

ISC workshop with FP leaders – 28-29 June 2017

PAPER NO. 1

FOR DISCUSSION AND DECISION

DRAFT, 17 JUNE 2017

**Subject: Mechanism
for deciding on the CGIAR Program on Forests, Trees and Agroforestry (FTA)
work program and resource allocations
based on priorities and performance**

Executive Summary

This note proposes a mechanism for deciding on FTA's W1+2 funded work program (list of activities) based on priorities and past performance.

It defines the purposes of the mechanism, inputs, outputs, and the prioritization process – and related criteria- to be facilitated by the establishment of a prioritization committee.

The mechanism will integrate outcomes of the performance assessment process (Paper 2), and the resulting ranking will feed into the contingency planning process to face financial risks (Paper 3). It will also relate to, and consider, the vetting process for bilateral projects in FTA (Paper 4), as W1+2 resources have different comparative uses and destinations across the program.

This mechanism would be put in place for the construction of the FTA 2018 POWB and related recommendations to FTA's ISC and CIFOR BoT.

- **The ISC and FP leaders are expected to give their views on the proposed mechanism, and especially on the prioritization committee roles and composition, the set of criteria and their definition, the scoring scales, the proposal submission form, and any element that need to be considered for the write-up of the prioritization framing note.**

1. Context

At its meeting in November 2016, the ISC “requested the FTA Director to work in consultation with ISC and MT to elaborate a **draft of a priority setting process**” (ISC/M13/D9). It also decided that “After 2017 FTA will continue implementing a performance based allocation for W1+2 funds, in line with the rules agreed in 2015. It will update this rule by **improving the performance assessment process** along the lines suggested by Bioversity and CIAT and by **introducing a way to deal with programmatic priorities**, once this process is established” (ISC/M13/D7).

2. Purpose

The priority setting mechanism serves three purposes:

1. Deciding what is (and what is not) in an annual FTA POWB, given expected financial constraints (FINPLAN)
2. Deciding, within the annual POWB, what activities are of strategic priority – this will enable to strategically manage risk in the POWB.
3. Establishing a hierarchized short list of activities that are not in the POWB, but of immediate next priority should funding increase.

3. Background: mechanism followed in 2017

In 2017, w1+2 allocations, supporting the 2017 POWB, have been constructed in three steps, complying with the constraints set by (i) the CGIAR system Council (a total of \$8.8m of W1-2 funds, no W1+2 to FP2), (ii) the decisions of CIFOR’s BoT of December 2016, and in alignment with the FTA phase 2 revised proposal of 31 July 2017. These three steps were the following:

- 1) Safeguarding program leadership, management and supporting research costs (the support platform, Annex 3.15 of the proposal) at the level of the proposal, equivalent to 3.8m.
- 2) Allocating a further USD 4m equally among the four FPs entitled to receiving W1+2 funds (FPs 1, 3, 4, 5: USD 1m each) thereby adhering - *for the last time* as decided by the ISC at its meeting in Paris in November 2017 - to the egalitarian resource repartition per FP of the proposal and requesting FP leaders to provide a list of priority activities based on a priority scheme agreed upon (see below).
- 3) Allocating USD 1m across FPs 1, 3, 4, 5, to fund work on a list of priority activities at the interface of each FP with FP2. Decision on the list of these priority activities was made collectively by FP leaders, including the leader of FP2, on the basis of their importance for FTA’s overall impact pathways.

In a departure from the practice in FTA phase 1, proposed W1+2 allocations were not computed as a proportion of the amount of bilateral resources mapped to a FP¹. In 2017, W1+2 allocations are the result of a bottom-up process within flagships (step 2) and across flagships (step 3), given resource

¹. The amount of secured bilateral grants mapped to FTA by 20 March 2017 is shown in Annex 1 for information only, on the absolute level of funding of a FP (or of the SP) and the level of implication of FTA partners.

constraints, on a series of priority activities delivering on outputs aligned with the POWB 2017 of FTA (Annex 2). The proposed W1-2 allocations across FTA partners are fully based upon activities.

