

Critical Ecosystem Partnership Fund

Second Meeting of the Donor Council
World Bank Headquarters, Washington, DC
(11 December 2001)

Minutes of the First Meeting of the Donor Council

December 14, 2000

SIGNING OF MEMORANDUM OF UNDERSTANDING

1. After a word of welcome, the World Bank, GEF and CI Donor Council members signed a Memorandum of Understanding symbolizing their cooperation in a strategic partnership for critical ecosystems. The Legal Advisor explained that a Financing Agreement, establishing the Donor Council and legally governing CEPF, had been signed earlier in the day.

OPENING OF THE MEETING (WELCOME, INTRODUCTIONS)

2. The World Bank representative, acting as chairperson of the first meeting of the Donor Council, opened the meeting. He acknowledged the preparatory work done by staff, and thanked the GEF and CI Donor Council members for their vision and participation in such an important project as CEPF. He informed the other members that Mr. Ian Johnson, Vice President IBRD, has been appointed as member of the Donor Council.

ADOPTION OF THE AGENDA

3. *The Donor Council decided* to approve the provisional agenda set forth in document CEPF/DC1/1 (Rev.2), while noting that item 4 (signing of memorandum of understanding) had already been concluded.

UPDATE ON THE LAUNCH OF CEPF

4. The Executive Director informed the Donor Council that CEPF had been "launched" on August 22, 2000, in Pasadena, California. Since that time, the project had also been announced to the public in Japan, where it was very well received. The Executive Director had obtained encouraging responses from the Japanese Ministers of Finance and Foreign Affairs, and indicated that there is a potential for Japanese bilateral funding to CEPF. The Executive Director suggested that the World Bank Council member might wish to follow up on these preliminary discussions during his trip to Japan later in December.

5. The Executive Director informed the Donor Council that CI staff had given presentations to several large international NGOs, including World Wildlife Fund, The Nature Conservancy, BirdLife International, IUCN-The World Conservation Union and Fauna and Flora International, as well as to a number of bilateral aid agencies, including USAID, DFID in the UK, DANIDA in Denmark, and various directorate generals within the European Union. He noted that the feedback had all been very positive, and that there is a possibility of joint financing from the EU in West Africa and USAID in the Andes region.

REVIEW AND APPROVAL OF ECOSYSTEM PROFILES

6. The Donor Council was requested to review the following ecosystem profiles: Vilcabamba-Amboro (Tropical Andes), Madagascar, and Upper Guinean Forest (West Africa) (documents CEPF/DC1/2, CEPF/DC1/3 and CEPF/DC1/4).

7. The Executive Director explained that CI had drafted these first three ecosystem profiles with input from numerous parties and that they were based on previously identified priorities and strategies. Endorsements of the profiles had been received from four GEF focal points, but endorsements from other GEF focal points were still outstanding. The Executive Director also explained that comments received from GEF and IBRD staff had been incorporated in the profiles, but that, due to time constraints, the technical discussions with GEF and IBRD staff of the profiles had not been finalized. He requested that the Donor Council nevertheless approve the profiles, but that such approval be contingent upon completion of the technical discussions between CI, GEF and IBRD at a workshop in January.

8. The Chair asked to be reminded of the exact role of the Donor Council in this matter. It was explained that the Donor Council has the power and duty to review and approve, by unanimous consent, each ecosystem profile. It was also explained that CI shall prepare the profiles, submit them for comments to GEF and the IBRD, and obtain endorsement by GEF focal points before submitting them for approval to the Donor Council. A Council member put forward that the Donor Council may have the capacity to approve strategies but cannot engage itself in the day-to-day work on CEPF and that therefore it would be useful to establish a permanent working group for that purpose.

9. ***The Donor Council decided*** to establish a permanent working group, with one member from CI, GEF and IBRD each, that shall start its work in January 2001, shall report to the Donor Council and shall be charged with discussing ecosystem profiles and providing input to their respective organizations before their submittal to the Donor Council and with coordinating other CEPF matters at working level. ***The Donor Council also decided*** that CI shall consult the permanent working group from time to time on implementation of the profiles.

