

Critical Ecosystem Partnership Fund

Approved Minutes

Fifth Meeting of the Donor Council
World Bank Headquarters, Washington, DC
31 July 2003

1. The Chair of the CEPF Donor Council opened the meeting and requested adoption of the agenda. Adoption of the agenda was seconded and approved.
2. The Executive Director gave a presentation on the initiative including the following main points:
 - A launch of the CEPF initiative in the Succulent Karoo took place in April with active participation by local stakeholders, NGOs and representatives of government and private sector from Namibia and South Africa.
 - CEPF is planning a mission to Tokyo later this year to increase support and knowledge in Japan about the CEPF initiative. This mission will include a launch of a strategy for the threatened birds of Asia being completed by BirdLife International with CEPF support. This will be a good opportunity to highlight the partnership between CEPF and the Government of Japan.
 - An independent consultant completed a mid-term review of CEPF in June, as required by the World Bank. The evaluation elaborated, as part of a report and presentation on CEPF monitoring
Macro status of the initiative:
 - o 5 donors, 11 active hotspots, 178 projects supported, 114 partners, \$28.9 million in project grants, \$162,000 average grant size and \$60 million in new catalytic funding leveraged
 - o Breakdown of the grant portfolio by hotspot
 - o Ecosystem profiles underway for new regions authorized by the Donor Council in June 2002. These include Indo-Burma, Northern Mesoamerica, Polynesia/Micronesia, and Western Ghats and Sri Lanka.
3. Adoption of the minutes from the fourth Donor Council meeting held on February 12, 2003 was requested. Adoption of the minutes was seconded and approved.
4. The Executive Director reported on action in response to decisions made at the fourth Donor Council meeting by asking the Council to take note of the document under Tab 5 (Report on Decisions Taken at the fourth Meeting of the CEPF Donor Council), as most items did not require additional discussion. The group was requested to review the memo on replenishment in Madagascar. The memo outlines CEPF's recommendation that replenishment be delayed until results from a mid-term review of CEPF's Madagascar portfolio and the appraisal being undertaken as part of EP #3 are available. The Working Group will discuss replenishment and a recommendation will be presented to the Donor Council for consideration.
5. The Executive Director resumed with an outline of key points on CEPF monitoring. The CEPF monitoring and evaluation team has been strengthened and field-based mid-term

portfolio review of all CEPF programs is scheduled. The CEPF review team is refining the methodology, outlined under Report on CEPF Monitoring. In addition, an independent field-based review process for CEPF has been initiated, with the first independent review undertaken in the Vilcabamba-Amboro Corridor in August 2003. Subsequent independent reviews are scheduled or contemplated for other CEPF field based programs.

The Executive Director invited the CEPF Task Team Leader for the World Bank to present the mid-term review of CEPF completed by the Consultant.

The CEPF Task Team Leader explained that the mid-term review was required by the World Bank to secure CEPF funding for year three of operations. The presentation highlighted the following overarching points:

- o The ecosystem profiles serve as a good framework for grants and the product and process are much improved.
- o There is a documented convergence between authorized funding and the rate of grant disbursements.
- o There is a balanced grantee portfolio.
- o There is positive growth to date.

The presentation highlighted the following recommendations:

- o The relationship between CEPF, the private sector and governments should be strengthened in order to influence policy.
- o The process following the profiling phase and beginning of the implementation phase should be more formalized.
- o CEPF staff has grown conservatively and certain functions need to be better staffed. More functions need to be decentralized & the roles of local coordination units need to be more fully defined.
- o Donor/partner relationships should be maximized from a technical/operational perspective. Additional efforts should be focused to ensure synergy across and in regional portfolios.
- o The future of CEPF should be discussed with the donor partners.

A Council member commented that he felt that the report included a rich series of observations and that it was a useful report. The Consultant reiterated that the initiative has been successfully operationalized and is off to a satisfactory start. He elaborated on some of the conclusions:

- o It is important to assess how well the grants that are obligated relate and contribute to the niche that CEPF has identified for a particular region.
- o It is important to focus more strongly on decentralizing certain functions of the CEPF. The ultimate authority should remain with the Grant Director but there should be a stronger local accountability and emphasis on local technical assistance and supervision.

There was a lively discussion in response to the Consultant's points. One Council member referred to a reference in the report that the strategic priorities in the profiles are often too broad and do not provide effective guidance for programming and grant selection. As a result it is often difficult to determine the rationale linking various grantees in a particular region. He observed that this concern had been noted previously

and the perceived absence of a link between projects, strategies and threats raises a fundamental question of whether CEPF will achieve impact at the necessary scale. He said that the donor partners' willingness to re-engage with the partnership hinges on CEPF's ability to achieve results at a significant scale to impact the threats identified in the profiles.

The report concluded with a recommendation to discuss the next scenarios for the CEPF partnership and stated that the engagement of governments in the initiative is an important element of sustaining any investment made by CEPF. It was observed that the ecosystem profiles have improved significantly and developed into valuable tools for the engagement of governments and other donors.