To prioritize w1+2 funded activities, a first discussion within the MT led to the identification of the following 7 criteria (by order of importance):

- (i) activities allowing FTA to function as a program (program management, data, MELIA);
- (ii) Cross-cutting work and flagship work that feed into other FPs;
- (iii) work most likely to lead to IPGs;
- (iv) work most likely to lead to uptake and with high impact potential;
- (v) work to strengthen partnerships or generate new ones,
- (vi) work to generate additional development opportunities and resources,
- (vii) high quality research that challenges established theories, exploring early leads on where new ideas may emerge.

These criteria were used as broad guide to support the discussion on how to allocate the resources across the program and to the FP2 interface work and the intra-flagship work.

- **It is proposed that these principles be retained for 2018 and beyond, but that the mechanism be completely revised. Inter alia, in addition to addressing several concerns (see sections 4, 5 and 6), the mechanism shall lead to the elimination of the premise of an equal repartition by FP.**

4. Remarks made by the ISC and BoT on the current POWB

In commenting on the 2017 POWB proposal, the ISC and the BoT made the following remarks that the process should address:

- The amount of activities supported by W1+2 seems too spread. There is currently a too high number (approx. 120 different ones) of activities supported by W1+2, with too modest average allocation.
- Equal allocation between FPs, as in the proposal, is a red flag for ISPC. It should not be a criteria and is not desirable as an ending point.
- The process should contribute to a common understanding of the roles of W1-2 funds in FTA would be a strong asset for the program.
- The process needs to make clear why the use of W1+2 is strategic for these activities, why they cannot be funded otherwise, highlighting the specific role of W1+2 funding in the program.
- The process needs to make clear on what additional work would be put in motion with an increased W1-2 allocation, and by extension, what work would be postponed/left out of the prioritization with a decrease in W1-2
- The mechanism should prevent FP work of being perceived as driven by bilateral resources, but as driven by strategic priorities implemented both through bilateral funds and W1-2 funds.
- The priority-setting process is key to prove to donors that FTA is using money wisely and not just used by centers to fill their own gaps for which they cannot raise their own funds.

5. Expected features of the priority setting mechanism

In addition to its main purpose, the process should have the following features (the below list results from salient points in the ISC and MT level discussions):

- a) Enabling a scientific, organized discussion to sort out priority research focus between a wide range of interconnected topics, from FP to Program level.
- b) Enable an operational and balanced implementation of the theory of change of FTA, including ensuring that the activities (including taking into account the bilateral portfolio) cover the whole Theory of change.
- c) Consider the FTA proposal as the base for construction of the set of priorities
- d) Take into account evolving priorities of stakeholders and political priorities and the evolving multi-lateral and multi-stakeholder context in the area of sustainable development, food security, climate change.
- e) Take into account the comparative advantages of FTA and of each of its partners
- f) Take into account the CGIAR framework on quality of research for development, to ensure that the priorities are set to ensure maximal quality balanced across the dimensions (NB: this point will be important to enable the linkages with performance assessment)
- g) Despite the process being annual, take into account that priority activities can (or must) spread over several years, or need to lay the ground for multi-year activities
- h) Be activity based, a priority being defined by the *conjunction* of an activity, related outputs, contribution to outcomes and impact.
- i) Empower the research leaders in FTA (FP leaders, Cluster leaders) to make propositions on activities, from a bottom-up perspective, while enabling a clear, transparent, top-down mechanism for arbitrage on propositions, that is free from conflicts of interest.

