

**Trust Fund for Environmentally and Socially Sustainable Development
(TFESSD)
Minutes of the Semi-Annual Consultations, December 4-5, 2003 (AM)**

Introduction

1. A meeting was held on December 4-5, 2003 between the Bank TFESSD management and delegations from the Norwegian and Finnish Ministries of Foreign Affairs and the Norwegian and Finnish Reference Group for the Trust Fund for Environmentally and Socially Sustainable Development (TFESSD). The agenda and list of participants are attached.
2. Steen Jorgensen chaired the first part of the meeting on behalf of ESSD management. He welcomed the delegation and expressed strong appreciation for the continued support and engagement of the donors in the TFESSD partnership. Kristalina Georgieva chaired the remainder of the meeting.
3. Both Bank and donor delegations expressed strong satisfaction with the quality and direction of the partnership. The Bank reiterated the continued importance of TFESSD as a catalyst for the strategic integration of cutting-edge, cross-thematic work in Bank operations and for deepening interventions in key priority areas for poverty, environment, and social development.
4. The Reference Group noted that the seminars organized as part of the Learning Event on December 2-4 were useful, interesting, and that the quality continues to improve. Both donors and Bank staff noted that the seminars continue to be excellent platforms for discussions of technical themes of mutual interest and distinguish this trust fund and collaboration from other Bank-donor partnerships.

FY04 Progress Report

5. **Format.** The donors commended the Bank for the continuous improvement of the overall format and content of the semi-annual reports. There was considerable discussion on the different options for reporting. Some donors liked the succinct summaries of individual activities in the Poverty Window report, but others appreciated the longer summaries provided by the Environment and Social Window (that combined short summaries and a brief introductory overview). The meeting agreed that the December report would remain an update and include the longer summaries of the individual activities, and the June report would be more strategic, highlighting progress across major themes, and would not include the longer summaries.
6. *Overlap of topics across windows and strategic focus.* The Bank clarified that as we achieve greater integration through the calls, allocation of cross-cutting activities (e.g. PSIA, risk management) across windows and themes is becoming less clear-cut. The

Bank proposed to do a better job in integrating the reporting on cross-cutting themes across windows in the June reports.

7. *Suggestions for Improvement.* The Reference Group made several specific suggestions on the format of the report, to which the Bank agreed: (1) indicate the TF number first in the portfolio table, and order the individual activity summaries in Annex 2 in the same way as in the portfolio table; (2) indicate the grant amount in the succinct syntheses (as was done by Environment and Social); and (3) include in each window report a summary table such as the one included under the Social Window, if possible. The portfolio table already indicates the expected closing date ("current closing date") and the fiscal year of approval ("FY"), which corresponds to the Call for Proposals under which the activity was approved (only in FY03 were two Calls held, but with the same themes). Copies of the Calls for Proposals are available on the TFESSD web site.¹

8. *Timing of submission of the report.* Although the donors received the semi-annual report on time (2 weeks in advance), they would also like to receive the individual progress reports (Annex 2) two weeks in advance to allow them time for internal discussions. The Bank proposed to submit the individual progress reports on CD-ROM in the future and the donors agreed.

9. **Content.** The Reference Group had not had adequate time to discuss the contents of the report, and agreed to send other comments later. However, general comments follow:

10. *Resource Implications.* The observation in the report that significant growth would need additional resources was noted by the donor representatives, who indicated that funding levels were unlikely to increase, and that in fact there could be a small reduction. Suggestions for dealing with this situation were discussed, including: (i) increasing funding by including more donors—provided they were like-minded; (ii) encouraging other donors to set up TFs based on a similar model, rather than expanding the number of donors in the TFESSD; (iii) restricting the country focus to IDA-only countries (which the Bank is reluctant to do, partly because this would mean a loss in terms of learning lessons of experience across countries at different stages of development); (iii) sharpening and narrowing the thematic focus in future Calls for Proposals.

11. *Dissemination of lessons.* The Reference Group and preliminary results from the TF review suggested a need to focus more strongly on dissemination of lessons, perhaps through a TF-funded activity. Finalized reports and studies from TFESSD activities should be forwarded to the Reference Group and also posted on the website. The Bank agreed to strengthen its dissemination efforts and to improve web-based dissemination in advance of the June 2004 consultation.

12. *expertise, consultants, and partnerships.* The Donors requested more information on the use of expertise and consultants and the Bank agreed to revise the self-reporting

¹ <http://Inweb18.worldbank.org/ESSD/sdvext.nsf/08ByDocName/CallsforProposalsPastCallsforProposals>

template submitted by task team leaders (TTLs)—in Annex 2—such that TTLs would be asked to identify key institutional partners who are involved in implementation, in 4 categories: Local, UN agencies, Norwegian/Finnish, and Other Institutional Partners. It was agreed that the reporting focus would be on institutions rather than on individual consultants and that the parties would continue discussing the matter in the Helsinki meeting. Donors confirmed that the hierarchy on use of consultants remained as previously agreed, i.e.: first priority to local consultants; UN agencies; and, if international consultants are to be used, then Norwegian and Finnish consultants that were competitive would be given priority. (The meeting recognized that there may be cases when it makes sense to work through institutions from other Part-1 countries if these have long-term relationships with local institutions and can more effectively and efficiently continue to strengthen local capacity, given start-up delays associated with establishing new partnerships with donor-country institutions.)

13. *Maintaining the 50% allocation to Africa.* Concern was expressed by the donors (particularly Finland) that the allocation to Africa is still below 50%. The Bank noted that it has been making strong efforts to achieve this level of lending, but that there are capacity constraints both in the Bank Africa region and in the countries, and quality standards for work in Africa have to be kept at the same level as for the other regions. Nevertheless, it will continue to make every effort to bring the level of disbursements to activities in the Africa region up to 50%.

