

Item 2

2021 POWB preparations

Doc 1

2021 POWB: finplan, contingency planning and workplan preparations

1) New developments regarding the 2021 Finplan of FTA.

The 2021 Finplan of the CRPs (including FTA) was [released by the SMO on 19 November 2020](#) and endorsed by the CGIAR System Board on 23 November 2020. It needs to be approved by the CGIAR System Council end December.

This FINPLAN indicates for FTA a W1W2 level USD 10.49m:

- USD 4.19m of target disbursement of W2 (0.89 from Australia, 1.76 from The Netherlands, and 1.54 from France). French W2 is earmarked to the agroecology priority and TPP.
- USD 5.25m of W1, corresponding to the “target disbursement” of W1, to match 90% of the “original FINPLAN”.
- USD 1.05m of W1 corresponding, to the remaining part of the “original FINPLAN”.

In addition to this, FTA currently estimates its carry-over at program level at USD 179,864, of which 22,500 USD is earmarked to Bioversity (gender) for the IDRC project.

2) Contingency planning

The contingency planning system is adapted to this new FINPLAN as per Table 1.

- The W2 contributions are considered Tier 1.
- A Special Tier of USD 0.5m (W1), is created to cover a provision for program closure and added to the system between Tier 1 and Tier 2. Final CRP reporting in 2022 will need to be funded by 2021 W1W2. We are still waiting for guidance from the CGIAR on what it will consider as acceptable accruals.
- 70% of the remaining W1 is inscribed into Tier 1, and 30% into Tier 2.
- Tier 3 contains 1.05m of W1 that is above the 90% target disbursement.

Tier 2 and Tier 3 were calibrated so that **T1+Special Tier+T2** equal the **carry-over** plus what SMO calls [in the 2021 finplan](#) (Table 7) “**target disbursements net of CSP**” equal to 90% of the “original finplan” of USD 10.49m. So **Tier 3** starts just above that 90% threshold, and is therefore unlikely to be received.

The SMO is confident it can honour its commitment in 2021 to disburse 90% of the finplan, as it did in 2020. According to the SMO, donors’ commitments are rather firm for 2021, the

only point of caution being with the UK. The UK is not a funder for FTA, but UK provided USD 32.8m out of the 105.5m of W2 in 2020. With the new W1W2 relinking rule, any drop of UK W2 will have a direct impact on FTA W1 funding, as the affected CRPs will be compensated by W1, with then less W1 available for FTA.

Given this, we propose the following tentative probability judgment for the three contingency planning tiers: it is almost certain that Tier 1 will be disbursed; very likely that the special Tier will be disbursed, probable/likely that Tier 2 will be disbursed. It is however, given current knowledge, unlikely that Tier 3 will be disbursed. These best guess estimates will be revisited as we go through 2021.

Table 1 Contingency planning in FTA in 2021

	Amount	Tier 1	special Tier	Tier 2	Tier 3
Provisional program-level carry-over	179.864	179.864			
W2 NL+ AUS	2.650.000	2.650.000			
W2 France	1.540.000	1.540.000			
W1	5.800.000	3.350.000		1.400.000	1.050.000
W1- provision for program closure	500.000		500.000		
Total 2021 W1W2	10.490.000	7.540.000	500.000	1.400.000	1.050.000
Total 2021 + 2020 c/f	10.669.864	7.719.864	500.000	1.400.000	1.050.000

3) New financial reporting requirements from the SMO

Two important requirements are added by the SMO to the 2021 POWB submission, as compared to previous years:

- ⇒ The SMO requests CRPs to communicate **more financial information than before**: breakdown of W1W2 budget by line items of expenditures (personnel, consultancy, travel, partnership, capital, closeout..), see Table d) page 12 of the 2021 finplan [document](#). CIFOR as Lead center of FTA will come with a specific request to program participants to gather the information.
- ⇒ CRPs will need to provide more information on their **2020-2021 carry over**, otherwise their new 2021 W1W2 will suffer an equivalent budget cut (cf Article 6.b of the implementation guidance of the 2021 finplan [document](#)). We are waiting for information on the exact format from the SMO: as soon as known, the MSU and CIFOR will come with a specific request to program participants.

