

The NHR Committee reviewed and discussed the Institute's Gender & Diversity report which is a regular update provided annually with the full Board documentation. Noting the staff departures during 2007 and the decline of research staff numbers, the Committee agreed that Christine Croombes should be asked to implement a formal exit interview process to find out reasons and trends on departures as well as a tool for improvements. The Committee suggested that Christine contact other CG centers to find out how they handle exit interviews and the type of HR reports they provide the Board.

Recommendation:

The NHR Committee recommends that the HR Director, Christine Croombes implement a formal exit interview process for all departing staff, and staff departures to be reported to the Committee on a regular basis.

In view of Getachew Engida's expertise in finance, the NHR Committee wishes to propose that Getachew Engida be appointed to the Audit Committee.

Recommendation:

Getachew Engida to be appointed to the Audit Committee

Challenge Program for Water and Food

The Board discussed the Briefing Paper and the role of IWMI as the lead center. The DG had argued for the location of the CPWF2 to remain in Colombo and it has been agreed that the CPWF will remain headquartered at IWMI. The IWMI DG or IWMI Board's nominee would be an ex-officio member of the Board given IWMI's legal and fiduciary responsibility for the program. The remaining CP Board membership will include a representative of the Alliance, possibly one representative of the current Steering Committee partners, CPWF Program Director as ex-officio and 4-5 independent members. David Molden and the DG had made inordinate contributions to assist the CPWF current management to develop the new program directions and governance structure. The Steering Committee meeting in late February had approved the proposed changes in governance and scientific direction. It is however subsequently understood that the proposed arrangements should have the endorsement of ExCo and the Science Council.

The CPWF Board will be selected by the Steering Committee on a skill-base and IWMI is still on this Committee. The DG has written to the Executive Chair of the Alliance requesting him to write to all centers asking for Board nominees. The selection will be

is a tie, the Alliance Chair has the casting vote. The
Committee will be a member (not Chair) of the CPWF

Recommendation:

The Board of IWMI accepts the role of IWMI as the lead member of the Challenge Program for Water and Food Phase 2, and the DG will be IWMI's representative on the CPWF Board.

FINANCIAL MATTERS:

2008 Revised Budget

Amol Khisty, Director Finance presented the 2008 Revised Budget. At the Oct'07 meeting the Board asked Management to revisit the budget and the revised budget was approved virtually in December 2007. This budget comprised of a projected total income of \$19.1 million, projected expenditure of \$19.6 million and a projected deficit of \$531k. The key highlights of this revised budget are:

- Reduction in USAID unrestricted and Japan program support
- Additional operational costs identified between Oct'07 and now
- Increased overhead recovery from materialized pipeline;
- Increased overhead recovery from non-IWMI CPWF projects following the finalization of the service agreement with CPWF; and
- Increased unrestricted income from the Netherlands, Norway and reduced costs.

Amol Khisty summarized the risks and mitigates in achieving the budgeted deficit as follows:

- Unrestricted funding less than projected - Based our 2008 estimates on 2007 actual unless informed otherwise by a donor. Not considered are additional WB funding, South Africa, and USAID.
- Pipeline does not materialize - Higher Project Proposals are submitted. The materialized pipeline including the CPWF 2nd call and BFP has reduced the actual required pipeline by almost 50%. Gates, Mozambique SAKSS, BMZ and Google proposals, if materialized, will largely close the gap.
- Unrestricted expenditures are greater than budgeted - Controllable risk by monthly tracking of expenses and in-built system control.
- Staff Time not booked to restricted projects - Monthly control by using Time Tracker. However, the challenge will be to allocate the pipeline staff time from existing staff.

Recommendation:

Board approved the revised budget taking into consideration the risks involved in the confirmed/unconfirmed pipeline.



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ALL RECOMMENDATIONS WERE APPROVED BY THE BOARD