

FTA Director, 17 January 2019



Note to the Independent Steering Committee (ISC) of the CGIAR Program on Forests Trees and Agroforestry (FTA)

Preparation of the Program of Work and Budget (POWB) for 2019

This note explains the process followed by the FTA management for the preparation of the POWB 2019 and, as a result of this process, the proposed allocation of CGIAR Window 1 and Window 2 (W1+2) funds to FTA priorities. The objective of this note is to provide the ISC with the necessary information to determine whether a transparent and inclusive process has been followed, whether contingency planning and prioritization have properly taken place, as well as whether the requirements from the System management office (SMO) have been fulfilled.

FTA provisional budget for 2019

The provisional budget of FTA in 2019 is composed of (i) the 2018 program-level W1+2 carry-over into 2019 and (ii) the 2019 indicative FTA W1+2 allocations of the CGIAR Financial plan (Finplan). The 2018 program-level W1+2 carry-over into 2019 is the difference between (A) the

2018 final W1+2 allocation to FTA¹ plus the 2017 program-level carry over² into 2018 and (B) the 2018 installments disbursed to each FTA partner: in 2018, only Tier 1 and Tier 2 were disbursed because of a budget shortfall at system level (Table 1). The 2019 CGIAR Finplan approved by the System Management Board (SMB) at its meeting on 13 December 2018 contains for FTA USD 6.8m of W1 and USD 2.6m of W2.

¹ The 2018 final W1+2 allocation of USD 8,871,000 was communicated by the System Management Office (SMO) on 18 December 2018. FTA received approximately 1m less than initially foreseen in the 2018 Finplan of USD 9,900,000. Over 2017-2018 the W1+2 shortfall amounts to 25% of the budget approved in the FTA proposal.

² *Program-level* carry-overs are funds received by the lead center late or very late in year N and allocated to the program budget of year N+1. These are thus funds undistributed to partners, as per the ISC and BoT decisions. *Partner-level* carry-overs (not discussed in this note) are funds that partners have received but that partners are allowed under specific conditions to carry-over into year N+1.

Table 1. Computation of FTA program-level carry-overs into 2019 (USD)

(A) CGIAR W1+2 funds available	
2017 Carry overs (program level)	784,295
2018 W1+2 final allocations	8,871,000
Total	9,655,295
(B) W1+2 Funds disbursed	
Tier 1	5,000,000
Tier 2	3,620,000
Total	8,620,000
Difference (A)-(B) to be carried over by the lead center into 2019:	1,035,295

Table 2. 2019 FTA W1+2 budget (USD)

2018 Carry over into 2019	1,035,295
2019 Finplan	9,400,000
Total	10,435,295

Contingency planning

At the request of the ISC, FTA has been implementing a contingency planning process in its POWB since 2017. As per this contingency planning process, W1+2 and the related activities in the POWB are split into three tiers of decreasing probability of funding:

- Tier 1 : extremely likely to be funded and disbursed to partners earlier in 2019 than Tier 2,
- Tier 2 : very likely to be funded, disbursed later in the year than Tier 1.
- Tier 3 : uncertain / unlikely to be funded, unless additional positive information is received from the System Management Office (SMO) in the course of the year.

At the beginning of 2019, FTA Partners are expected to initiate Tier 1 and Tier 2 activities (in some instances by pre-financing Tier 2 activities), but are advised not to initiate Tier 3 activities to avoid taking financial risks deemed unreasonably high.

The Tiers were scaled as follows (Table 3)

Table 3. FTA 2019 W1+2 contingency planning

Tier	Amount (USD)	Corresponding to
Tier 1	5,335,295	2018 Carry overs + 25% of W1 + 100% of W2
Tier 2	3,400,000	50% of W1
Tier 3	1,700,000	25% of W1
Total	10,435,295	2018 Carry overs + 2019 W1 + 2019 W2

Importantly, the CGIAR 2019 Finplan contains a so-called “growth target”, representing a 15% increase over each of the current W1 and W2 funding indications from funders. This was crafted by the SMO to incentivize existing funders to increase their contributions and/or new funders to come in. We consider that growth target as highly uncertain and we put it into Tier 3. For precautionary reasons, an additional conservative margin of 10 percentage points of W1 is put into Tier 3. We consider W2 as quite certain for FTA in 2019 (Netherlands 1.7m and Australia 0.9m, no growth target assumed).

