

## Approved Minutes

14 November 2017

**Present:** Anne-Marie Izac (AMI), ISC Chair, Joyeeta Gupta (JG), Yemi Katerere (YK), Florencia Montagnini (FM), Rene Boot (RB), Vincent Gitz (VG) FTA Director (D/FTA), Monika Kiczkajlo (FTA MSU – notes taking)

**Excused:** Stephan Weise (SW), Kumar Tumuluru (KT)

### Summary

The purposes of the meeting were to (i) review the FTA funding situation and POWB 2017 allocations in order to address a probable shortfall of W1-2 funds, (ii) to decide on POWB 2018 approach for contingency planning and priority setting process, and (iii) to discuss the Terms of Reference and the Rules of Engagement for the FP Leaders presented for approval by the FTA Director.

FTA's ISC unanimously made the following decisions:

**ISC7/D1 ISC recommends** for decision by CIFOR Board of Trustees<sup>1</sup> that:

- All Tier 3 activities (lowest importance) and their expected outputs are struck through in the approved 2017 POWB and must not be funded to address 2017 shortfall;
- If additional W1-2 funds materialize for 2017, over and beyond those covering all Tier 1 and 2 activities, these additional funds will be carried forward into 2018 by FTA, to be used along with W1-2 funds that will be received for 2018, to fund FTA's 2018 POWB;
- Tier 1 and 2 activities that were delayed for justifiable reasons in 2017 will be carried over into 2018.
- Contingency planning will be integrated into the 2018 and subsequent POWBs, in addition to their being priority based.

**ISC7/D2 ISC approved** the proposed priority setting framework as it stands, for implementation starting with the 2018 POWB, and will proposed it for endorsement by CIFOR's BoT.

**ISC7/D3 ISC approved** the proposed Terms of Reference, Rules of Engagement, and the selection and appointment procedure for FP Leaders.

**ISC7/D4** Scientists involved in SL will be invited to a specific session to be organized during the next ISC face-to-face meeting, that will take place the week of 18 June 2018 in Europe, in order to present and discuss the results of their work with ISC.

<sup>1</sup> These recommendations were subsequently unanimously approved by the BoT of CIFOR at its meeting on 16 November 2017.

## **Item 1: Opening of the meeting and agenda approval**

The Chair opened the meeting welcoming Rene Boot (Tropenbos) as a new representative of FTA non-CG partners, replacing Alain Billand (Cirad) as part of the rotation process between partners. The representative of CG partners Ravi Prabhu (ICRAF) is replaced by Stephan Weise (Bioversity) as the result of the same rotation principle. Due to time differences Stephan Weise couldn't join the teleconference, but had sent his comments to the chair prior to the meeting. Robert Nasi, acting DG of CIFOR was to be represented by Kumar Tumuluru who could not join the meeting due to conflicting timing with CIFOR BoT induction. Kumar had presented his position and views on the proposed recommendations and decisions to the ISC Chair before the meeting, to which he had no objection.

The agenda of ISC 7th meeting was approved.

## **Item 2: Update on FTA 2017 W1+2 funding situation and prospects for FTA 2018 W1+2 funding**

AMI recalled the contingency procedure put in place in 2017, at the request of the ISC, to address the risks of shortfalls in W1-2 generally announced very late in the year. VG briefly explained that the 2017 POWB was split into three tiers: Tier 1 (4.9m USD), Tier 2 (2.3m USD) and Tier 3 (1.6m USD). Each activity and corresponding output of the 2017 POWB was associated to one of the three tiers, reflecting their relative priority in the POWB. The tiers served as guide for the successive W1+2 installments from the Lead Center to FTA partners in 2017. They also served as broad indications for W1+2 funding risk management to partners (Tier 3 being most exposed than Tier 1 to funding risk).

VG explained that latest estimates suggest an overall shortfall of W1+2 funds in the CGIAR in 2017. This implies a final allocation to FTA inferior to the original indicative allocation of USD 8.8m by more than USD 1m. The lead center, CIFOR, has disbursed 4.9m corresponding to all Tier 1 activities to all partners, including CIFOR. The exact funding for 2017 is still not known and the use or otherwise of the 're-linking rule' needs to be clarified by the System Management Office.

VG stressed that, given the information known to date, it is very likely that Tier 2 activities will be funded in 2017, and that this has been clearly indicated to all FTA partners. VG mentioned that there is an approximate amount of 16% of unspent W1+2 funds and that these funds -and the related activities and outputs- could be eligible for carry over by partners into 2018 if there is a valid reason (e.g. late disbursement of funds, unexpected operational delay...).