10. Regarding the three ecosystem profiles before it, the Donor Council welcomed the idea of a workshop in January 2001 to continue technical work on these profiles. It was suggested to also involve UNEP and UNDP in such a meeting.

11. Furthermore, the need for a discussion in January on targeting education and training was identified. It was suggested that the World Bank Institute might be involved. The Chair suggested the possibility of videoconferencing with relevant countries at the January workshop. He also mentioned the Bank's video conferencing capability, video distance learning and simultaneous transmission, all of which could be used to facilitate implementation of projects. The World Bank Council member agreed that video conferencing could be used as a tool for in-reach, and to target other project participants. The CI Council member suggested that conservation training could be made a part of on-going World Bank training programs.

12. ***The Donor Council decided:***

(a) to invite the permanent working group to report to it on the outcome of the workshop to be held in January 2001;

(b) to request CI to amend documents CEPF/DC1/2, CEPF/DC1/3 and CEPF/DC1/4 taking into account any relevant input from the referred workshop, in order to finalize the ecosystem profile, and

(c) that no disbursements for the ecosystem profiles for Vilcabamba-Amboro (Tropical Andes), Madagascar, and Upper Guinean Forest (West Africa), ecosystem profiles shall be made until (i) approval of the finalized profiles by each of the donors, and (ii) endorsement by the GEF focal points of the finalized ecosystem profiles has been obtained.

13. The GEF Council member offered to facilitate the GEF focal point approval if necessary.

REVIEW AND APPROVAL OF ANNUAL SPENDING PLAN

14. The Donor Council was asked to review and approve the Annual Spending Plan set forth in document CEPF/DC1/5. The Chair noted he had not seen the document before and asked for timely distribution of future documents.

15. The Executive Director informed the Donor Council that CI had held extensive discussions with IBRD staff regarding CI's financial and administrative capabilities and procedures for disbursements to grantees, and that the IBRD had given pre-certification to CI's financial and audit policies.

16. The GEF Council member inquired about CI's comparative advantage in implementing projects. He noted that no entity other than CI was listed in the proposed Annual Spending Plan, and expressed his concern that no other grantees were identified. He noted that the Financing Agreement restricts funding for activities to be carried out by CI to those instances where CI has a comparative advantage and limits it to a maximum of 50% of funds under each ecosystem profile. He indicated that this percentage is a ceiling and not a spending target; he asked if other NGOs will have access to resources in the first year of CEPF.

17. The Executive Director responded that that approximately US\$6 million will be disbursed to non-CI grantees in the first year. He noted that the Financing Agreement requires that CI identifies and discloses within the proposed Annual Spending Plan those instances in which it considers itself to have a comparative advantage in carrying out project activities under a specific ecosystem profile. He also noted that this requirement was included in the Financing Agreement at the specific request of the IBRD, so that the Donor Council could approve CI's role up-front, and avoid the perception that CI's programs are in competition with outside entities for funding. The Executive Director indicated that once the Donor Council approved the ecosystem profiles and Annual Spending Plan, CI would begin the process of creating alliances and identifying projects and activities to be implemented by external entities. He noted that the project identification and review processes have been reviewed by IBRD procurement staff, and are to be detailed with specificity in the operational manual. He further explained that an online grant system is being developed by CI to enhance access to the funds to outside entities and to ensure full disclosure and transparency of process. The availability of auditing reports would be indicated on the CEPF Web site.

18. Other members of the Donor Council expressed their concerns about how the current text would be perceived by other members of the NGO community.

19. The GEF Council member inquired about the management fee to be charged by CI, and asked if CI would be absorbing any of the management costs associated with the CEPF, just as the GEF and IBRD do.