6. Safeguarding management and part of cross cutting by priority earmarking.

As ISC 4 (Paris November 2016) decided: *“Priorities must be set in order to strategically allocate resources, ensure basic functions of the CRP are kept whatever scenario for funding. W1/2 funds at the CRP level are used primarily to support fundamental elements of the program: Management costs (including for FP) in order to allow coordination, planning and reporting activities. They are the top priority and should be ensured from whatever W1-2 amount is available. The costs of cross-cutting research activities are the second top priority necessary to the delivery of Gender, Youth, M&E and Impact Assessment, Data (Open Access/Intellectual Assets), Capacity Development, and Communication/Outreach. Therefore, the top priority is to fund the leadership, management and support functions in FTA. The amount that is left should be allocated according to thematic priorities, and to performance.”*

- **It is proposed that a certain amount, of core leadership, management and coordination costs be prioritized**
- **The ISC would decide on the proposed safeguarded amount prior to the start of the priority setting process. This amount could be set at 2.9m: 1.9m for the MSU (including**

communication), 1.2m for the FPs and SP (0.2m per flagship, and 0.2m for the support platform).

- **The MSU and FP leaders will be requested to explain how they will use management and leadership costs (what is funded, what are the related activities).**
- **An amount of 50k within the envelope for the FP, SP and MSU is variable accounting to performance (see paper 3).**

The priority setting process deals with the allocation of resources beyond this amount of **leadership, management and coordination costs**. So, typically the mechanism would deal with approx 8.1m USD if one retains an annual budget of 11m W1+2.

7. Inputs and outputs to the process.

Outputs to the process would be:

- a) FTA's operational plan = a hierarchized list of activities financed by the finplan in the MSU, SP and FPs beyond the core leadership, management and coordination costs, together with the description of to which outcome they contribute, and their cost and timeframe (which could extend over one year), and the amount / funds that go to each partner.
- b) A complementary list of uplift activities (to an amount to be determined) beyond the finplan (this could be 2m).

Inputs to the process would be:

- a) **FTA's full revised proposal** (including newly submitted FP2). The proposal contains an indicative budget but does not go into details such as yearly operational plans or lists of activities
- b) **A prioritization framing note (see Annex 1) prepared by the MSU and MELIA and endorsed by the MT and ISC**, that would frame the exercise and serve as guide the prioritization process. The note would be informed by stakeholders priorities as resulting from decisions and priorities relevant to the area of work of FTA as set by intergovernmental, multi-stakeholder platforms, such as the UN Committee on World Food Security, the SDGs and UN high level political forum (HLPF) for the SDGs, the UNFCCC related processes for climate change, the MEA, as well as key foresight exercises (within the CGIAR or such as the one of the FAO in elaborating its strategic thinking process). The note would consider the CGIAR SRF as a reference, or any further updated guidance from the CGIAR² on high level objectives and priorities. The note would complement the full revised proposal in informing the main directions desired for the proposals (see below).
- c) **A set of criteria to guide the prioritization.**
- d) **Activity proposals** submitted by the FP leaders and Cluster leaders, as well as by FTA partners. The preparation of the proposals would not increase the workload of partners and FP leaders, as these would anticipate the elaboration of the necessary elements for the POWB. A proposal by a partner would need to be endorsed by at least a FP leader or SP cluster leader. **A simple template** for submitting proposals would be produced (an example is shown in annex).

² « SMO is to develop, taking into account ISPC advice and center inputs, a proposal for guidelines and criteria for prioritization and annual allocation of unrestricted funding across CGIAR portfolio, based on strategic priorities and performance ». (Charter of the CG System Organization).

8. How to deal with the “political economy” of prioritization and facilitating decision making: introduction of a prioritization committee.

One of the central issue about prioritization is how to eliminate the conflict of interest between those that propose the activities (and would implement them) and those that decide on the activities (or prepare a short list for approval), while at the same time ensuring an efficient process without excessive transaction costs. The issue of transaction costs includes the one of managing conflicts in the decision-making body, with sometimes acute problems when the decision-making body gathers the same scientist that propose the activities (case of the management team).

