

Critical Ecosystem Partnership Fund

Seventh Meeting of the Donor Council
World Bank Headquarters, Washington, DC
1 November 2004

Adoption of the Minutes of the Sixth Meeting of the Donor Council (31 March 2004)

Recommended Action Item:

The Donor Council is asked to **adopt** the minutes of the Sixth Meeting of the Donor Council, which took place on 31 March 2004. Draft minutes were circulated to the Working Group on 9 April 2004, comments were received by 15 April 2004. A revised version of the minutes incorporating the Working Group's comments was circulated on 5 May 2004. These minutes reflect consensus and input from CEPF Working Group members.

Critical Ecosystem Partnership Fund

Seventh Meeting of the Donor Council
World Bank Headquarters, Washington, DC
1 November 2004

Minutes of the Sixth Meeting of the CEPF Donor Council

1. The Chair opened the meeting and welcomed a new participant, the Acting Director, Environment for the World Bank, and informed the Council that Kristalina Georgieva has become the country director for the World Bank in Russia. He welcomed the Global Environment Facility (GEF) Council member to his first meeting of the CEPF Donor Council as the new CEO of the GEF.
2. The Chair requested adoption of the agenda. Adoption of the agenda was seconded and approved.
3. The Chair requested nomination of a new Chair for the Donor Council. He said he was willing to continue in this capacity or to step down should another member be interested in assuming this role. The Conservation International (CI) Donor Council member nominated the Chair, the president of the World Bank, to serve another two-year term. This was seconded and approved.
4. The Chair requested adoption of the minutes from the fifth Donor Council meeting, which took place on 31 July 2003. This was seconded and approved.
5. The Chair asked the CEPF executive director to elaborate on the document, "Follow up to decisions from the fifth Donor Council Meeting."

The CEPF Executive Director began by elaborating on point #2 in this document related to discussions that could take place about the future of the fund. He proposed that any broad discussions about the future of the partnership would include all partners rather than beginning with the first three as originally suggested. Specific discussions on renewal or replenishment will take on a bilateral basis. The MacArthur Foundation has requested that its bilateral discussions take place late 2005. This decision was supported and approved by the Donor Council.

He reported how for the first time, CEPF had sought and received approval from the Donor Council for an ecosystem profile and investment strategy by utilizing an electronic approval process. The profile, for Northern Mesoamerica, was deemed approved for \$7.3 million on January 15, 2004. CEPF is now securing GEF focal point approval for each of the countries in this region, as required.

It was agreed by the Council that the electronic method of approval had worked fine.

The MacArthur Foundation Council member informed the Council that the Foundation is currently allocating its investment in Madagascar. At this point, the World Bank Council member reiterated that their staff and technical resources are available to assist the MacArthur Foundation. The MacArthur Foundation Council member asked for a status report on CEPF's portfolio review for this region.

The CEPF Executive Director reported that since the original portfolio review, many circumstances have changed in Madagascar. In light of this, the CEPF Management Team had decided to re-assess the region and include an external reviewer in the process. He committed to sharing the revised version of this review during the next meeting of the CEPF Working Group.

There was discussion on Madagascar, particularly on how the conservation trust fund, with support from the World Bank, GEF, MacArthur Foundation and others, has grown to approximately \$24 million in pledges. The CEPF Management Team committed to providing, The

Natural History of Madagascar edited by Steven M. Goodman and Jonathan P. Benstead to each of the Council members.

Point #6 of the “Follow Up to decisions made at the fifth Donor Council Meeting” discusses fundraising and would be addressed later in the meeting.

The Council members expressed interest in holding a brainstorming session on the future of CEPF. It was agreed that this could be undertaken prior to or following the next Donor Council meeting. An agenda for this discussion will be discussed and agreed at the next CEPF Working Group Meeting.

6. The Chair then requested that the Executive Director give a “report on progress” since the last Council meeting. Key points highlighted during this presentation included:

The CEPF November 2003 mission to Tokyo, which included CEPF Management, GEF and World Bank representatives, was very successful. The primary objective was to increase support and knowledge in Japan about the CEPF initiative through a public seminar; a launch of BirdLife’s new book *Threatened Birds of Asia* book supported by CEPF and meetings with Japanese government officials. The CEPF mission met with officials from the Ministries of Finance, Environment and Foreign Affairs. During the course of these meetings, representatives from the Government of Japan requested that the CEPF Management Team produce a paper highlighting the linkages between poverty alleviation and CEPF’s efforts. This document was produced and then received by Japan.