This enables us to have confidence that Tier 2 is indeed ‘very likely’ to be funded, which is an important information for all partners.

This proposal is deemed sound by the lead center finance head and DG.

Allocation to program management and integrative activities

The 9.4m allocation to FTA by the 2019 Finplan (including the SMO “growth target”) is 0.5m lower than the 2018 Finplan. For 2019 it was decided to cut W1+2 funds for program management and integrative activities (such as workshops etc.) with respect to 2018, so that overall the funds allocated to FTA priorities remain approximately the same as in 2018, close to 7m (see Table 4).

Table 4. Comparison of 2018 and 2019 provisional budgets at inception (T1+T2+T3)

	2018	2019
Allocation of W1+2 funds to FTA according to Finplan	9,900,000	9,400,000
Program carry-over from N-1	784,295	1,035,295
Total	10,684,295	10,435,295
Of which		
FP management	1,000,000	1,000,000
MSU and integrative activities	2,000,000	1,675,295
Communication and outreach	300,000	300,000
Capacity development	131,500	150,000
Data	197,502	200,000
Melia support to MSU	150,000	150,000
Total FP and program management and integration	3,779,002	3,475,295
Operational priorities	6,905,295	6,960,000

The funds for FP and program management and integration are for 98% in Tier 1, in line with the guidance from the ISC that these functions and related activities are to be given priority in W1+2 funding and programmatic execution. This is because they are the glue maintaining FTA as a global partnership, and they cannot be funded from bilateral projects.

The funds for the operational priorities are allocated across the three tiers. The calibration of the Tiers explained above implies that the operational priorities will have 25% of their activities in Tier 1, 50% in Tier 2 and 25% in Tier 3.

POWB for the Priorities and corresponding W1+2 allocations to FPs and partners

Overarching principles

The principles guiding the elaboration of FTA POWB 2019 were discussed and agreed in mid 2018 by the FTA Management Team (MT). The MT decided that it would itself undertake in a transparent and inclusive way, and exerting collective scrutiny, the review of the set of proposed workplans, with the support of the MSU and MELIA. This implies for MT members to clearly separate two functions/hats: proposing the workplans of the priorities they lead, and reviewing all proposals having in mind the overarching goals of the program.

Importantly, the FTA POWB is both **priority-based and activity-based**.

The POWB is priority based, as it is prepared *taking as entry point the operational priorities*. What is first discussed in the MT are the objectives, in a three-year perspective, of each priority, and how for each of them a proposed workplan (priorities' POWBs) performs vis a vis a set of criteria (see Box 1). This serves as basis for arbitration and adjustments between priorities' envelopes.

The POWB is activity based in the sense that it describes the activities necessary to implement each one of FTA's priorities: the allocations to FP/partner/tiers are detailed at the level of each individual output, each given its own budget. The overall W1-2 allocation to a specific FTA partner is the sum across outputs, of the budget that it shall receive for each output. That list of outputs is inserted into the PPA (program participant agreement) that the partner has signed with the lead center, serving as legal basis to receive W1+2 funds.

The priorities do not change the structure of the program that remains organized by FPs and CCTs. However, because the priorities – and not the FPs – are the entry point for arbitration and planning, they serve as a basis for and orient FTA's entire POWB. FPs/CCTs contribute, by their research, to priorities (see Figure 1). FPs' individual POWBs are therefore a consequence of the operational priorities' POWBs, reflecting the relevance and importance of FP/CCT work vis a vis the different priorities. This is a powerful incentive for FPs/CCTs to align their research to the operational priorities. Furthermore, the discussion of operational priorities provides a means to discuss in depth the content of FP work across all FPs, and provides a mechanism for increasing overall programmatic coherence across the entire program around its overarching priority objectives.

Box 1. Guiding principles for adjusting allocations among priorities

1. Delayed delivery of W1+2 funded outputs in 2018 is considered negatively in the priorities' adjustments. This is based on a check of the FTA "traffic light report" and end-of-year delivery estimates by priorities.
2. A specific attention to gender is warranted and the overall gender CCT budget is ringfenced in 2019 at a minimum of USD 700,000 (same as 2018). This envelope includes a range of gender activities integrated in the operational priorities, as well as the gender priority itself.
3. The following criteria guide the adjustments proposals (see Annex 1 for definitions):
 - Effectiveness and contribution to impact
 - Contribution to IPGs
 - Strategic value
 - Program growth
 - Integration.
4. Finally, the importance of W1+2 funding was considered to support some promising areas of work. Amongst these, the following were identified in the MT discussions:
 - Links between value chains and landscapes
 - Agroecology
 - Bioenergy/biomaterials
 - Nutrition
 - Economic dimensions of restoration (costs benefits, incentives)
 - Availability of germplasm, diverse and of quality
 - Clarification of impact pathways.