AMI emphasized that Tier 3 is highly unlikely to be funded in 2017. Therefore, it is proposed that all activities categorized as Tier 3 (least important) are taken out of the 2017 POWB to address the projected shortfall for 2017. In case a small amount of W1 funds, that is in excess of Tiers 1 and 2, is received by the lead center late in the year or early next year, it should be carried forward for use – as per the prioritization process - into the POWB 2018.

In reply to a question, VG indicated that, given the contingency planning instructions sent during the year, no Tier 3 activities should have started, as partners were advised that Tier 3 funding would be highly unlikely. As per the Program Participant Agreements signed between the lead

center and FTA partners, the “grant of CGIAR Funds” by the lead center to a partner “shall, at all times, be subject to the availability of funds”. Therefore, a partner absorbs the financing risk if it decides to pre-finance an activity prior to receiving corresponding funding from the lead center. The MSU will check the level of implementation of Tier 3 activities in 2017.

JG raised the concern of the consequence on staff position, employment and staff motivation of cutting Tier 3 activities.

AMI noted that the ISC decisions were made taking all dimensions of the problem into account, given the funding constraints, and that this year it is possible for the first time to address the shortfall through a strategic cut of what is of the lowest importance as per the MT’s judgment instead of an across the board cut.

As a result:

**ISC7/D1 ISC recommended** for decision by CIFOR Board of Trustees<sup>2</sup> that:

- All Tier 3 activities (lowest importance) and their expected outputs are struck through in the approved 2017 POWB and must not be funded to address 2017 shortfall;
- If additional W1-2 funds materialize for 2017, over and beyond those covering all Tier 1 and 2 activities, these additional funds will be carried forward into 2018 by FTA, to be used along with W1-2 funds that will be received for 2018, to fund FTA’s 2018 POWB;
- Tier 1 and 2 activities that were delayed for justifiable reasons in 2017 will be carried over into 2018.

Next, the ISC discussed the prospects for FTA 2018 funding and the contingency planning approach for 2018.

AMI pointed out that, as of November 2017, much uncertainty prevails on CGIAR funding prospects for 2018. The uncertainties are at two levels. First, uncertainty on the actual funding due to uncertainty in the donor environment. Second, an uncertainty on the 2018 FINPLAN for all CRPs that had to re-submit FPs. This reinforced the need for FTA to have a priority-based POWB that fully integrates contingency planning, with priority tiers well defined.

VG mentioned that in 2018, the lead center is likely not to receive a substantial W1+2 advance as it did in 2017.

RB suggested using a four Tiers system for 2018 to better take into account increased risk, and the likely absence of a W1+2 advance by the SMO.

AMI suggested that D/FTA works with the MT and CIFOR’s Director of Finance to prepare such plans. AMI also recalled that 2017 activities belonging to Tier 3 may be funded in 2018 only if considered sufficiently high priority under the 2018 POWB prioritization process.

As a result, the ISC decided that:

**ISC7/D1 (cont’d)** Contingency planning will be integrated into the 2018 and subsequent POWBs, in addition to their being priority based.

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<sup>2</sup> These recommendations were subsequently unanimously approved by the BoT of CIFOR at its meeting on 16 November 2017.

### **Item 3: FTA prioritization process for W1+2 and bilateral projects: an evolutionary approach**

Following the request of the ISC, a prioritization framework and process is being put in place for the preparation of the FTA 2018 POWB.

AMI reminded ISC of the history behind the ISC request for FTA prioritization and D/FTA introduced the prioritization framework<sup>33</sup> including the associated guidelines as well as next steps in implementation. VG highlighted that the process will not be a competition.

AMI reported that SW was asking about the time frame for which the priorities are going to be considered. AMI explained that the priorities identified through this process are unlikely to change over the next three years, but the activities to undertake under these priorities are likely to change. The priorities will be reviewed annually but are not expected to evolve very much, whereas associated activities are going to be monitored for their effectiveness and may change.

ISC members agreed that it is of extreme importance to have priorities, even more so given the uncertain financial situation. They found the proposed framework fit for purpose.

AMI noted the expectations that the process will enable FTA to prepare POWBs in a more inclusive and transparent way as cluster of activities leaders and partners are invited to engage with FP leaders to make proposals, and conversely, FP leaders are requested to consult them actively.

VG mentioned that it is expected that the process should enable important cross-cutting themes to more strongly emerge in areas of work, such as food security and nutrition, or restoration for instance, and that FP leaders appreciate this.

RB asked to which extent donors preferences will be taken into consideration when setting the priorities. He observed it would be useful to engage donors and figure out what their funding priorities are and incorporate this into the strategy.

VG observed that RB made a very good remark. FTA may consider involving donors in 2019. However, it may be counterproductive for FTA to get a feedback from donors without first proposing a coherent draft set of priorities. Therefore, the moment when donors would be involved in the process, as well as the specific modalities for this, should be carefully selected.