This is why, we propose here to introduce a **prioritization committee**, who would support the prioritization work of the Director, MSU, MT and ISC. The prioritization committee would examine the proposals submitted by the FP leaders and SP cluster leaders, in the light of the prioritization note, and propose a ranking and an assessment, against the criteria commonly agreed. Once the prioritization committee has deliberated, the FTA director then consults the Management team on the proposals of the prioritization committee, before sending those to the ISC.

Competition among partner organizations will remain contentious, so the committee will need to be perceived to be balanced and fairly representing those interests.

The prioritization committee would be composed of

- one representative of the ISC designated by the ISC Chair
- the FTA MELIA cluster leader
- one senior scientist involved in FTA phase 1 but not having any responsibility in FTA (cluster lead or COA lead) and jointly designated by the FTA Director and the ISC chair. The scientist could be external to FTA.
- One external, high level scientist in the area of FTA.
- the FTA director [acting as chair of the committee, in preference to the ISC member in order to allow the ISC to possibly override the decisions.]

(FEEDBACK ON THIS POINT IS SPECIFICALLY SOUGHT).

The MSU would act as secretariat for the prioritization committee.

Reducing transaction costs

The introduction of proposals and of a prioritization committee will tackle several problems and reduce the transaction costs of POWB elaboration by the following means:

- More structured POWB preparation work by the FPs and Clusters (currently too ad-hoc), as structured inputs would be requested to the prioritization committee. Also the absence of any (or unsuitable) input would lead to no resources allocated to the proponent.
- More transparency and clarity of what is expected from partners to contribute to FTA’s POWB.
- Equal treatment for all: no W1+2 allocation would be attributed if a proposal does not pass through the prioritization committee. This will introduce an incentive, as FP leaders will not be able to introduce last minute proposals at the time of deciding in the management team.

- Advance the POWB works by providing the requested sound rationale and narrative for W1+2 resource use.

9. Criteria for assessing priority activity

Defining criteria for what is a priority W1+2 funded activity is very important. These criteria should relate to the specific utilization of W1+2 resources within FTA, which are notably differently (and can be more strategically used) in comparison to what bilateral resource allow to do.

The ISPC wrote (ISPC14) *“A sharper focus on identifying principles for how activities should be prioritized for considering W1/W2 funding is needed. In addition to generic aspects related to ‘quality of the proposal’, there are others such as assessing the expected impact on SLOs taking into account probabilities of success, the political economy of priority setting and challenges in reaching agreement amount the 15 centers, e.g., the previous SRF.”*

Proposed Criteria

Research work would be prioritized according to seven criteria:

1. **Relevance:** The proposal clearly demonstrates the relevance of the work to intended users and to the **FTA ToC** and whether its fits the **prioritization framing note**.
2. **Scientific credibility:** The proposal 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 proposal clearly explains how the work will takes account of and reflect stakeholders’ perspectives and values.
4. **Potential Effectiveness:** The proposal demonstrates that the work is deliberately and convincingly positioned to contribute to significant outcomes, with high potential to contribute to FTA IDOs and CGIAR SLOs.
5. **Contribution to IPG:** The proposed work has high potential to develop methods and/or new knowledge that will have international public goods value.
6. **Strategic value:** The proposed work has high potential to add value at the FTA Program-level and will use W1+2 funds to strategically build-on and leverage bilateral funding³ to help realize the FTA ToC.
7. **Program Building:** The proposed work has high potential to contribute to the growth of FTA through developing and strengthening partnerships, generating additional development opportunities and attracting and leveraging new resources.

³ W1+2 funds enable a triple integration: *horizontally* for results that feed into other flagships and research areas and for bringing coherence in methodological approaches, such as enabling the creation of extrapolation domains; *vertically*, to promote continuity of action along the research to development continuum in FTA’s impact pathways; and *through time*, for programmatic learning, extending projects’ scientific and development relevance beyond their completion. They also enable the constitution of strategic partnerships for impact.

The above description of the criteria are draft initial rubric statement that explains the expectations for each criterion, they would be further developed. (FEEDBACK ON THIS POINT IS SPECIFICALLY SOUGHT).

