

**Eighteenth Meeting of the Donor Council  
Grand Court Hotel  
Nagoya, Japan  
26 October 2010  
10:30 a.m. – 12:00 p.m. JST**

**Approved Minutes**

**1. Welcome and introductions** (Doc. CEPF/DC18/1)

The Donor Council approved a motion for Jørgen Thomsen of the MacArthur Foundation to serve as chairman for the meeting in the absence of Chairman James D. Wolfensohn. The chairman then welcomed Donor Council members in attendance.

**2. Adoption of agenda** (Doc. CEPF/DC18/2)

The agenda was adopted.

**3. Adoption of minutes of the Seventeenth Meeting of the Donor Council** (Doc. CEPF/DC18/3)

The Donor Council adopted the minutes of the Seventeenth Meeting of the Donor Council, which took place on 23 April 2010.

**4. Report from the Executive Director\*** (Doc. CEPF/DC18/4)

The Executive Director shared updated financial information, follow-up to decisions made at the 17<sup>th</sup> Donor Council Meeting, and an update on 10<sup>th</sup> anniversary activities. The financial report included:

- \$126,281,783 in grants awarded through the end of fiscal year 2010 (June 30)
- On-target progress toward fulfillment of the current \$14 million annual spending plan.

Discussion focused on the financial report and related issues. The Donor Council representative from the GEF stressed GEF's desire to see more funding going to local nongovernmental organizations (NGOs) and less to international NGOs, specifically citing Conservation International (CI). The Chairman and the Executive Director each noted that the amount of grant funding going to CI has been steadily decreasing. The Secretariat and Donor Council have studied the issue of grantmaking to CI and agreed to only grant to the organization in cases where CI is clearly the best agency for the project. To avoid potential conflict of interest, the approval process for grants to CI is now handled by the Working Group rather than the Secretariat.

The GEF representative also emphasized the importance of CEPF holding administrative costs for each investment region to a maximum of 10 percent, and striving for costs well under that cap. The Executive Director noted that the issue of the cap needs to be revisited because it sometimes limits the funding available from CEPF for its regional implementation teams

(RITs) to the extent that it hampers their ability to conduct needed monitoring and capacity building activities. The Chairman noted the issue was included under a later agenda item.

Council members also discussed the “Balance Detail” graph in the financials, and whether there is sufficient funding available for areas slated for new CEPF investment in the near future – specifically citing the Mediterranean, Eastern Afromontane and Melanesia. The Chairman explained that the graph simply shows the funding in hand, and doesn’t reflect funds pledged but not yet received. The result is that the funding commitment made by the World Bank isn’t fully reflected because the Bank determines annually what portion of its pledged funding will be issued to CEPF, and the full commitment amount is not “on hand.” The Executive Director noted that the government of Japan has proposed to follow the World Bank’s payment structure. The Chairman noted that if the full amount of the World Bank funding could be shown in the graph, it would provide an additional \$18 million.

Some Council members expressed concern that the graph does not present an accurate view of funds available for programming. The Executive Director, however, pointed out that there is uncertainty as to how much funding will be disbursed each year. She said the Secretariat is trying to avoid profiling areas for new investment then having to wait for an extended time for the investment funds to be available, as this has led in some cases to having out-of-date profiles by the time investment funds are available.

The Chairman suggested tabling the issue pending further analysis by the Secretariat, saying that while the financial charts may paint an inaccurate picture of funding, CEPF also has to be careful not to plan on spending money it doesn’t yet have. The Chairman asked the Secretariat to prepare a paper on the risks involved for consideration at the next Donor Council meeting.

The Chairman then offered the hosts of the meeting, the representatives of the government of Japan, an opportunity to make remarks. Kenji Okamura, Director General of the Ministry of Finance’s Development Policy Division, International Bureau, noted that Japan has recently pledged \$25 million following completion of Japan’s initial \$25 million investment in CEPF. He noted that the government would like to encourage Japanese NGOs to become involved with CEPF. He suggested as a first step that CEPF offer more awareness activities such as recent presentations made by the Secretariat in Japan. He also said it was important to use opportunities such as the 10th Conference of the Parties to the Convention on Biological Diversity (COP10), which was under way in Japan at the time of the Donor Council meeting, to generate awareness of CEPF among the Japanese public. The representative from CI added that actor Harrison Ford was making appearances and giving press interviews at the COP10 event in part to raise awareness of CEPF.

