



Minutes

June 27 and 29, 2017, Rome, Italy

Present: Anne-Marie Izac (AM), ISC Chair; Alain Billand (AB), Peter Holmgren (PH), Ravi Prabju (RP), Florencia Montagnini (FM), Yemi Katerere (YK); Vincent Gitz (VG, FTA Director), Monika Kiczakajlo (FTA management support unit). Fergus Sinclair (FS, FP2 Leader) and Brian Belcher (BB, MELIA Lead) participated in the session on 29 June discussing FP2 Resubmission

Excused: Joyeeta Gupta.

Summary and list of decisions

1. The ISC discussed developments within the CGIAR and the need for the FTA partnership to be strengthened and to envisage how it could evolve towards greater autonomy from the CGIAR. It was recognized that this would also entail specific fundraising challenges.
2. The ISC discussed the proposal for 2017 W1+2 contingency planning.

ISC/M6/D1: The ISC accepted the note prepared by D/FTA, endorsing the contingency plan and appreciating transparency and accountability of the proposed approach.

ISC/M6/D2: The ISC decided that the 2017 contingency plan should be sent to the BoT for information and that the lead center and partners shall consider using it for the sake of managing the cash flow in a strategic manner.

ISC/M6/D3: The ISC requested a footnote to be added to explain that the 60k for partners coordination expenditures at FP and program level are in 2017 located in Tier 1 under management and support.

ISC/M6/D4: The ISC decided that for the 2018 POWB, contingency planning shall be embedded in the preparation for the POWB, and to add a fourth tier up to the Proposal Budget (11m).

3. The ISC discussed revised terms of reference (ToRs) and a joint set of rules of procedures (RoPs) for the ISC, including the number of independent and non-independent members.

ISC/M6/D5: The ISC approved the new ToRs and RoPs, including the modalities for the renewal of independent members in 2018 (annex), by electronic means after the meeting, and requested the D/FTA to send these to the Secretary of the BoT of CIFOR.

ISC/M6/D6: The ISC expects that the BoT approves the text virtually so that the call for candidates can be launched in September, in due time for a decision on new and continuing members to be taken by CIFORs' BoT at its face-to-face meeting of 15-17 November 2017.

ISC/M6/D7: The ISC requested the concerned constituencies to decide on their representatives, as the 2-year terms of Alain Billand and Ravi Prabhu are expiring in July 2017.

4. The ISC prepared (day 1) and debriefed (day 3) on the roundtable workshop with FP leaders and the MELIA Leader (held during day 2), where 4 topics were discussed: 1) Bilateral projects vetting mechanism, 2) rules of engagement of FP Leaders and CCT Leaders 3) performance assessment, 4) priority setting process

ISC/M6/D8: The ISC requested the D/FTA to revise the discussion notes on the four key issues in discussion - project mapping to FTA, performance assessment, priority setting process, taking into account the points that arose from the roundtables, and the consequences in terms of related processes and mechanisms: the notes are to be sent to ISC for further discussion and approval by virtual means.

5. The ISC discussed the date and venue of its next meeting.

ISC/M6/D9: The ISC will hold its next meeting by virtual means on 13 November afternoon (Stockholm time), ahead of the meeting of the Board of Trustees of CIFOR that will take place from 15 to 17 November.

6. The ISC discussed the new FP2 text. Members gave feedback to the FP leader Fergus Sinclair's presentation. Members agreed that the re-write was in a good direction, in accordance with the ISC guidance note.

ISC/M6/D10: The ISC requested to receive the final draft new FP2 text and the cover note by mid-July, considering the March 2017 re-write guidance note endorsed by the ISC, and the comments made during the meeting.

ISC/M6/D11: The ISC Chair will review and approve the text and cover letter prior to submission to ISPC by 31 July latest.

Agenda item 1) Agenda Approval

The ISC Chair opened the meeting welcoming the participants. The Agenda was approved. Agenda items 3 and 4 ended up being merged during the meeting. Agenda item 5 was skipped for lack of time.