Accounting for past performance

As the prioritization process will take into account past performance, proposals presented by performing clusters and partners (see paper 3) get a bonus, and conversely those presented by underperforming partners receive a penalty in the prioritization process.

Likewise, underperforming FPs would receive less management and coordination resources (see above, modulation of the 50k part of these resources according to the performance).

Scoring scale

We will need some kind of scoring system. It should be as objective as possible and it should be possible to define it ex ante (the overall set of scores will vary with the quality of the proposals). Then each proposal can be assessed against each criterion and scored as (for example): 0 = not satisfactory; 1 = partially satisfactory; 2 = fully satisfactory; 3 = exceeds expectations.

It is proposed that the qualifiers (beyond the adjectives of “not satisfactory” to “exceeds expectations”), would not be defined at this stage (as there is no relative benchmark and the exercise would be too theoretical), but once the prioritization committee will have received the full set of proposals.

The criteria 1-7 could be algebraically summed (equal or different weight to each?) to give an overall score. Very high quality (“exceed expectations”) proposals should rise to the top. To help with strategic prioritization, higher weight could be given to some criteria, such as “Strategic value” and “Program Building”. (FEEDBACK ON THIS POINT IS SPECIFICALLY SOUGHT). The relevance criteria would play a particular role: it would be eliminatory for 0 or 1 scores. It would serve as main criteria for initially sorting out the proposals.

Proposals receiving one zero at one criteria would be eliminated.

A proposal would therefore have 2 scores

1. Priority scoring (see above)
2. Past performance (see paper 3 of this workshop)

Proposals will be selected by combining the two areas above.

(FEEDBACK IS SOUGHT ON THE RELATIVE WEIGHT OF THE TWO AREAS).

An accepted proposal with a score of “insufficient” in one of the criterion would need to send a revised proposal to address the issue, before being formally inserted in the POWB.

Combining prioritization with balance and safeguards

Importantly, the prioritization process shall take into account both the quality of individual proposals, but also the balance of the set of retained proposal as a whole, especially in order not to leave gaps in how the set of prioritized activities as a whole support the broad spectrum of the theory of change of FTA. The priority setting process is therefore as much an exploration of the qualities of individual

proposals, as the examination of how well balanced the set of W1+2 supported research is across FTA. Because of this, a proposal that has received a lower (but still acceptable) score can eventually be prioritized against a proposal with a higher score because it improves the overall balance of the set of funded activities.

Without safeguards, prioritization process could eventually lead to unacceptable outcomes, for example, a FTA partner could lead to not having few or not any W1+2 resource, or an excessive funding of activities under one flagship. The prioritization process will need to identify whether the prioritization outcome is leading to an undesirable situation and in this case propose ways to mitigate the situation for example, a lower rated proposal could be accepted to resolve the situation.

What would be the size of a typical proposal?

In 2017, the FTA POWB included, outside of MSU, communication and SP and FP coordination costs, a series of 107 project lines, with an average size of USD 50.3k. In 2018, the objective is to reduce the number of proposals, but to increase their quality, significance and size. Typically, the size of a proposal would be of USD50k to USD500k. There will remain space for small proposals (<50k), but these will need to develop a specific narrative on how they contribute, despite their small size, on FTA’s overall impact, in terms of value added with respect to other projects ongoing (this could be the case for desk studies or for impact assessment studies). Equally, bigger proposals (likely to lead to eviction effects on small proposals) would need to make an extra case for their impact at scale.

Proposals can include a pluri-annual plan/execution (2-3 years). In this case, a mid-term examination is to be planned.

10 Process

It would run in several steps as per Table 1.

