

ISC meeting 10 (18 June 2018)

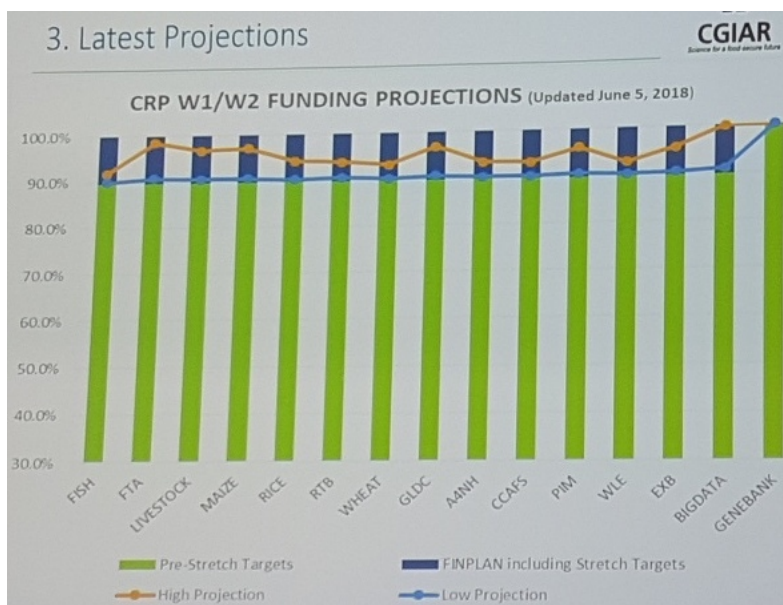
Document 2a

FTA funding situation and implications of CGIAR business plan for FTA

2018 CGIAR funding situation

1. The CGIAR 2018 W1+2 financial plan (finplans) amounts USD 198.1m, including a W1+2 financial plan of 9.9m for FTA. This needs to be filled by donors' contributions to be received on course of the year. According to the SMO, there is "high degree of confidence" that the CRPs will receive the "high projection" that is more than 90% of their finplan (see yellow line in Fig 1).

Fig 1. Presentation by the SMO at the Science Leaders week, Thursday 7 June 2018



CGIAR evolutions

2. The CGIAR is preparing a business plan that aims to revert lack of trust of W1 and W2 donors into the system, that translated into substantial decreased W1+2 funding at system level in the last few years. The objective of the plan is to convince donors to increase their W1 (system level) and W2 (CRP specific) funding over the coming years, in absolute terms, and also in relative terms with respect to bilateral funding and W3 (center level funding).
3. The (draft) business plan proposes a series of structural, institutional and programmatic changes. It has 5 dimensions: *strategy, structure, processes, rewards, people* (see the 47 slides of the CGIAR System Council SC6-02 document, Berlin, May 2018). CRPs are primarily concerned with the 4 first dimensions, knowing that the 5th one on people is mostly under the domain of the centers.