Agenda Item 2) CGIAR Updates

D/FTA provided the CGIAR updates. An emphasis was put on the FP2 resubmission process. VG informed that the ISC memo drafted at the last meeting in Paris in November 2016 was transmitted by CIFOR Board of Trustees (BoT) to the SMB (CGIAR System Management Board) and CGIAR System Council Chair in December 2016. There was no reply despite the SMB requesting the SMO (CGIAR System Management Office) to prepare one. According to the decision of SMB/M5/AP3 (29 March 2017) any of the five flagship programs not receiving W1/W2 funding in 2017 and interested in resubmission for consideration for W1+W2 funding in 2018 are invited to prepare an addendum to the original proposal that updates the flagship program, submitting it by 31 July 2017. The SMB's proposal is for the addenda to include strategies to expand the available resource base to finance the flagship from W1+W2 rather than further dividing funding for other CGIAR Research Programs (CRPs).

There was no formal interaction of ISPC with CRPs prior to submission. FTA received only informal guidance from ISPC Chair and Exec Secretary through several personal discussions of D/FTA with Maggie Gill (ISPC Chair) and Leslie Lipper (ISPC Exec Secretary). The formal interaction of CRPs with ISPC will take place on Sunday 17 September 2017 in Rabat (Morocco), just prior to ISPC meeting #16. This will be based on a set of written questions to be transmitted by ISPC to the affected CRPs by end August 2017. CRPs will receive ISPC's final written recommendation in October 2017 and the funding decision will be taken by the System Council in Cali on 10 November 2017 (5th meeting). The ISC cleared in March 2017, virtually, the guidance note prepared by D/FTA on FP2 resubmission process.

There is a very high uncertainty, even if FP2 gets unlocked, that it will be funded in 2018. Also, it is not clear whether some other flagships may be excluded from funding. Ravi observed that there will be a performance assessment launched by the system, based on indicators and that donors may decide that those FPs that did not perform would not receive funds. The system is moving in a direction to monitor performance of the portfolio by aggregating sets of indicators common to all CRPs. Therefore, FTA needs to be very strategic when articulating its indicators. A discussion follow-up on which set of indicators to choose. ISC members suggested that FTA could develop its own set of indicators and link them to the SDGs. PH noticed that this may be way out. SRF is owned by the CGIAR but FTA is contributing to SDGs which is a broader framework and internationally recognized. Moreover, being associated with SDGs would facilitate to attract partners and donors. This should be taken on board when finalizing and stabilizing for September 2017 the set of FTA indicators. With this FTA would be able to put in place its separate performance system that would also indicate to donors that FTA is keen on learning in order to improve.

It was followed by a discussion on the **ownership of FTA**. A first question is “who owns FTA?”. A second question is “what does the CGIAR bring to FTA?”. It was felt that FTA belongs to its Partners. And that the partners should keep control of the partnership, hence the importance of FTA governance. This leads to the question whether FTA should evolve from a CGIAR research program towards becoming a more autonomous partnership. It was recognized that this would also entail specific fundraising challenges, as finding 10% of “core” resources would still be a difficult thing to do. CRPs were created with the principle they will receive not less than 30% of W1+W2 funding. Using these criteria, FTA W1+W2 budget should either be raised from current 10%, or it should be recognized that FTA is moving towards a different category of CRP. It was also recognized that such an evolution might lead to reframing the question of the role of the lead center, which was defined in relation to W1+W2 funds. The lead center concept might change towards a concept of “convening center” of the partnership. PH mentioned the need of a single entry point to the partnership, and that in any case a bank account is needed to manage pooled resources. He mentioned that once FTA has come over the birth of phase 2, we will need a strategic moment to define what it means being a partner to FTA.

In addition, it was noted that the new donor context post-Trump and post-Brexit poses the question of the ownership of the CGIAR portfolio, which is currently unclear. Furthermore, there seem to be no definition of a CRP at system level.