## **5. Revision of Terms of Reference and Selection Process of Regional Implementation Teams (Doc. CEPF/DC18/5)**

CEPF Managing Director Nina Marshall gave a presentation on proposed revisions to the selection process and terms of reference for the regional implementation teams (RITs). The proposed revisions stem from an April 2010 request from the Donor Council that the Secretariat review the performance of the RITs and assess whether the budgets allocated allowed the RITs to truly convert the plans in the ecosystem profiles into cohesive portfolios

of grants that exceed in impact the sum of their parts. The ensuing assessment revealed that there are many tasks that RITs are finding challenging to complete, or to complete on time. It also revealed several tasks that are being undertaken by both the RITs and the Secretariat.

The proposed revisions were designed to remove any duplication of effort between the RITs and the Secretariat, and to clarify the terms of reference to ensure that applicants for the RIT understand the scope of the tasks required. Proposed revisions to the selection process and criteria correlate with the revised terms of reference, and all the proposed revisions reflect Working Group input on the issue.

A representative from the GEF said it was not clear what had been changed, and reiterated that the GEF considers it important that the RIT costs stay under 10 percent of the investment. Donor Council representatives discussed whether further clarity was needed regarding which of the duties assigned to RITs are truly administrative vs. those that are more programmatic, such as capacity building. The representative from CI noted the importance of having clear targets for the RITs, and suggested that there may be too many responsibilities assigned to them. The representative from the GEF also noted that RIT efforts at regional capacity building could duplicate the efforts of other programs. The Chairman suggested tabling the issue until further analysis can be provided by the Secretariat, including consultation with the GEF and other organizations that operate small grants programs. A representative of the World Bank also suggested taking the results of recent CEPF evaluations into consideration in the analysis.

#### **6. Discussion and revision of CEPF's Fundraising Strategy (Doc. CEPF/DC16/7)**

Due to time constraints, the Donor Council did not discuss the fundraising strategy. The Chairman noted that the issue regarding available funding and the annual disbursements of the World Bank is clearly laid out in the fundraising strategy document provided, and the representative from CI suggested that the Donor Council try to discuss informally the fundraising strategy before the next Donor Council meeting.

#### **7. Other business**

The Chairman suggested that the Secretariat follow up electronically with a proposed date and time for the next Donor Council meeting.

## **List of Attendees**

### **Donor Council Members**

Monique Barbut, CEO and Chairperson	Global Environment Facility
Warren Evans, Sector Director, Environment on behalf of Inger Andersen, Vice President, Sustainable Development	The World Bank
Gilles Kleitz, Project Manager, Environment-Biodiversity on behalf of Pierre Jacquet, Chief Economist	Agence Française de Développement
Kenji Okamura, Director, Development Policy Division, International Bureau, Ministry of Finance	Government of Japan
Peter Seligmann, CEO and Chairman	Conservation International
Jørgen Thomsen, Director, Conservation and MacArthur Foundation Sustainable Development, on behalf of Robert Gallucci, President	

### **Staff**

#### **CEPF**

Patricia Zurita, Executive Director  
Nina Marshall, Managing Director  
Michele Zador, Grant Director  
John Watkin, Grant Director  
Julie Shaw, Acting Director, External Affairs  
Emily Rudge, External Affairs

#### **Conservation International**

Jennifer Morris, Senior Vice President, Ecosystem Finance  
Yasushi Hibi, Vice President, Asia Policy

#### **Global Environment Facility**

Gustavo Fonseca, Team Leader, Natural Resources  
Yoko Watanabe, Program Manager, Biodiversity

#### **Government of Japan**

Momoko Nitta, Deputy Chief, Development Policy Division, International Bureau, Ministry of Finance