The Donor Council member for Japan expressed his satisfaction with the CEPF mission. He stressed that this kind of outreach contributed to raising interests and deepening understanding about the partnership among the Japanese public. He highlighted that the MOF in Japan would like CEPF to better highlight the linkages between poverty and biodiversity. He also informed the Council that the Government of Japan’s annual support for CEPF had been approved for Japan’s FY04 (April 1, 2004 – March 31, 2005) and stated that, in order to implement the budget, it needs to be shown that CEPF activities have produced clear outcomes in poverty alleviation. He suggested that mutually agreed outcome indicators should be developed. As per the budgetary system, Japan’s support to CEPF for FY05 will need to be approved through annual government budget negotiations.

There was general discussion and agreement that the CEPF Working Group should develop and agree on a common statement about CEPF’s involvement in poverty alleviation, starting from the premise that biodiversity and poverty alleviation are intrinsically linked, and agree on clear metrics for monitoring and measuring against this. The metrics will then be discussed in the Donor Council Meeting. It was underscored that the paper CEPF produced at the request of the Government of Japan, illustrating how CEPF is linked to poverty alleviation, utilized the definitions, indicators and criteria developed by GEF and World Bank.

There was general discussion and agreement that the CEPF Management Team and the CEPF Working Group should develop additional metrics for the quarterly reports to the CEPF partners. In addition, future CEPF reports will include a link between progress and goals defined in the profiles. There was agreement that this linkage should be better demonstrated and yet also a recognition that each institution is learning new ways to best demonstrate the important linkage between poverty alleviation and biodiversity conservation so CEPF shouldn’t be expected to fully meet the challenge alone.

The CEPF Executive Director continued with the report against progress by informing on his recent trip to Australia to explore new CEPF partner opportunities. Initial indications are very positive regarding potential support from Australia for CEPF’s work in Sumatra and possibly the Pacific.

He then shared recent statistics demonstrating the ratio of projects in the CEPF portfolio. An analysis on March 30, illustrated that 59% of CEPF's project resources (\$) are currently allocated to international groups, with 41% (\$) managed by local groups. 46% of total projects (#) are to international groups, with 54% (#) of total projects managed by local groups. The approval rate for international groups is 60% with a 25% approval rate for local groups.

The World Bank representative suggested that CEPF include these new metrics in the CEPF reporting tools and undertake a broader scale campaign to inform the various institutions about these ratios because a perception still exists that CI and other international groups are receiving the majority of the resources.

7. The Chair excused himself and the GEF Council member was nominated to chair the remainder of the meeting. He requested that the CEPF Executive Director report against tab #7, which is the "CEPF Management Team Response to the External Review of CEPF".

The Executive Director began by soliciting advice and guidance from the Donor Council members on this draft document.

Each of the donor institutions expressed confidence in the report and the suggested action points that CEPF management will undertake in response to the external evaluation of CEPF. The Japanese representative stressed that public and information seminars would help to address any misperceptions and inform various constituencies. He also requested that CEPF evaluate its activities in a clear results/outcome framework.

Much of the earlier discussion on poverty alleviation from above was reiterated here. The overall conclusion of this discussion, as in the previous one, was that the CEPF Working Group should discuss how to best refine the various reporting tools, define a common statement about CEPF's involvement in poverty alleviation and agree on clear metrics for monitoring and measuring against this.

The MacArthur Foundation Council member stated that it would be useful to mesh various institutional goals and see if, despite different opinions and institutional stances, that a minimum of common ground could be found. Stressed that it would be unlikely to have 100% overlap, but should look for commonality and overlap.

At this point, the GEF Council member reiterated that there should be more effort to clarify and address the perception of the relationship between CEPF and CI. The CEPF Executive Director stressed that with CI as the managing partner, CEPF management must be aware of and deal with potential conflicts of interest periodically. He sought advice or any suggestions with how to do this better.

The MacArthur Foundation Council member asked if CI's Board reviews CEPF. CI's Board reviews CEPF's finances and the CEPF Executive Director gives periodic programmatic updates to the Board. The CI Council member said that CEPF's programmatic contribution was measured against the outcomes that CEPF funding helps make possible.