20. The CI Council member explained that management costs are calculated as a percent based on CI's actual audited indirect costs (legal, IT, etc.). The Executive Director explained that indirect costs are incurred on every dollar spent, but are fully recovered only on the operations and preparation line items. He added that CI will absorb all indirect costs associated with the external grants, and approximately half of the indirect costs incurred in CI-implemented projects; this would amount to an additional in-kind contribution of approximately US\$2 million over and above CI's initial US\$5 million contribution. The Executive Director noted for the record that the indirect costs are an actual rate established by CI auditors in CI's annual financial audit.

21. At the Chair's suggestion, ***the Donor Council decided*** to request the permanent working group to review accounts, fees, and expenses (including those in kind) for CEPF to determine costs of each of the donors and report back to the Donor Council.

22. Finally, ***the Donor Council decided*** to approve the Annual Spending Plan, on condition that the text of Document CEPF/DC1/5 would be amended so as to clearly reflect that the reference to CI's comparative advantage was made for disclosure purposes only and did not imply that actual funding would be limited to CI, and that procedures for distribution of funds to external entities have already been put in place. The Donor Council asked the permanent working group to review the amended text.

23. The Legal Advisor confirmed that no funds for the ecosystem profiles could be disbursed until approval of the profiles by all donors and endorsement by GEF focal points. Funding for operational and preparation expenses (categories b-c of the Annual Spending Plan) could be disbursed upon approval of the operational manual.

PRIORITIES FOR THE 2nd YEAR

24. The World Bank Council member stressed that priorities need to be geographically well balanced. Mr. Thomson explained that for that very reason Asia was now on the list.

25. *The Donor Council decided* to approve the priorities for year two of CEPF as set forth in document CEPF/DC1/6.

UPDATE ON THE STATUS OF THE OPERATIONAL MANUAL

26. The Executive Director explained that CI and IBRD had agreed on the principles and broad outline of the operational manual, and that the operational manual would be completed shortly. The operational manual would serve two purposes: (1) assuring donors that CI is managing the project in a responsible way, and (2) informing potential grantees of funding opportunities (what criteria will be used to select grantees and how individual projects fit within the overall framework of the CEPF.) The Executive Director announced that CI intends to post relevant portions of the operational manual on the internet to ensure transparency and disclosure in funding decisions, and to facilitate learning and dissemination.

27. The World Bank Council member requested that information on disclosure policies be added to the operational manual. The other members of *the Donor Council concurred*.

28. The World Bank Council member suggested to add a component on training, learning and knowledge sharing to the CEPF project. The Executive Director replied that CI intends to turn the CEPF web site in a portal of learning and a job-site. Thus, grantees will be able to access administrative information relating to their individual grants and technical data relating to the overall implementation of CEPF. All information relating to individual CEPF projects will be available online (except proprietary financial data) to grantees, CEPF donors and other conservation professionals. The Council member offered that IBRD IT-staff would be available to assist as necessary.

APPROVAL OF A FUND RAISING STRATEGY

29. The Executive Director noted that CEPF had established a total funding goal of US\$150 million, half of which was expected to come from the three current donors. He also noted that under the fund raising strategy now proposed to the Donor Council, the CEPF would be seeking funding from the Japanese and potentially European governments to provide geographical balance and from private foundations. He explained that the proposed strategy is based on informal cooperation and discussions among the members of the Council and that implementation of the strategy would be based on this informal approach.

30. *The Donor Council decided* to approve the fund raising strategy set forth in Doc. CEPF/DC1/8.

31. The Chair asked if there had been any discussions with Tim Wirth of the UN Foundation or UNESCO for ties with World Heritage sites. He suggested a meeting with Mr. Wirth to pursue possible funding.

32. The World Bank Council member noted that the French government might also have an interest in participating, especially in West Africa. The Executive Director agreed to make a presentation to the French government in early 2001.

33. The World Bank Chair also suggested that it would be wise to involve southern hemisphere donors as well.

34. The GEF Council member requested an update on the status of the proposal to the MacArthur Foundation. The CI Council member responded that funds are available, but a decision will not be made until staff recommendations are complete. He noted that Dan Martin is enthusiastic about CEPF, and that CI and MacArthur have a number of mutual board members who are pressing for a positive response. He also noted that MacArthur staff made a trip to the Peru-Bolivia corridor, and are excited about the possibility of funding work in that region. The MacArthur

board is meeting this week to discuss the project and will meet in February to make a final determination. The Chair agreed to call the MacArthur Foundation president to request his support.