All ISC members congratulated VG on rolling this prioritization plan, and noticed that it would be good to learn the lessons from the exercise in order to be able to adjust and improve in the future.

AMI concluded that ISC is not proposing any amendments<sup>4</sup> and endorses the priority setting process for 2018 as it stands. In addition, ISC asks D/FTA and his team to monitor closely the implementation of the process, to understand what does and does not work and what kind of adjustments may be need needed.

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<sup>3</sup> The prioritization framework and guidelines have been crafted by the FTA Director, based on the Rome 2017 workshop in June between the ISC, FP leaders and MELIA leader, including further consultation of the FTA MT during September-October 2017.

<sup>4</sup> AMI mentioned that it would be clearer to use the word "criteria" instead of "guidelines".

**ISC7/D2 ISC unanimously approved** the proposed priority setting framework as it stands, for implementation starting with the 2018 POWB. ISC asked FTA Director to monitor closely the implementation of this framework and report back to ISC by June 2018 at the latest on the efficiency of the framework, lessons learned and possible amendments.

## **Item 4: Terms of reference and rules of engagement of FP Leaders**

The ISC discussed the proposed draft Terms of Reference (ToRs), Rules of Engagement (RoE) and appointment procedure for FP leaders, that it requested the FTA/D to prepare based on the discussion at the ISC-FP leaders workshop in June 2017 in Rome.

AMI recalled the underlying rationale: the duty of FP leaders is a demanding one and it needs to be properly recognized and clarified for all parties. Currently, there is no benchmark on the Rules of Engagement of the different sides involved in this transaction: the employer, the FP leader, and FTA.

JG confirmed the importance to appoint FP leaders with experience with respect to Theories of Change and an ability to deliver not only outputs and outcomes, but also impact, hence not only science-related.

AMI explained that in FP4 Peter Minang (ICRAF) was asked to replace Meine van Noordwijk (ICRAF) who retired, and to act as FP4 leader *ad-interim*. The position of FP4 leader will be opened to FTA partners once the ToRs and RoPs are approved.

SW had proposed that all FP leaders should be asked to apply, including those for FP1, 2, 3 and 5, noting that currently only 2 centers (CIFOR and ICRAF) provide FP Leaders to FTA. AMI was in agreement, in the name of transparency and fairness among partners.

YK noted that asking all FP Leaders to apply for their positions would create unnecessary transaction costs. VG stressed that MSU is very small and could not cope with a process concerning 5 positions. Furthermore, the upheaval this would create to the research agenda could be significant.

ISC finally noted that the discussion on ToR and RoE, started in Rome in June 2017, has proved to be a very useful exercise.

**ISC7/D3 ISC approved** the proposed ToRs, RoE, selection and appointment procedure for FP Leaders.

## **Item 6: Date and venue of next ISC meeting**

Two ISC virtual meetings will be held early next year: likely end January-early February in order to discuss the POWB 2018, and in early March to discuss the recommendations to the BoT of CIFOR regarding the appointment of the three new independent ISC members. The MSU will advise on possible dates when more is known about the calendar and deadlines of the CGIAR SMO regarding the 2018 POWB preparation.

A face-to-face ISC meeting could take place in Europe the week of 18th of June 2018. Possible venue could be Montpellier or Rome. The meeting may last up to three days (from Monday 18 to Wednesday 20 June).

## Item 7: Any other business

VG reminded ISC about nominations for 3 independent ISC members. An announcement has been placed on the FTA website and candidates may apply till 31 January 2018.

ISC will receive a long list of names, prepared by the FTA Director with support of HR (given the agreed criteria), as well as the full list of candidates. It will have to make a short list to transmit to the CIFOR Board of Trustees in March.

AMI advised that FTA may be evaluated, for a second time, by the Independent Evaluation Arrangement (IEA). AMI feels that and FTA evaluation in 2018 may be premature. However, it might be useful for ISC to discuss the effectiveness of FTA's work on Sentinel Landscapes (SL) as SL have the potential for scientific impact and distinguish FTA from other CRPs.

FM observed that such a meeting would be useful, and while she also has the impression that it would be premature to evaluate the whole CRP, SL could be suitable for an early evaluation.

RB also agreed that it would be a valuable initiative.

JG noticed that it is not required for all presenters to be physically present during the face-to-face meeting, as skype presentations could also be appropriate.

VG added that FTA is organizing a scientific workshop on SL on 18 December.

ISC decided to ask senior scientists involved in SL to present their key results, and the implications of these results for FTA at next ISC face to face meeting.

AMI will discuss with VG the expectations for this presentation and will ask for ISC's inputs into these expectations.

**ISC7/D4** Scientists involved in SL will be invited to a specific session to be organized during the next ISC face-to-face meeting, that will take place the week of 18 June 2018 in Europe, in order to present and discuss the results of their work with ISC.

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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