8. The Chair requested moving to Tab #8 and introduced the MacArthur Foundation Council member, who had requested this agenda item and began the discussion on "Maximizing CEPF Leverage in the hotspots" by saying that from the outset, a key objective of the partnership behind CEPF has been for the fund to be more than just a grants program. Our vision for CEPF has been a strategically driven, high leverage, politically sophisticated initiative. To this end, he asked the CEPF Management Team to pull together an illustrative example of a major issue that could provide opportunity to maximize CEPF's leverage in the hotspots and mobilize the full institutional attention of all Council members. The illustrative issue was discussed by the council members and the various implications of highlighting these kinds of overarching issues in future council members was evaluated.

It was suggested that two criteria be used to determine whether issues should be analyzed further by CEPF; 1) When the threat is severe enough to undermine in a material way our investments and 2). When we can identify an appropriate leverage point with a significant chance of making a difference.

The CI Council member said he supported the idea of discussing these kinds of issues and asked the CEPF Management team to seek input from partners and grantees.

The World Bank representative stressed that CEPF already has a venue for assessing threats, opportunities and issues in the ecosystem profiles. He said that any required re-assessment should take place as part of a revised profiling process and that these should be living documents.

The Government of Japan expressed reservations about expanding CEPF's mandate to undertake additional analysis on this kind of issue. He reiterated that the profiles provide a forum and existing tool and if necessary, could provide opportunities for re-assessment of any threats or opportunities. He also pointed out that there are some difficulties in discussing examples in which Council members are involved and that such members would have done their best to address possible environmental concerns.

The Chair concluded this conversation by saying that he thinks these kinds of issues should be seen in the context of a programmatic approach and that the profiles provide an existing venue to do so.

The Executive Director responded that he was comfortable with this recommendation and would proceed accordingly.

9. The Chair asked CEPF to continue with Tab #9 on "Expansion of CEPF's Membership Structure".

The Executive Director reported that in July 2004, the Donor Council authorized CEPF to pursue opportunities for regional donor partners. Since some negotiations may result in a desired partnership with CEPF, he said it is necessary to formalize guidelines and parameters for expanding CEPF's membership structure and introduced suggested guidelines and parameters for discussion. The Council members agreed that the proposed thresholds are good targets and should be the baseline for negotiations. It was agreed, however, that any potential new partnership would be vetted with the Council before final offers or decisions are made.

10. The CEPF Executive Director explained that the table in Tab #10 "CEPF Fund-raising Strategy" outlines the current audience for CEPF fund raising and asked if the Council had any new suggestions or advice. The Council supported and endorsed the existing fund-raising strategy and committed to support the plan, as possible.

The meeting was adjourned. Due to summer scheduling conflicts, the next CEPF Donor Council is anticipated for September 2004.

List of Follow up Actions:

1. Any discussions about the future of the partnership will include all partners.
2. The updated, revised version of CEPF's Madagascar portfolio review will be shared in draft form by May 19 and in final form during the next meeting of the CEPF Working Group.
3. The CEPF Management Team will distribute The Natural History of Madagascar edited by Steven M. Goodman and Jonathan P. Benstead to each of the Council members.
4. CEPF will continue to seek needed GEF Focal Point endorsements for the Northern Mesoamerica ecosystem profile.

5. The Council members will hold a brainstorming session on the future of CEPF prior to or following the next Donor Council meeting. The CEPF Working Group will develop an agenda for this session.
6. The CEPF Working Group will attempt to develop a common statement about biodiversity and poverty alleviation and specifically on CEPF's linkage with poverty alleviation. The Working Group will develop clear metrics for monitoring and measuring progress towards poverty alleviation.
7. Future CEPF reports will link progress and the goals described in the profiles.
8. CEPF will analyze a number of criteria, such as link to poverty alleviation, ratio of CI projects vs. external projects and others, and will determine the best way to reflect the results of this kind of analysis in future CEPF reporting tools. CEPF will also undertake a broader scale campaign to inform the various institutions about these ratios particularly vis a vis the relationship with CI.
9. CEPF will undertake an assessment of changed threats and opportunities through a revised profiling process for each region, as funding to do so becomes available. Any new profiles that will be undertaken by CEPF will analyze major infrastructure projects. New profiles will be undertaken if additional funding is secured for the partnership.
10. CEPF will continue to seek regional and associate partners to join the partnership. Any potential new partnership would be vetted with the Donor Council before final offers or decisions are made.
11. 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.