4. At the time of writing this document, the premature end of the CRPs in 31 Dec 2021 (instead of 2022) is confirmed. This is a result of SC7 decisions on the new CGIAR business plan modalities. Formal endorsement of such a decision is expected to be taken as part of the whole business plan endorsement at SC7 in November 2018.
5. The business plan timeline is based on a set of successive **3-year cycles**. This starts with the 2019-20-21 period. The relation of the 3-yr cycle and the future (beyond 2021) programmatic approach (CROS, how much, how long, 3.6/9 yrs) remains undefined.
6. There is no clarity whether the 2019-2021 cycle will include a firm, ex-ante engagement by donors to provide the needed resource for a 3-yr 2019-2021 finplan. Currently financial plans are decided by donors only on an annual basis and reviewed each year. Also, research planning is also done annually in the framework of the CRPs phase 2 programmatic proposals. A priori, CRPs will continue with such a practice of annual planning and budgeting, for the three exercises 2019-20-21.
7. The CGIAR business plan will request CRPs to abide to a set of program **performance management standards**, the final list of those is still in the making at the time of writing this document. The CGIAR program performance managements standards are broadly aligned to the framework for quality of research for development. CRPs not passing the standards will not be allowed W1+2 funding in the future (pass/fail principle). A longlist of standards has been proposed. A short list of compulsory standards will be finalized at SMB10 (25-27 September 2018). From the science leaders meeting (4-7 June 2018), there has been agreement amongst the CRP directors and DDG-Rs that only 8 of the long list should be retained, with a first consensus on 5 of them. Time and cost implication of compliance and reporting might be substantial for some of them.
8. During an interaction with donors at the Science leader meeting, the former have highlighted the critical importance for them of the **development outcomes and results indicators**. These will form a critical component of the evaluation of value of the programs.
9. Because of the tail-end of current CRPs, the **process for constructing the next portfolio** (if any) will start one year earlier. Process and modalities are still undefined (these will need to be between now and mid next year). They are likely to involve donors upfront. Decision on the new portfolio will need to be taken in 2021. The preparation of new proposals is likely to take place between mid 2019 (as soon as the process for this is defined), and a submission date (unknown at this time) in 2020.
10. The **Independent Evaluation Arrangement** (IEA) of the CGIAR, will be replaced by an “evaluation function” within the System management office. Its role in terms of ex-post evaluation of current phase 2 CRPs is still in unclear. In Phase 1, FTA was the first program having been evaluated.
11. The SMO intends to back up the portfolio allocations decisions for the next phase (after the current CRPs) to be grounded on an “**allocation tool**”. This tool is currently under design by the SMO and it is expected that CRP leaders will be consulted on it.

CGIAR special initiatives (within the business plan)

12. A range of **9 CGIAR special initiatives** have been proposed either by donors or by the SMB as part of the first 3-yr cycle 2019-21. These will operate on top of the CRPs, in order to attract additional funding. It is expected that these initiatives will not lead to any additional institutional structure, but that related funding and activities will be challenged through and executed by the existing CRPs and platforms.
13. The **list of special initiatives** is the following, with a time priority given to the development of the four first in the list.
 - Breeding: Enhance CGIAR's key breeding programs in capacity and the means to capitalize with global suppliers (of inputs, including knowledge management) and enter into effective dissemination pathways – through the multi-Funder initiative to enhance crop breeding programs.
 - Gender in research: Clearly articulate CGIAR's approach through adoption of a clear plan on Gender in Research; better integration of gender in performance management system.
 - Climate Change: A system-wide institutional strategy on our work on climate change could help underpin CGIAR's success and funding on this increasingly urgent and dominant issue.
 - Addressing hidden hunger: With a first focus on a cross-Center approach to developing a CGIAR-wide biofortification strategy covering key substantive and institutional issues.
 - Anti-microbial resistance: to set out an ambitious contribution of CGIAR to tackle anti-microbial resistance.
 - Fall Armyworm: More strategically target the threat to food security, nutrition and livelihoods posed by Fall Armyworm through coordinated action across CGIAR.
 - Private sector engagement: seize opportunities to harness the full potential of our partnerships – skills, capacity, approach, and scale.
 - Genebanks: Address a strategic gap in CGIAR's Strategy and Results Framework regarding CGIAR's genebanks
14. For the breeding initiative, a dedicated process for preparation with donors and centers is currently ongoing, with a quite advanced definition of activities and decisions on reprioritizing within the existing breeding flagships of the CRPs on crop improvement. This initiative is led by a pool of donors.
15. For the climate change initiative, a draft concept note has been prepared by CCAFS and circulated.
16. Work on none of the other initiatives has started. The science leader's week has led to clarify who was responsible for leading the preparation of each of those. Ideally such design work should be inclusive of all concerned CRPs/Centers.
17. Following the Science leaders' week (4-7 June 2018), the issues of landscapes and of foresight have been identified as possible candidates for special initiatives in the future.