Table 1. Steps of the priority setting process

Steps		Input by	Prepared by	Consultation of	Final decision by	ISC endorsement needed
1	Prioritization note	MELIA	Director	MT	ISC	YES
2	Leadership, management and coordination share	MSU-FP-SP	Director	MT	ISC	YES
3	Submission of proposals	Partners as relevant	FP and cluster leaders	At discretion	FP leader, cluster leader	NO
4	Ranking	FP and cluster leaders (proposals)	Prioritization committee	MT	ISC	YES
7	Compilation of POWB	MSU		MT	Director	YES

In case a FP is not approved for W1+2 funding, the following takes place:

- Its corresponding management expenditures are taken out of the core amount reserved for leadership, management and coordination
- the other prioritized activities (if already agreed) presented by the FP are taken out of the activity list.

Annex 1 Proposed direction and sources for the Prioritization note

FEEDBACK ON THIS POINT IS SPECIFICALLY SOUGHT

The prioritization note will describe what is the understanding and resulting frame of reference for priority activities in terms of their relevance to the objectives of the international community at large (including regional priorities) in the areas of forest, trees and agroforestry R4D research.

FTA aims at inscribing itself as a mean of implementation of the SDG, of Climate Change and of the Food security and nutrition agenda.

As the committee on world food security is discussing sustainable forestry in 2017, informed by an independent report of the High Level Panel of Experts on Food Security and Nutrition (HLPE), it is proposed that the recommendations of this report serve as the main basis to frame the relevance of the priorities.

Other documents to inform the note shall consist of

- the FAO trends document
- the MEA
- the latest reports from the HLTF
- the latest outcomes of the UNFCCC (Paris Agreement and non paper on discussion on agriculture and land use)
- the latest outcomes of the IPBES and of the CBD.
- The foresight exercises from the CGIAR
- The two notes on critical and emerging issue for food security and nutrition of the HLPE.

The FTA director and MELIA shall produce the framework note so that the ISC can discuss it by September 2017.

Annex 2 DRAFT Proposal submission form

FEEDBACK ON THIS POINT IS SPECIFICALLY SOUGHT

The proposals will need to describe:

1. **Relevance:** The problem statement, previous research or results it build upon, the research proposed, main deliverables (outputs), outcomes to which the activity/output contributes and how, and their significance:
 - a. Relevance to FTA's ToC
 - b. Relevance to the CGIAR SRF
 - c. Relevance to the prioritization note
2. **Who:** The FP submitting, the CoAs involved, any other FP involved, and partners involved (co-financing), the lead investigator and composition of main research team with role of persons
3. Geographic situation
4. Timeframe of the activities.
5. **Scientific credibility:** scientific background of the problem statement, description of working methods, expected scientific outputs. Situation in the science scale: research within the ToC; research that challenges the ToC; relevant, blue sky research.
6. **Legitimacy:** stakeholder involvement from upstream to downstream, especially with civil society, private sectors, and description of methods.
7. **Effectiveness:** policy engagement plan, stakeholder engagement plans, outreach plans
8. **Data and IPG generation:** description of data and scientific product generated, methods for ensuring IPG relevance. Ways to contribute to FTA Data portal. Open data provisions.
9. **Linkages:** with the support platform, Intra FP collaboration, cross FP collaboration, collaboration with other CG centers, collaboration with other CRPs. How the proposal contributes to structuring the FP and CRP over time, including relations with existing (and possible influence to future) bilateral projects. Linkages, if any, with the Sentinel Landscapes Work.
10. **Partnerships** involved, especially, collaboration with non CGIAR partners, especially in the south. Describe how the importance for the partner is assessed/measured.
11. **Complementarity and value addition** at program-level, with respect to what W1+2 funds enable to do as compared to bilaterals.
12. **Impact assessment** foreseen or proposed/called for?
13. **Interdependence.** The contribution of one activity to outcomes at programme level might be conditional to a set of other activities being undertaken, within the programme or even beyond.
14. **Constraints and risk** to implementation and mitigation strategy in place.
15. **Existing competitors** to this research and comparative advantage of the proposal.
16. **Political economy:** potential donor's interest in following up on supporting the work.
17. Specific arguments for **small proposals (<50k) or large proposals (>500k)**
18. References and background documentation