To capitalize on the set of operational priorities

identified as part of the priority setting process organized in 2017 and implemented in 2018, the MT decided to keep the same **list of priorities**, with the addition of foresight. The MT also decided that gender and capacity development should be mainstreamed into the other priorities, but that a specific priority on gender will be maintained.

Planning with details at the activity/output level

enables accountability as well as progress tracking in line with the requirements of the system (upcoming program performance standards). It also enables partners to understand exactly on what the CGIAR W1+2 money needs to be spend upon, therefore facilitating "project-like" management of CGIAR funds within each partner, which will be a requirement of the performance standards. Finally it integrates from the

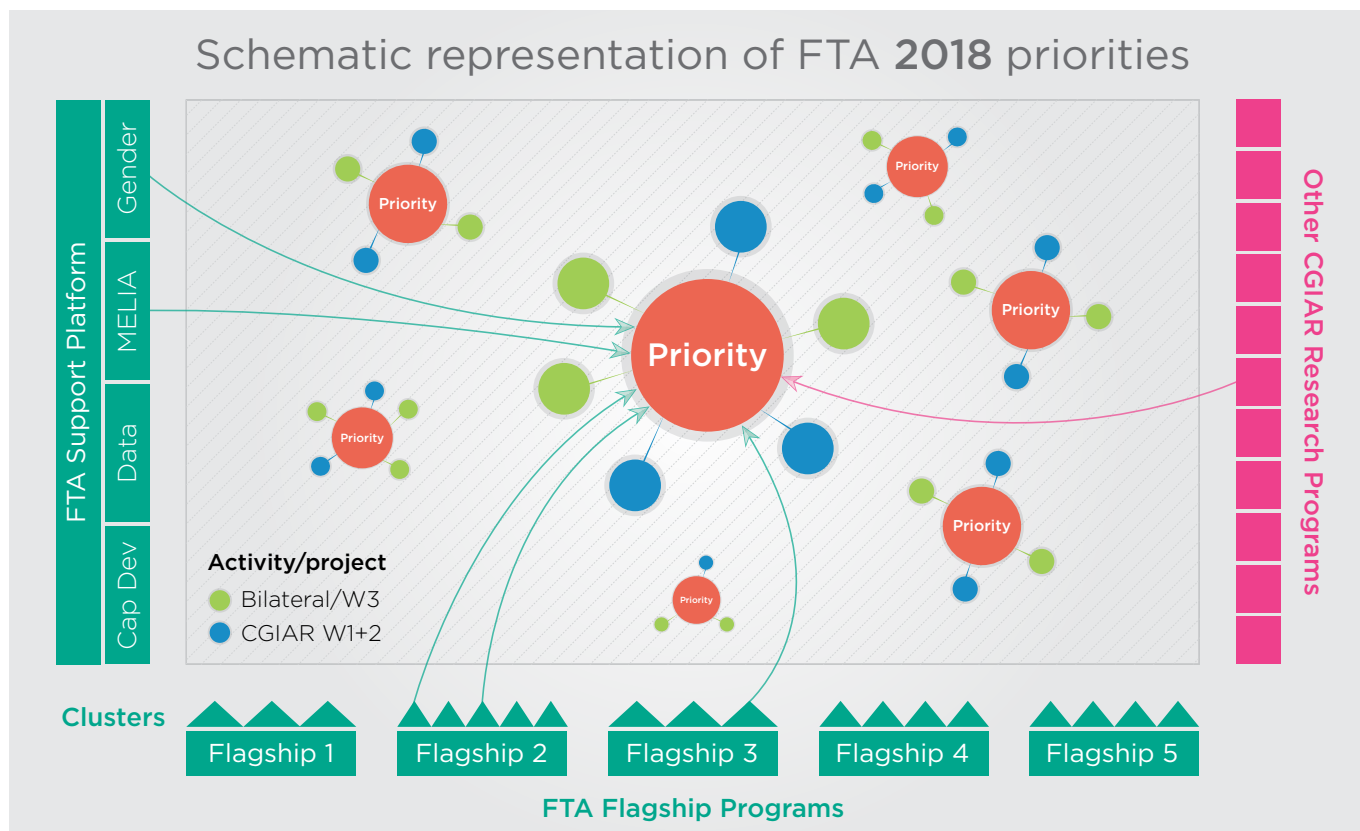


Figure 1. Schematic representation of FTA priorities and relationships with the FTA structure

onset contingency planning, as partners know which particular output falls within each particular tier.