35. The CI Council member noted that the Summit Foundation has also expressed a strong interest in CEPF, and that a letter has been sent to Roger Sant. The GEF Council member agreed to call Mr. Sant to encourage Summit support.

ELECTION OF FUTURE CHAIRPERSON

36. *The Donor Council decided* to elect Mr. Wolfensohn, President of the IBRD, as its chairperson for the first year of CEPF.

NEXT MEETING

37. *The Donor Council agreed that its* next meeting should be held sometime in the Spring of 2001 – the exact date to be determined after additional consultation and depending upon progress achieved.

38. It was suggested that a Donor Council meeting might take place at CI's offices so that after that meeting, the members of the Donor Council could briefly meet CI's Board. CI would confirm if this is possible for the April 2001 meeting.

OTHER BUSINESS

39. *The Donor Council decided* to appoint Ms. Caryl Jones-Swahn as secretary to the Donor Council.

40. Mr. Thomsen introduced CI's Senior Director for CEPF who recently joined CI and will have responsibility for day-to-day management of the project.

41. There being no further business before the Donor Council, the meeting was closed by the Chairperson.

LIST OF DECISIONS TAKEN

1. **The Donor Council decided** to approve the provisional agenda set forth in document CEPF/DC1/1 (Rev.2), while noting that item 4 (signing of memorandum of understanding) had already been concluded.
2. **The Donor Council decided** to establish a permanent working group, with one member from CI, GEF, and IBRD each, that shall start its work in January 2001, shall report to the Donor Council, and shall be charged with discussing ecosystem profiles and providing input to their respective organizations before their submittal to the Donor Council and with coordinating other CEPF matters at working level. **The Donor Council also decided** that CI shall consult the permanent working group from time to time on implementation of the Ecosystem Profiles.
3. **The Donor Council decided:**
 - (a) to invite the permanent working group to report to it on the workshop to be held in January 2001;
 - (b) to request CI to amend documents CEPF/DC1/2, CEPF/DC1/3 and CEPF/DC1/4 taking into account any relevant input from the referred workshop, in order to finalize the Ecosystem Profiles, and
 - (c) that no disbursements for the ecosystem profiles for Vilcabamba-Amboro (Tropical Andes), Madagascar, and Upper Guinean Forest (West Africa), ecosystem profiles shall be made until (i) approval of the finalized ecosystem profiles by each of the Donors, and (ii) endorsement by the GEF focal points of the finalized ecosystem profiles has been obtained.
4. **The Donor Council decided to request** the permanent working group to review accounts, fees and expenses, including in-kind expenses, for the CEPF, to determine costs for each of the donors and report back to the Donor Council.
5. **The Donor Council decided** to approve the proposed Annual Spending Plan, on condition that the text of Document CEPF/DC1/5 be amended so as to clearly reflect that the reference to CI's comparative advantage is made for disclosure purposes only and does not imply that actual funding will be limited to CI, and that procedures for distribution of funds to external entities have already been put in place. The Donor Council asked the permanent working group to review the amended text..
6. **The Donor Council decided** to approve the priorities for year two of the CEPF as set forth in document CEPF/DC1/6.
7. **The Donor Council requested** that information on disclosure policies be included in the operational manual.
8. **The Donor Council decided** to approve the fund raising strategy set forth in Doc. CEPF/DC1/8.
9. **The Donor Council decided** to elect Mr. Wolfensohn, President of the IBRD, as its chairperson for the first year of the CEPF.
10. **The Donor Council agreed that its** next meeting should be held sometime in the Spring of 2001 – the exact date to be determined after additional consultation and depending upon progress achieved.
11. **The Donor Council decided** to appoint Ms. Caryl Jones-Swahn as secretary to the Donor Council.