

## **Critical Ecosystem Partnership Fund**

### **Approved Minutes**

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

1. Shengman Zhang, Acting Chairman on behalf of Jim Wolfensohn, who was unable to attend, opened the meeting at 8:35 am and welcomed participants, especially representatives of the MacArthur Foundation and the Japanese government (observer), for whom this was the first Donor Council meeting.
2. Jorgen Thomsen gave a presentation on CEPF's financial, operational and programmatic progress in 2001. It was agreed that CEPF had made excellent progress in one year.
3. The minutes of the 14 December 2000 meeting of the Donor Council were adopted. The Donor Council agreed that the format of the minutes should be more concise and focus on decisions made and major points of discussion, without referencing individual comments.
4. The CEPF Executive Director was appointed secretary for the Donor Council, following the departure of Caryl Jones-Swann.
5. The Terms of Reference for the CEPF Working Group (WG) were reviewed and approved, with the addition of language to reflect the role of the WG in preparing for Donor Council Meetings. It was clarified that the Executive Director reports to the Donor Council rather than the Working Group and that the number of attendees at the Working Group meeting should be up to the discretion of the Executive Director.
6. The disclosure policy for CI's intended projects, as originally required in the CEPF Financing Agreement, resulted in a perception of entitlement by CI programs and an uneven disbursement of grant resources. Likewise, this policy prevented CI programs from innovation, creativity and responsiveness to opportunities for better conservation action. Upon consultation with the Working Group and approval by the Donor Council, this policy has now been modified to require that CI programs state their intended role with the CEPF Grant Funds. Once approved by the Donor Council, the CEPF Executive Director has been authorized to manage the global grant portfolio such that, at no point in time, will CI projects comprise more than up to a maximum of 50% of CEPF's global grant resources. The Council approved this recommendation and modification of the disclosure policy.
7. CEPF staff requested guidance on the desired format and content of the 2001 CEPF Annual Report, which was provided in a draft version. Donor Council members who have not yet commented will send written input to the CEPF Executive Director. It was agreed that a public version should be developed and made available to interested parties.
8. Six Ecosystem Profiles and five-year investment plans for Atlantic Forest, Cape Floristic Region, Choco-Manabi Corridor Corridor (Choco-Darien-W. Ecuador), the Philippines, Southern Mesoamerica, and Sumatra (Sundaland) were approved. The question of absorptive capacity was raised and it was agreed that grant funds should be spent

effectively and that CEPF funds might need to be redirected if new financial support comes into an area.

9. The Second Spending Plan was reviewed and approved. The Donor Council decided to add an agenda item to the next Donor Council meeting to discuss the sequencing for the remaining regional priorities that the CEPF initiative would support. The Executive Director was requested to prepare a discussion paper on regional priorities and together with the CEPF Working Group make a recommendation on this subject for the next Council meeting.
10. The Donor Council discussed the Caucasus Hotspot (Russia, Georgia, Iran, Armenia, Azerbaijan) as a priority for Ecosystem Profile preparation during the Second Spending Plan. Along with the Succulent Karoo (Namibia and South Africa) and the Mountains of South-Central China, this hotspot would become eligible for grant funding during FY03 (July 02 – June 03). The Donor Council would like to hear more about the rationale for recommending this hotspot. The Donor Council decided to ask the Working Group to discuss this at their January meeting and to circulate justification information to the Donor Council, which would decide whether the Caucasus will be identified as a priority area on a non-objection basis.
11. The Donor Council approved the following operational changes, which will be reflected in the Operational Manual.
  - Adjustment of the CEPF fiscal year to align with Conservation International's July-to-June fiscal year.
  - Extension of the CEPF grant funding period from three to five years.
  - Allow flexibility for grantees to report semi-annually, rather than quarterly on programmatic progress.
  - Revise external and internal grant agreements to allow 15% flexibility between direct cost budget categories on grants.
  - Modification of the disclosure policy for CI projects, de-linking spending plan from intended role.
  - Transition to a letter of inquiry approach.
  - Adjust the PMR reporting date for the end of the fiscal year to allow for timely completion of year-end accounting and auditing.