Finally, as the CGIAR budgeting and work planning cycle remains annual, the PoWB preparation exercise and allocation proposals only refer to the year 2019, even when draft tri-annual workplans for each priority were considered as key input in the deliberations and orientations proposed for 2019.

Each priority is led (or co-led) by one FP, with contributions from one or several clusters of the FP and the case being by other FPs and/or cross-cutting themes (CCTs) of the FTA Support Platform, and/or other CRPs through co-investments and joint work. Bilateral/W3 projects (represented in green in the Figure) and CGIAR W1+2 funded activities (in blue) are linked to the priorities.

Process followed

The preparation of the priorities' POWB and proposed W1+2 allocations for 2019 was rolled-out between September 2018 and January 2019 as per the steps below:

1. Agreement by MT on the principles, process and criteria (see Box 1) guiding the elaboration of the POWB (one face-to-face MT meeting, plus one virtual meeting).

2. Preparation by the MSU of an overall provisional W1+2 budget scenario³ and of proposed initial indicative envelopes by operational priorities. 2018 priorities' budgets have served as the reference from which the MSU pro-rated the initial indicative envelopes, from which subsequent adjustments were discussed.
3. Preparation by FP teams of POWB proposals (i.e. 2019 detailed workplans and indicative 2019-2021 workplans including end of program outcomes) for the operational priorities given the indicative envelopes. Additional extra-budgetary activities could be proposed⁴.
4. Priority by priority, review by the MT of the delivery of 2018 workplan ("traffic-light" report) and of the 2019 POWB proposals. This was done through inclusive discussions in 3 virtual meetings.
5. Decision by the MT on adjusted W1+2 envelopes per priority (Table 5) and consequently finalization of the FP/CCT POWBs, including contingency planning given the indication by the MSU on the size of the tiers per FP/CCT (same T1/T2/T3 pattern of 25/50/25 across all FPs/CCTs).

³ The usual CGIAR calendar of notification of the final W1+2 allocation (18 December 2018 for the 2018 allocation) and of the Finplan (13 December 2018 for the 2019 Finplan) imply that the PoWB needs to be prepared first using best guess hypothesis for available funds, and that a revision – representing this year close to 10% of the priorities' budget - be made when the actual information is available.

⁴ FP/CCTs were requested to rank their extra-budgetary activities: these activities that are the first to be "cut" due to W1-2 funding constraints, are also the first ones relevant to additional fundraising.

6. Revision of the POWBs by FPs/CCTs, and of the contingency planning hypothesis, after 18 December when actual funding figures were made available (revision instructions to FP teams provided by the MSU, validation by electronic means).
7. Compilation by the MSU, write-up of the draft POWB narrative (CGIAR template).

The detailed POWB, at the level of individual outputs per priority/FP/partner, including the contingency planning scheme, will be subsequently entered into the MARLO system.

Overall, the proposed 2019 allocations to FTA operational priorities (Table 5) to FP and partners (Annex 2) and the FTA POWB (separate document) result from principles agreed upon in the MT, strategic orientations considering 2021 objectives, analysis of the work plans submitted, as well as considering 2018 delivery performance.

Results

The final envelopes per priorities are given in Table 5, with indication of the funding directed to gender within each of them.

Tables in Annex 2 present the allocations per Priority, FP and Partners. The POWB in the CGIAR template is provided as separate document.

Proposed way to deal with clearly abandoned Tier 1 and 2 activities in 2018 and implications on 2019 installments

In case a W1+2 funded activity in 2018 (T1/T2 funds) was undelivered due to abandon or cancelation by a partner, the related W1+2 funds received by the partner in 2018 will be considered as an advance on its 2019 installments and subtracted from the 2019 allocations to the partner. These funds are either redirected to another partner that commits to deliver the originally expected outputs, or returned into the overall 2019 funding pot.

We estimate as of today that these clearly abandoned T1/T2 activities and related outputs are likely to amount to less than 2% of the 2018 W1+2 budget. This will be fully assessed as part of the finalization of the 2018 progress tracking and reporting exercise.