The Chair then left to attend to urgent priorities and asked the Donor Council representative from the MacArthur Foundation to serve as Chair for the remainder of the meeting.

It was suggested to convene a Donor Council meeting in the fall to discuss CEPF at a more philosophical level and evaluate next steps for the Fund. The Working Group will develop an agenda for this discussion. It was also discussed that the World Parks Congress at Durban could be used to discuss the scenarios for the future of CEPF.

6. Given the limited time remaining, the Council addressed the remaining action items: ecosystem profiles for the Caucasus and Eastern Arc Mountains and Coastal Forests of Tanzania and Kenya, and the 4th Spending Plan. The Executive Director began by stating that both the Caucasus and Eastern Arc Mountains and Coastal Forests of Tanzania and Kenya profiles had full support of the Working Group. The consensus is that the profiles are considered to be the strongest and most strategically developed by CEPF to date. A Council member reiterated the concern that given available resources, CEPF was trying to operate in too many places; however, following a motion to approve the Caucasus Profile, it was approved by consensus.
7. The Eastern Arc ecosystem profile was put forward for review and approval. The profile was approved by consensus. Disbursement of project funds in both regions is contingent on securing GEF Focal Point endorsement.
8. The Executive Director explained that the ecosystem profile for Northern Mesoamerica was not being presented for consideration because the Working Group did not reach consensus. He explained that there was strong support and momentum for the process and the profile but the strategic niche needs to be sharpened. He explained that there is a process for further work and requested that the Council approve the profile on a no-objection basis on the recommendation of the Working Group between regularly scheduled meetings of the Council. This recommendation was approved.
9. The Fourth Spending Plan was put forward for review and approval by the Donor Council. A question was raised as to whether the Donor Council is a fiduciary body or simply takes note of the spending plan and financial summaries. The Executive Director reminded the Council that they take note on financial summaries provided against the spending plan but, as spelled out in the CEPF Financing Agreement and the MOU, the Council has the required authority and mandate to approve the annual spending plan. He also pointed out that CI's Board of Directors reviews the financial performance of CEPF,

in addition to conducting an external audit. Results from both of these oversight functions are shared with the CEPF Donor Council.

Questions were raised in reference to the amount of management fee (indirect costs) charged against grant making. The Executive Director referred to the Financing Agreement, which is clear on the issue of management fee (indirect costs) allotments. This was agreed but it was suggested that it would be interesting to see changes in management fee (indirect costs) over time presented, as well as a comparison of the spending plans between years. The Executive Director agreed that this would be done.

The Government of Japan expressed satisfaction with the spending plan and expressed expectation that sufficient resources would be allocated to support the Asian hotspots currently in the preparation and profiling phase.

The Fourth Spending Plan was approved without further comment.

10. The Council then discussed the fund-raising strategy included in the meeting documents, with a commitment from all donor partners to help move this forward.

The meeting was adjourned.

List of Follow up Actions:

1. When the timing is appropriate, the Working Group will discuss the topic of replenishment for Madagascar and a decision will be circulated to the Donor Council for consideration. This discussion will be based on the results of the Madagascar mid-term review and the results of the appraisal being undertaken as part of the EP #3
2. A Donor Council meeting will be convened to discuss the potential modalities and opportunities for the future of CEPF. The Working Group will develop and set the agenda for this meeting.
3. The Northern Mesoamerica ecosystem profile will be evaluated by the Working Group and then submitted for approval on a no-objection basis.
4. CEPF will continue to seek GEF Focal Point endorsement for the Caucasus and Eastern Arc ecosystem profiles.
5. CEPF will prepare management fee and spending plan comparisons between spending plans.
6. There will be a series of efforts to further CEPF's fund-raising agenda. CEPF Donor Partners will be involved in this outreach, as part of strategic, targeted activities.

** These Minutes were approved at the Sixth Meeting of the Donor Council in March 2004.*

List of Attendees

Donor Council Members

James Wolfensohn, President	World Bank
Jonathan Fanton, President	John D. and Catherine T. MacArthur Foundation
Yuzo Harada, Executive Director – Japan	World Bank Board of Directors
Gonzalo Castro representing GEF CEO	Global Environment Facility
Russ Mittermeier, President, representing CI CEO	Conservation International
Ian Johnson, Vice President, ESSD	World Bank

Staff

Conservation International

Jorgen Thomsen, Senior Vice President and CEPF Executive Director
Donnell Ocker, Senior Director, CEPF Management
Lisa Dean, CEPF Finance Director
Sarah Douglass, CEPF Program Coordinator

Government of Japan

Naoaki Kamoshida, Advisor, Office of the Executive Director

MacArthur Foundation

Michael Wright, Conservation and Sustainable Development Program Area Director

World Bank

Kristalina Georgieva, Director – Environment, World Bank
Michael Carroll, CEPF Task Team Leader and Senior Agriculturist
Marco Scuriatti, Assistant to the World Bank President
Walter Arensberg, Mid-Term Review Consultant