Agenda items 3) Update on FTA Funding situation and 4) 2017 Contingency Planning

D/FTA updated on FTA funding situation and presented a note proposing contingency plans for the execution of FTA’s 2017 POWB, as requested by the ISC at its teleconference on 11 April 2017. Given the current CGIAR donor context, the year 2017 has started without any certainty (i) on the degree of execution of the financial plan (ii) on the calendar for disbursements from the CGIAR Trust Fund. The way the POWB is currently constructed is as if the budget was certain and received on 1st January, which does not hold: execution of W1+W2 activities inscribed in the POWB must be pre-financed by partners, and there is no guarantee that finances will cover the full POWB in the end. The note proposed a way to deal with this uncertainty, by defining funding tiers and within each tier, specific allocation keys to partners given their role and weight in executing the priority activities. FP Leaders were requested to develop the set of activities assigning them to three different funding Tiers. It was proposed that FTA would not consider working with the high-risk scenario at less than 5m USD in 2017, given the recommendations from SMB5, and the fact that CIFOR has already received 5m W1 in advance to phase 2, as well as commitment from Australia (USD 0.96m) and the Netherlands (USD 1.7m) about W2 funding. The note only provides guidance to partners and to the lead center into how they could, in their respective roles, deal with cash flow in 2017.

DECISIONS:

The ISC:

- **ISC/M6/D1:** approved the note prepared by D/FTA, endorsing the plan and appreciating the transparency and accountability of the proposed approach.
- **ISC/M6/D2:** decided that the 2017 contingency plan should be sent to the BoT for information and that the lead center and partners shall consider using it for the sake of managing the cash flow in a strategic manner.
- **ISC/M6/D3:** requested a footnote to be added to explain that the 60k for partners coordination expenditures at FP and program level are in 2017 located in Tier 1 under management and support.
- **ISC/M6/D4:** decided that for the 2018's POWB, contingency planning shall be embedded in the preparation for the POWB, and to add a fourth tier up to the Proposal Budget (11m).

Agend Item 6) Discussion on the revised ISC ToRs

D/FTA introduced the revised terms of reference (ToRs) of ISC and (as proposed by PH to improve readability a joint set of rules of procedures (RoPs). This was followed by an analysis of the proposed ToRs and RoPs.

ISC members felt that the proposal of an ISC with 11 members was too many. During discussions it was felt strongly that the number of independent members should not be increased by an additional two persons, and agreed that one additional independent member should be called in the ISC. Therefore, it was decided that ISC should be composed of 5 independent members appointed by CIFOR's Board of Trustees (BoT) for a fixed term of three years, renewable consecutively only once.

It was decided to introduce a **quorum** for ISC deliberations and decision to be reached. The quorum was defined as at least six ISC members being present, with at least four independent members among them. Increasing the number of independent members is also a pragmatic approach in order to guarantee quorum when not all independent members are available to participate in the meetings.

It was also proposed to initiate a "**staggered**" **rotation of independent members**. But it was felt that the process proposed in the draft ToRs needed to be simplified to minimize transaction costs for the entities involved in the selection, including the MSU, ISC and BoT. The process was amended accordingly and approved by electronic means after the meeting.

A discussion followed on **categories of partners**, strategic and non-strategic, CG and non-CG, with the possibility of FAO joining FTA in the future (as FAO could be understood as a strategic, CG-partner). It was observed that FTA is missing a clear definition of a "strategic partner", and that currently, CIFOR BoT decides on what organization can become FTA strategic partner.

It was also discussed whether there is a need of an additional representative of non-CG Partners, given there is current imbalance between well represented CG partners and only one representative for non-CG partners. It was noticed, however, that, given the current weight in research size mapped to the FTA partnership, there is for the time being no imbalance of non-CG partners' representation in the ISC.

It was then agreed that the composition of ISC includes one representative for CG strategic partners (currently CIFOR, ICRAF, Bioversity International), and one representative

for non-CG strategic partners (currently Cirad, CATIE, Tropenbos and INBAR), appointed by its constituency for a period of two years, preferably on a rotating basis amongst the concerned partners. The Lead Center DG (or any person designated by him/her) remains member on permanent basis, as well as Director FTA who is ex-officio and acts as ISC's Executive Secretary.