With regard to revising the procurement threshold below which grantees and contractors may use local commercial practices from \$2,000 to \$5,000, the World Bank wants to check with its procurement staff. It was decided that procurement changes would be finalized on a non-objection basis.

12. The Donor Council approved the updated CEPF Fundraising Strategy. The procedures and steps for finalizing the participation of the Japanese Government in the CEPF were discussed. The Japanese were invited to begin participating in Working Group meetings.
13. Jim Wolfensohn was appointed Donor Council chairman for a two-year term, 2002 - 2003.
14. It was decided that the Donor Council would meet three times a year, including once by telephone. Meetings are to be driven by business need and dates should be scheduled as soon as possible.

*List of Follow up Actions:*

1. Revise the Terms of Reference for the CEPF Working Group to add language to reflect the role of the WG in preparing for Donor Council Meetings and to clarify that the Executive Director reports to the Donor Council rather than the Working Group and that the number of attendees at the meeting should be up to the discretion of the Executive Director.
2. CEPF Draft Annual Report - Donor Council members who have not yet commented will send written input to the CEPF Executive Director. It was agreed that a public version should be developed and made available to interested parties.
3. The Donor Council decided to add an agenda item to the next meeting to discuss the sequencing of regional priorities for CEPF support in the next two cycles of CEPF funding.
4. The Donor Council decided to ask the Working Group to discuss the recommendation of the Caucasus as a priority area is at their January meeting and to circulate justification information to the Donor Council, which would decide whether the Caucasus would be identified as a priority area for 2002 on a non-objection basis.
5. With regard to revising the procurement threshold below which grantees and contractors may use local commercial practices from \$2,000 to \$5,000, the World Bank wants to check with its procurement staff. It was decided that procurement changes would be finalized on a non-objection basis.
6. The Government of Japan was invited to begin participating in Working Group meetings.
7. It was decided that the Donor Council would meet three times a year, including once by telephone. Meetings are to be driven by business need and dates should be scheduled as soon as possible.

*\* These Minutes were approved at the Third Meeting of the Donor Council in June 2002.*

## List of Attendees

### **Donor Council Members**

Mohamed El-Ashry, CEO	Global Environment Facility
Jonathan Fanton, President	John D. and Catherine T. MacArthur Foundation
Ian Johnson, Vice President - Environmentally and Socially Sustainable Development	World Bank
Peter Seligmann, Chairman and CEO	Conservation International

### **Absent**

James D. Wolfensohn, President	World Bank
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### **Acting Chairman in the absence of Mr. Wolfensohn**

Shengman Zhang, Managing Director	World Bank
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### Guest (Observer)

Masanori Yoshida, Alternate Executive Director	Government of Japan
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### Staff

#### **World Bank**

Gonzalo Castro, Senior Biodiversity Specialist, Environment Department  
Michael Carroll, Senior Agriculturist, Latin America & Caribbean Department  
Kristalina Georgieva, Director Environment  
Jeannette Ramirez, Operations Analyst, Latin America & Caribbean Department  
Modupe Adebowale, Senior Financial Management Specialist, FM & Disbursement Group 2  
Hanneke Van Tilburg, Senior Counsel, ESSD & International Law  
Karin Perkins, Consultant, Operations Evaluations Department

#### **MacArthur Foundation**

Mitchel Wallerstein, Vice President, Program on Global Security and Sustainability

#### **Global Environment Facility**

Herbert Acquay, Senior Natural Resources Management Specialist  
Kanta Kumari, Senior Environmental Specialist

#### **Conservation International**

Jorgen Thomsen, Senior Vice President and CEPF Executive Director  
Nancy Sherman, Senior Director, CEPF  
Donnell Ocker, Director, CEPF  
Amelia Smith, Counsel