4) W1W2 Envelopes for 2021

Budgetary envelopes for 2021 are constructed as follows (USD):

- 1.0m T1 of FPs coordination, reconducted from 2020
- 2.4m T1 for MSU, MELIA, Communications, Capacity Development, Data and partners funds (was 3.4m in 2020).
- 0.5m of special Tier as provision for final reporting and program closure.
- 6.7m allocated to operational priorities (FPs and gender CCT) of which 1.54m T1 of France W2 earmarked to P14 on agroecology.

As per the discussion in the MT, the FTA workplan for 2021 needs to take into account the delivery progress in FPs and CCTs in 2020. Overall the POWB is on track but there are delays in FP3 and FP4 (see Table 2). Delays and underspending are problematic as the program aims for full delivery and full expenditure by 31-12-2021. In addition, from a financial standpoint, any unspent money by 31-12-2021 will need to be returned to the donors.

Table 2. Estimates of delivery progress as of 4 December 2020.

	FP1	FP2	FP3	FP4	FP5	Gender	TOTAL
Budget 2020	949.000	1.090.000	1.048.300	937.000	890.000	695.000	5.609.300
Undelivered outputs	68.000	0	232.400	187.000	60.000	0	547.400
delays	7%	0%	22%	20%	7%	0%	10%

Therefore, the allocation to FPs and operational priorities (envelope of 6.7m) to the 5 FPs and the gender CCT have been prorated from 2020, but taking as reference not the original 2020 allocations, **but the “on-time” 2020 budget**, as estimated by FPs at 01-Dec-2020. The traffic-light report will be revisited on 15-01-2021, and a final adjustment will then be made. The result is shown in Table 4.

Table 3 POWB provisional “on-time” repartition keys

	FP1	FP2	FP3	FP4	FP5	Gender	TOTAL
total 2020	949.000	1.090.000	1.048.300	937.000	890.000	695.000	5.609.300
"Original" repartition key	17%	19%	19%	17%	16%	12%	100%
backlog 2019-20	68.000	0	232.400	187.000	60.000	0	547.400
on-time POWB	881.000	1.090.000	815.900	750.000	830.000	695.000	5.061.900
"On time" repartition key	17%	22%	16%	15%	16%	14%	100%

Table 4 - Provisional 2021 W1W2 envelopes for FPs and Gender CCT (includes FP coordination funds; includes the 22.5k carry-over earmarked for gender; and for FP2 includes W2 earmarked funds to agroecology under Tier 1)

	2021 W1/2	Tier 1	Tier 2	Tier 3
FP1 (*)	1.090.000	670.000	240.000	180.000
FP2 (*)	2.890.000	2.360.000	300.000	230.000
FP3 (*)	1.020.000	630.000	220.000	170.000
FP4 (*)	965.000	605.000	200.000	160.000
FP5 (*)	1.045.000	645.000	230.000	170.000
Gender	732.500	402.500	190.000	140.000
Total (*)	7.742.500	5.312.500	1.380.000	1.050.000
(*) includes coordination				

5) Provisional workplan 2021 and resulting W1W2 allocations to program participants

The 2021 workplan is crafted following the overarching guidance of the ISC (meeting of 26 October 2020, Box 1).

Based on this, the MSU, FPs, CCTs have worked on their draft 2021 plans, in the framework of the 3-yr workplans of the operational priorities (available upon request), and prioritizing against the ISC orientations.

Box 1. ISC decisions on orientation for 2021 workplan

ISC recommends that FTA use the following overarching principle when preparing its 2021 POWB. To fulfil its responsibilities to donors and prepare itself for the future, FTA should:

- (i) demonstrate the achievements of the program through finalization of key previous activities and their synthesis, and through appropriate impact assessments,*
- (ii) show how to effectively connect with end users to increase FTA's sphere of influence (including through programme-level communication), and*
- (iii) draw lessons for the future from its 10 years of operations.*

A necessary condition to achieve these objectives is that an appropriate amount of resources be allocated to programme coordination (including FPs and partners), and to reporting and communication with donors.