It was also discussed whether **observers** could join ISC meetings and agreed that ISC should welcome observers to its meetings, especially from strategic partners, and can call upon resource persons from within or outside the CGIAR for specific questions. Participation of observers (restricted to open agenda items) is to be proposed to, and cleared by the ISC Chair prior to the meeting.

It was highlighted that the role of ISC is to provide strategic direction for the whole collaborative program, including the oversight of the "mapping" process for bilateral portfolio. PH noted that the role of the ISC in terms of advising the lead center on allocations should be enlarged from "W1+W2 resources" to "other programmatic funding".

Finally, the discussion confirmed that the ISC has an advisory role, as it advises CIFOR BoT, and a decision/guidance role on the CRP for some items by delegation of the CIFOR BoT, which the new ToRs clearly specify. In terms of executive management, the ISC only directly manages the recruitment of the FTA Director.

CIFOR HR will formally interact with ISC members enquiring if they are willing to continue as members for a second term. Those willing to continue will be put on a list submitted for the BoT's consideration, in its decision of renewing the set of ISC independent members for start of offices in May 2018, duly considering the need for continuity and change.

It was agreed that D/FTA will update the ToRs, RoPs and include a separate section on the 2018 renewal, reflecting the discussion.

The ISC discussed the new ToRs and RoPs, including the modalities for the renewal of independent members in 2018, by electronic means after the meeting.

DECISIONS The ISC:

- **ISC/M6/D5:** approved the new ToRs and RoPs, including the modalities for the renewal of independent members in 2018 (annex), by electronic means after the meeting, and requested the D/FTA to send these to the Secretary of the BoT of CIFOR.
- **ISC/M6/D6:** expects that the BoT approves the text virtually so that the call for candidates can be launched in due time for a decision on new and continuing members to be taken by CIFORs' BoT at its face-to-face meeting of 15-17 November 2017.
- **ISC/M6/D7:** requested the concerned constituencies to decide on their representatives, as the 2-years terms of Alain Billand and Ravi Prabhu are expiring in July 2017.

Agenda Item 7) Preparation of and follow-up upon the roundtable Workshop with FP Leaders and MELIA Lead

ISC Chair invited the day before the 5 FP Leaders and the FTA MELIA Lead to a series of roundtable discussions with the ISC, to know their views and suggestions on four key topics: 1) Bilateral projects vetting mechanism, 2) rules of engagement of FP Leaders and CCT Leaders 3) performance assessment, 4) priority setting process.

The four topics were discussed sequentially. Each discussion was done in three break-out groups to improve interactivity, with each group containing at least one FP Leader, who also reported back to all on the break-out discussions. Each topic was discussed on the basis of questions laid down in the ISC Chair invitation note and on the background documents. Detailed notes summarizing the discussions of the four topics are prepared separately.

ISC Chair noted that there was no expectation initially how this session would evolve and that it actually proved to be extremely useful, very open and constructive. The ISC was impressed by the willingness of FP Leaders to engage intellectually. The FPs comments throughout the day highlighted that there should be more integration and cohesion among FPs and CCTs. There was also emphasis on cross learning, drawing lessons and improving overall performance.

DECISION:

ISC/M6/D8: The ISC requested the D/FTA to revise the discussion notes on the four key issues, taking into account the points that arose from the roundtables, and the consequences in terms on related processes and mechanisms: the notes are to be presented to ISC for further discussion and approval by virtual means.

Agenda Item 8) Date of the next ISC meeting

DECISION

ISC/M6/D9: The ISC will hold its next meeting by virtual means on 13 November afternoon (Stockholm time), ahead of the meeting of the Board of Trustees of CIFOR that will take place in Stockholm from 15 to 17 November. The ISC Chair, Lead Center DG and FTA Director will participate from Stockholm.

Agenda Item 9) FP2 resubmission^{1 1}

The FP2 Leader was invited to the closed meeting to present the new FP2 and discuss it with the ISC. The MELIA Leader was also invited to participate in the discussion. Unfortunately, a first draft of the text was made available (ANNEX) only during that session, allowing for little time for the ISC members to read and digest the document.