Table 5. Final 2019 W1+2 priority envelopes

OPERATIONAL PRIORITY	No.	2018 Envelope	2019 Envelope	Of which Gender CCT (*)
Restoration	1	1,033,105	1,005,000	140,000
Plantations	2	879,500	830,000	10,000
Nutrition and food security	3	313,500	325,000	25,000
Biodiversity	4	282,456	355,000	80,000
NDCs	5	530,000	475,000	20,000
Bioenergy	6	40,000	185,000	-
Blue carbon/peatlands	7	180,000	175,000	-
Climate Change Adaptation	8	269,506	260,000	25,000
Landscape Governance	9	291,400	260,000	25,000
Gender	10	269,340	325,000	325,000
Silvopastoral Systems	11	105,000	120,000	-
Market-based agroforestry	12	369,512	355,000	10,000
Farm-forest policy interface	13	250,000	235,000	-
Agroecology	14	90,000	85,000	-
Livelihood trajectories	15	208,718	250,000	70,000
Inclusive finance and business models	16	413,046	400,000	20,000
Finance for sustainable landscapes	17	234,500	185,000	-
Commitments to zero deforestation	18	329,818	325,000	5,000
Orphan crops	19	207,500	250,000	-
Sustainable supply (certification, FLEGT)	20	132,000	110,000	-
Quality of FTA research for development	21	401,392	375,000	-
Sentinel Landscapes	22	75,000	75,000	-
Foresight	23	-	0	-
Total priorities		6,905,293	6,960,000	755,000

(*) The absence, within a priority envelope in that table, of a specific targeted funding to the gender team (gender CCT) does not mean an absence of gender consideration within that priority, let alone as it is covered by bilateral/W3 projects. The gender priority (#10) will support all FTA's priorities, for instance for gender analysis and integration in proposals and projects, as well as to make sure they develop tools and knowledge products that properly include gender and youth dimensions.

Annex 1. Criteria for W1+2 prioritization and adjustments

Compulsory criteria (Quality of research for development):

- 1. Relevance:** The proposed work is aligned to the priorities of the CRP as defined in the priority setting process. It addresses one/several key research gap as identified in the priority setting process. The proposed work targets one or several specific development demand(s) or goal(s) fulfilling stakeholder's needs
- 2. Scientific credibility:** The proposed work clearly explains the scientific rationale, research question(s) and methods, giving confidence that research findings will be novel, robust and scientifically trustworthy.
- 3. Legitimacy:** The proposed work clearly explains how the work will take account of and reflect stakeholders' perspectives and values. Research is done in contact with beneficiaries and stakeholders are involved from the framing of questions to the design of research and solutions.
- 4. Comparative advantage:** The partner has a comparative advantage in undertaking the work proposal, with available internal competencies. Data is available and the proposed work appropriately leverages and builds upon on previous work etc.

Prioritization criteria for W1+2

- 5. Effectiveness and contribution to impact:** The proposed work contributes to FTA ToC in a catalytic way. The work is deliberately and convincingly positioned to contribute to significant outcomes, with high potential to contribute to development objectives and impact.
- 6. Contribution to IPGs:** The proposed work has high potential to develop methods and/or new knowledge that will have international public goods value.
- 7. Strategic value:** The proposed work has high potential to add value at the FTA Program-level and contributes to strategically orient research, including bilaterally funded work, to help realize the FTA ToC.
- 8. Program growth:** The proposed work has high potential to contribute to the growth of FTA through developing and strengthening partnerships, generating additional program development opportunities.
- 9. Vertical, horizontal and/or temporal Integration.** The proposed work (i) feeds or has potential to feed into other flagships and research areas and for bringing coherence in methodological approaches, such as enabling the creation of extrapolation domains; and/or (ii) promotes continuity of action along the research to development continuum in FTA's impact pathways; and/or (iii) contains programmatic learning, extends projects' scientific and development relevance beyond their completion.

Annex 2 W1+2 Allocations for the POWB 2019 (USD)

NB 1: in the following tables, contrarily to the CGIAR practice which aligns to US ways of doing, the thousand separator is a . (the reason being I did not manage to change it in my version of Excel).

NB 2: the amounts for the bilateral projects/W3 are provisional. They are “as received” by the lead center from partners. The ongoing review of the new projects by the MT may lead to marginal changes in the amounts indicated as bilateral/W3 in Table 7 and 8. These funds only refer to signed contributions at the date of 1st January 2019, and to budgets for the year 2019 (not the entire duration of the project).