The W1W2 funded part of the workplan details, as every year, for each FP and operational priority, a list of activities. And it details, for each such activity: the corresponding output/deliverable, the partners involved, the lead person responsible, and the funding to each partner within each Tier (full table available on request).

The French W2 (USD 1.54m), earmarked to the Agroecology priority, covers an additional plan of work inscribed under FP2 in T1 to support the Transformative Partnership Platform on agroecological transitions. This explains the important share of FP2 funding in 2021.

The Management team had a first meeting on 01 December to review and discuss the workplans, which are now under final revision amongst the FPs/CCTs and partners.

The work on the narrative part of the POWB has also started and a draft will be submitted as usual to the ISC for endorsement. The deadline for submission to the CGIAR is on 31 January 2021.

To give an idea to the ISC, these draft workplans, as we speak, would lead to W1W2 allocations across the program as displayed in Table 5. This is DRAFT and will be finalized in the coming month and ultimately presented to the ISC for endorsement alongside the narrative workplan.

Table 5 – Provisional draft 2021 W1W2 allocations as per the provisional draft workplans under internal review in the FTA MT

Income (Finplan)					
2021	2021 W1+2	Tier 1	Tier 2	Tier 3	Special Tier
W1-W2	10.490.000	7.540.000	1.400.000	1.050.000	500.000
Carry-over	179.864	179.864	-	-	-
Total	10.669.864	7.719.864	1.400.000	1.050.000	500.000
NB: special Tier is between T1 and T2					
Total by Partners					
2021	2021 W1+2	Tier 1	Tier 2	Tier 3	Special Tier
CIFOR (parked)	500.000	-	-	-	500.000
CIFOR	4.273.792	3.595.332	291.510	386.950	-
ICRAF	3.724.661	2.695.971	651.990	376.700	-
Bioversity	733.300	433.750	178.850	120.700	-
CIAT	61.000	18.000	33.000	10.000	-
CIRAD (*)	742.611	596.611	92.750	53.250	-
CATIE	292.500	156.000	86.500	50.000	-
INBAR	205.000	139.000	36.000	30.000	-
TROPENBOS	137.000	85.200	29.400	22.400	-
TOTAL	10.669.864	7.719.864	1.400.000	1.050.000	500.000
Total by areas (not including internal c/f)					
2021	2021 W1+2	Tier 1	Tier 2	Tier 3	Special Tier
FP1	1.064.000	654.640	236.960	172.400	
FP2	2.890.000	2.375.000	315.000	200.000	
FP3	1.020.000	628.400	216.300	175.300	
FP4	965.000	605.000	201.500	158.500	
FP5	1.045.000	645.000	230.000	170.000	
Gender	732.500	402.500	190.000	140.000	
MELIA	570.000	570.000			
Cap Dev	25.000	25.000			
Data	45.000	45.000			
Comms. and outrea	240.000	240.000			
Partners Funds	150.000	150.000			
MSU	1.423.364	1.379.324	10.240	33.800	
Prov. Fin. Rep.	500.000				500.000
TOTAL	10.669.864	7.719.864	1.400.000	1.050.000	500.000

6) Complaint to the System Council on the change of relinking rule in 2021.

End November 2020, three days before the System Management Board, and without warning, the SMO decided to propose to the Board a change of the so-called “linking” rule between W1 and W2, that was supposed to operate for the full 2019-2020-2021 Business plan. The new proposed rule re-instates a full link between W1 and W2. This new rule and its interpretation by the SMO leads to the neutralization of the French W2, implying for FTA an equivalent loss of W1 in 2021 (USD 1.54m) compared to 2020 when it was not neutralized.

The FTA director and the donor have separately tried to make their case to the SMO, who did not address either request.

The CIFOR-ICRAF DGs filed an official complaint (Annex 1).