FS explained that the text was to be entirely rewritten and presented on content of the different sections in the current new draft. This builds on the guidance note drafted with and endorsed by the ISC, and on interactions with Brian Belcher and Vincent Gitz, including several teleconferences and a one day work with Vincent back to back to the FP1 meeting in ICRAF Nairobi.

¹ PH had left the meeting for this discussion due to travel constraints

The first section on rationale and scope is completely modified. The second section on objectives and targets is to be also entirely redrafted as well as the third one on ToC. The section on science quality will also be redone in terms of IPGs. The final version will be submitted to ISC by 15 July for their final comments along with a cover letter explaining the changes made.

ISC comments on FP2 rewritten text presented by Fergus Sinclair:

- AMI: Add resilience and biodiversity conservation to the first graph. Also, would be useful to include contribution of trees to enable buffering farmers income from environmental conditions;
- RP: Rewrite is going in good direction. Make economic argument stronger, put table in first paragraph and add relative numbers. This would be the livelihood argument that was missing. Use numbers from credible reports, e.g. World Bank data; However, the draft gets too long to get to the point and to show the importance of trees.
- RP felt that starting with smallholders is too defensive, and that it is better to start the rationale with the importance of trees. VG and FS highlighted that this change was made to address ISPC's lack of understanding of the FPs' focus on livelihoods and rational towards outcomes at scale. RP emphasized the need to look at research hypothesis quickly. (Lead quickly to: or there are not enough trees so livelihoods suffer/ or trees are not used optimally/ or there are trees but there are other constraints in livelihood systems to overcome);
- AMI: The trees contribute not only to mitigation of climate change but also adaptation. This is because of the different ecosystems services that they strengthen, including biodiversity. They have an important safety net role that directly contributes to sustainability and resilience of the system. Sustainability of livelihoods through improving natural capital, not only maintaining it;
- AMI: Importance of trees for livelihoods could be presented in more urgent manner;
- AMI: In the graph (Figure 5) there is still the message, conveyed by the graph's headings that FP is driven by bilateral projects. For instance, W1-W2 is shown as essential to obtain bilateral funds. This should be turned around: W1-W2 is essential and bilateral funds complement W1-W2. Some changes are needed in the title of the boxes to give the right messages about the essentiality of W1/W2;
- AMI: You need hypotheses; ToC must have them and need to show the FP will be testing these (existence of research gaps that FP will fill);
- RP: Take out assumption that there is space for progress because there is less literature.
- Instead list the research gaps;
- AMI: Matter of presentation of figures;
- AMI: In section 2.2.1.4 3 there are three types of IPGs. Should add the fourth one on developing options, not on developing knowledge;
- AMI: It is mostly language that could be turned around. Should use ISPC language (outputs, outcomes, impact etc.) otherwise ISPC will not understand it;
- Intermediate outcomes: clarify how we get to numbers.

The new FP2 text will be resubmitted to ISPC by 31 July 2017, along with a cover letter. The ISPC will discuss resubmitted FPs during its next meeting in Morocco on 17-19 September 2017.

DECISIONS:

- **ISC/M6/D10:** The ISC requested the final draft of FP2 text and the cover note by mid July², considering the March 2017 re-write guidance note endorsed by the ISC, and the comments made during the meeting.
- **ISC/M6/D11:** The ISC Chair will clear the text and cover letter, prior to submission to ISPC by 31 July latest.

²The FP2 leader engaged, after the meeting, to prepare the final new draft for 15 July in order to leave 5 days of ISC final reading and commenting.

This summary on inclusive finance was produced by Tropenbos International and the Center for International Forestry Research (CIFOR) as part of the CGIAR Research Program on Forests, Trees and Agroforestry (FTA). FTA is the world's largest research for development program to enhance the role of forests, trees and agroforestry in sustainable development and food security and to address climate change. CIFOR leads FTA in partnership with Bioversity International, CATIE, CIRAD, INBAR, ICRAF and TBI. FTA's work is supported by the CGIAR Trust Fund.

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