Table 6. Allocations by priorities

Priority	Budget	FP1	FP2	FP3	FP4	FP5	Melia	Gender
PR 1	1.005.000	410.000			455.000			140.000
PR 2	832.000		300.000	300.000	220.000			12.000
PR 3	330.000	163.000			137.000			30.000
PR 4	345.000	275.000						70.000
PR 5	488.500					468.500		20.000
PR 6	192.000					192.000		
PR 7	140.000					140.000		
PR 8	269.500					249.500		20.000
PR 9	273.150				235.000			38.150
PR 10	345.250							345.250
PR 11	120.000		120.000					
PR 12	355.000		345.000					10.000
PR 13	235.000		235.000					
PR 14	85.000		85.000					
PR 15	228.600		180.000					48.600
PR 16	395.000			380.000				15.000
PR 17	185.000			185.000				
PR 18	326.000			320.000				6.000
PR 19	250.000	250.000						
PR 20	110.000			110.000				
PR 21	375.000						375.000	
PR 22	75.000				75.000			
FP management	1.000.000	190.000	230.000	190.000	195.000	195.000		
Total	7.960.000	1.288.000	1.495.000	1.485.000	1.317.000	1.245.000	375.000	755.000

Table 7. Allocations by partners

2019	Bilat/W3	2019 W1+2	Tier1	Tier 2	Tier 3	total POWB
CIFOR	18.902.286	4.546.345	3.020.045	954.300	572.000	23.448.631
ICRAF	29.199.181	3.714.500	1.508.000	1.583.250	623.250	32.913.681
Biodiversity	1.305.000	791.250	231.500	354.500	205.250	2.096.250
CIAT	1.704.000	110.000	50.000	50.000	10.000	1.814.000
CIRAD	1.250.000	564.700	201.750	205.700	157.250	1.814.700
CATIE	446.000	307.000	151.000	107.000	49.000	753.000
INBAR	490.000	195.000	85.000	65.000	45.000	685.000
TROPENBOS	4.600.000	206.500	88.000	80.250	38.250	4.806.500
Total	57.896.467	10.435.295	5.335.295	3.400.000	1.700.000	68.331.762

Table 8. Allocations by FPs

2019	Bilat/W3	2019 W1+2	Tier 1	Tier 2	Tier 3	Total POWB
FP1	8.725.283	1.288.000	463.750	547.500	276.750	10.013.283
FP2	13.948.400	1.495.000	552.000	634.000	309.000	15.443.400
FP3	9.198.569	1.485.000	513.750	647.500	323.750	10.683.569
FP4	12.467.642	1.317.000	527.000	532.000	258.000	13.784.642
FP5	12.628.573	1.245.000	457.500	525.000	262.500	13.873.573
Gender	228.000	755.000	185.850	380.500	188.650	983.000
Melia-QoR4D	-	375.000	228.000	76.000	71.000	375.000
Pgm Mgmt and i	700.000	2.475.295	2.407.445	57.500	10.350	3.175.295
Total	57.896.467	10.435.295	5.335.295	3.400.000	1.700.000	68.331.762

NB 1: FP lines include FP management budgets (total 1m)

NB 2: Program management and integration covers the items: MSU and integrative activities (support to workshops of the integrative priorities), Communication and outreach, Capacity development, Data, MELIA support to MSU.

Table 9. Comparison 2019 / 2018 by partner and by FP

2019/2018	% increase	difference (USD)	2019/2018	% increase	(USD)
CIFOR	-10%	\$ (489.101)	FP1	14%	\$ 155.950
ICRAF	16%	\$ 507.680	FP2	-1%	\$ (8.000)
Bioversity	-18%	\$ (174.229)	FP3	-1%	\$ (11.659)
CIAT	-27%	\$ (40.000)	FP4	-5%	\$ (66.800)
CIRAD	44%	\$ 171.700	FP5	2%	\$ 20.000
CATIE	-16%	\$ (58.000)	Gender	7%	\$ 46.607
INBAR	-11%	\$ (24.500)	Melia-QoR4D	-13%	\$ (57.391)
TROPENBOS	-36%	\$ (118.550)	Pgm Mgmt and i	-11%	\$ (303.707)
Total	-2%	\$(224.999)	Total	-2%	\$(224.999)

Photo by World Agroforestry

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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