Annex 1 Complaint related to the change of the relinking rule

From: "Simons, Tony (ICRAF)" <T.SIMONS@CGIAR.ORG>

Date: Friday, 04 December 2020 07.06

To: "Johnstone, Gareth (WorldFish)" <G.Johnstone@cgiar.org>

Cc: "Nasi, Robert (CIFOR)" <R.Nasi@cgiar.org>, "Claire OConnor (CIFOR-ICRAF BOT)" <mcocon@gmail.com>, "Birrell, Nicole (CIMMYT-BoT)" <nicolebirrell@kintan.com>, "Getachew Engida (CIFOR BOT)" <g.engida56@gmail.com>, "Gitz, Vincent (CIFOR)" <V.Gitz@cgiar.org>

Subject: FW: 11th System Council meeting and prior approvals - papers available

Dear Gareth,

(bcc: FTA Donors and Partners)

Many thanks for the update and reaching out for comment, and the opportunity to share any concerns related to the set of SC11 documents undergoing non-objection approval.

CIFOR-ICRAF and their partners associated in the Forests, Trees and Agroforestry (FTA) CRP have an important concern on the intention to change/reinterpret, for 2021, the W1W2 linking rule. For the trust and confidence of existing arrangements and avoiding uncertainties of future pooled funding we firmly request that the System Council renounces this proposed change of the linking rule.

There is, first, the violation of principle: There is no rationale to change such a fundamental rule on course of the business plan and even less so for the final year. That rule, key to fundraising and work planning, was intended in both letter and spirit, to apply for the entire 2019-2021 business plan.

There is, second, the financial impact. For FTA it leads to the neutralization in 2021 of W2 funds that were previously considered additional, or USD 1.52m. The financial impact even exceeds this amount because of the funder's intention to top up this W2 contribution in 2021, which it won't consider doing anymore.

There is, third, the delivery impact. This change of rule dramatically compromises the delivery of research, specifically an additional CGIAR-wide multi-year program of work on agroecological transitions, that the additional W2 funding enabled, which is now brutally void.

There is fourth, the reputational impact. The sudden, unexpected breach of the rule commonly understood by all parties involved, within a business plan, seriously undermines the trust that donors and partners, including non-CGIAR ones with us at international and national levels have in us. "Please fund the CGIAR and work with the CGIAR, but be aware that nothing is certain, everything can change overnight, whatever negative consequences for you, we won't care": Is that the image we want to give to our donors, to our partners, including those on the ground, especially our national partners?

The CRP Director has protested to the SMO which has responded but they seem to have ignored the fundamental points about arbitrary changes and trust in process. These are non-trivial points to us and the System.

We appreciate that W1W2 is a precious and treasured commodity and with COVID and ODA developments it is hard to raise and justify. We also appreciate that any restitution to FTA can have a negative effect on other CRPs, but we need to look to the long-term and trust of the system. In regard to FTA, our specific request is that the W1 finplan announced for FTA in the [2021 finplan](#) (W1 amount of USD 5.25m) proposed to the System Council for approval by electronic means **needs to**

be corrected, to be based on the original 2019-2021 Finplan (W1 amount of USD 8.1m), given that this original 2019-2021 Finplan still serves as reference for the computations (as clearly recognized in article 19 of the SC document).

This requested correction would be made in application of the pre-existing relinking rule (Article 6 of [SC 8 document](#)), which clearly states that *“in the event there are **variances between the indicative allocations and assumptions used in the 2019-2021 FinPlan (NB for FTA 2021: W1 = 8.1m, W2 = 2.6m)** and the actual funding received from an individual Funder”* and that when (scenario 2) the variance is a *“net increase in W2 funding for a specific Program or Platform (i.e. Funder contributes more than the planned and the extra amount is restricted to a specific Program or Platform)”*, then the implantation guidance is that *“additional W2 allocation will be made to the affected Program or Platform”*.

We understand other CRPs might be in the same situation and obviously they shall receive the same treatment.

Best regards

Tony and Robert