Implications for FTA

- A. Concerning 2018 FTA W1+2 funding, we can, with a very high level of confidence, say that FTA 2018 Tiers 1 and 2 will be entirely funded, and that Tier 3 (2.0m) has a high degree of confidence, to be funded up to the level of approximately 1.7m (according to Fig. 1 above).
- B. Building 3-yr work plans 2019-2021. In 2017, FTA has conducted a Priority setting process conducted in order to increase relevance and focus of the program and to prepare FTA's 2018 POWB. This in-depth work and investment can be leveraged to define a 3-yr workplan for FTA 2019-2021, of which the "classical" annual POWB for 2019 would be a component. This would be grounded on the set of priorities, and will be discussed at the FTA management team meeting in Alberese.
- C. Performance standards. FTA needs to be ready, with its managing partners, to deliver on the performance standards for 2019. The minimum set of CGIAR standards might be completed by some items linked to Quality of Research for Development.
- D. Development outcomes and results. FTA will need to improve its reporting, piloted for the AR 2017, of its development outcomes and results indicators as per the 9 indicators establish by the SMO. This is likely to form a critical point of both the evaluation of the programs (process to be decided by SMB/SMO) and the crafting of the next phase 2022 and beyond.
- E. Climate change: FTA should position itself vis a vis the climate initiative, knowing that FTA is the second CRP in the portfolio in terms of importance of climate-change specific research. This initiative is supposed to channel additional funding. FTA has proposed 4 themes that the initiative should tackle (see Annex 1). There is, as of today, a range of uncertainties regarding how the initiative will be funded, and then on how it would define, articulate and implement work (and channel funding) vis a vis the CRPs and centers.
- F. Beyond 2021: FTA partners need to start today to work on it. There is a whole range of questions: perimeter of future programs, ownership of programs, role and responsibilities of the lead centers and managing partners (CG and non CG), role for strategic/delivery partners, content of research for development 2022-??

Annex 1: FTA proposals to the CGIAR climate change special initiative

Question by CCAFS: What we would do if we had a step-change in funding for climate change related work (no more than 3 please). Add an exciting target to each if feasible (number/breakthrough by some future year)

Rainfall recycling: the role of forests and trees in atmospheric water circulation for climate change adaptation.

Current situation: These processes are poorly understood and they are not often intuitive, as those processes are linked over large distances.

Target: Policy makers in land use, agriculture and development understand, and base their decisions on knowledge, of how forests and agricultural production areas are linked.

Bioenergy and biomaterials.

Current situation: Bioenergy production is on the rise, but often not aligned with other agricultural production and food security considerations. Functional bioeconomies of the future also will need to strongly rely on modern biomaterials derived from tree crops and agricultural waste, but these areas are hardly understood (such as construction; consumer products).

Target: Bioenergy and food security objectives are aligned and integrated through joint planning. Production and technical characteristics, and uses for biomaterials are being explored scientifically and prototypes made available to early adopters.

Aligned Climate Finance: Bridging/blending private and public finance for sustainable development, climate and zero-deforestation supply chains.

Current situation: Funding and subsidies supporting deforestation and land degradation for (often short-sighted) development goals are several orders of magnitude higher than those promoting sustainable forest management, avoid deforestation and degradation and deforestation free value chains.

Target: finance for development and climate goals is aligned towards environmental stewardship and sustainable development

Zero deforestation commitments, value chains and climate change:

Current situation: 90% of the NDCs integrate land restoration in some way, and a great part of it a reduction or a zeroing of deforestation. At the same time, notably since the New York Declaration in Forest (NYDF) signed in 2014, big commodities value chains, such as palm oil, are increasingly committing to eradicate deforestation from their activities.

Target: value chain zero-deforestation policies and incentives and enabling environment are in place and properly completed by landscape level climate policies and incentives and enabling environment. While there is increasing recognition of the need for “cross-sectoral co-ordination” or “landscape approaches”, limited progress has been made in adapting existing or developing novel governance arrangements to achieve this. What roles of the public versus private sector and how to assess the effectiveness of these arrangements so that they can be appropriately replicated and up-scaled?