14. *Content of the June report:* Several suggestions were made on the strategic focus of the June 2004 report (henceforth the "Annual Report"): Dissemination efforts; process of selecting partnering institutions and consultants, especially local; poverty-environment linkages; links between approved activities and the strategic focus of the call for proposals.

15. The December report (henceforth the "Interim Report") would highlight changes since the main report. It would cover only two cross-cutting items: possible focus areas for the upcoming Call for Proposals and themes for the June report.

16. *Academic vs. Applied Work.* The donors questioned whether the TFESSD was not funding activities very close to academic studies, which could be done by academic institutions in donor countries, instead of focusing on piloting and mainstreaming innovative new approaches. The Bank agreed that academic work ought not to be a priority, but noted that there should be some flexibility since strategic and well targeted research was often the basis for cutting-edge innovations, though often there was a time lag.

Indicative financial contribution from Norway and Finland

17. The Finns assured the Bank that their FY04 contribution would be received by the end of CY03. The Norwegians mentioned that there has been a budget cut, but that it was not quite clear how this was going to affect their contribution for FY05, which they expect it to be at around the same level as this year's contribution. The Bank requested

the donors to give the Bank an idea of funding projections to better understand what the envelope for the next calls for proposals is likely to be.

Social Protection Window

18. The Reference Group summarized their understanding of the status: The donors had suggested in June 2003 that social protection (SP) themes should be brought under this TF for administrative and strategic reasons; in the short term, SP activities may need separate funding but should be fully integrated in the medium term.

19. The Finnish delegation expressed concern with the process of adding a fourth window, indicating that the Finnish MFA had not any formal discussions with either the Bank or the Norwegians beyond the June meeting, and therefore the letter from Ian Johnson asking to agree on the amendment to the legal agreement came unexpectedly. More information was sought on both the process and the potential value added of adding the fourth window under the current framework, prior to any Finnish decision.

20. Bank staff provided some background on how the idea of having a new Social Protection window came about. We had included issues related to vulnerable groups in the latest Call for Proposals but did not get many proposals; greater involvement of the SP Board seemed to be essential to ensure integration of these themes in TFESSD-funded activities. Knowing that changes in the legal agreement take time to be made on the Bank's side, Bank staff thought it would be best to move ahead quickly with the legal aspects and then discuss content issues. There are two main substantive reasons to have a separate window instead of just a special focus under the existing windows: the need for active involvement of the Social Protection Board, and the desire to build on the relationship established in the past between Norway and the SP Anchor, especially on issues of child labor. SP Anchor managers stressed that social protection is both a sector and a theme and that opening a new window under the TFESSD would give the SP Sector Board an opportunity to foster work on vulnerability in a proactive way.

21. The SP management also expressed the hope that the new window would be flexible in use of funds and instrumental in (a) elevating the emphasis on disability in Bank work, and (b) fostering integration of disability issues in environment, social, and poverty work.

22. *Next steps.* Finnish colleagues felt that the reasons given to open a fourth window seemed valid, but needed to be discussed further in the MFA before an OK is given. The draft Call for Proposals (distributed in hard copy at the meeting) needs to be revised to ensure consistency with the SP window proposal (also distributed) and that it does not cover core Bank activities as these should be funded by the Bank's budget.

Timing of June 2004 meetings and possible topics for the TFESSD Conference 2004

23. As agreed at the June 2003 meeting, the Finns will host the June 2004 meeting in Helsinki. Finland will host an event with WBI on national social protection strategies in

Africa, and hopefully the TFESSD meeting can be scheduled back-to-back, around the week of June 7, 2004. We should also take into account the ESSD European Forum scheduled for June 14-16, 2004.

Discussion of new Bank consultant policy and its implications

24. Steen Jorgensen briefed the donors on a change in Bank policy on short-term consultants and temporaries. The Bank has introduced two new categories: Short-Term Consultants/Temporaries, who can be hired for up to 150 days in a twelve-month period (down from 190 days under the old policy), and Extended-Term Consultants/Temporaries (ETC/ETT), who can be hired full-time for a minimum of one year and a maximum of two years (after which they can be hired as staff or as Short-Term Consultants). Some of the work funded by the TFESSD is done by people who work for more than 150 days a year (mainly junior staff), so for these activities to continue these people would need to be hired as ETCs. If the donors agree, we need to exchange formal letters agreeing to fund this new type of appointment, including benefits. This institutional change will take effect in FY05, so agreement is needed in the next few months. Bank staff will provide details on the new policy as well as a broad sense of how many positions of this type are currently funded.

FY05 Call for Proposals

25. Due to the possibility that funding for this next call for proposals is limited, the Bank suggested that the next call should have a much narrower focus than previous calls. We also need to decide whether to incorporate SP themes or hold a separate call for proposals for the Social Protection Window. It was agreed that the Bank will write the first draft of the FY05 Call for Proposals based on what was discussed at the meeting and circulate it to the donors and the Reference Group for comments. From the Bank side, some key topics for consideration are: (i) work to implement the new policy on adjustment lending (not just on upstream analysis) (ii) work on PSIA: more in-country work; distilling and disseminating knowledge. The donors indicated strong interest in (i) risk management, (ii) integration of environment and poverty issues; and (iii) more emphasis on agriculture and on rural disadvantaged areas.

26. In terms of rules, this TFESSD will continue not to fund staff time, and all parts of the Bank, including IFC, will be able to submit proposals (as in the past). As to timing, the call will be issued around mid-February.

TFESSD Joint Review and Independent Evaluation

27. **TFESSD Joint Review.** Lars Vidaeus outlined the process of the joint TFESSD review, which is being undertaken by a joint Bank/Norwegian/Finnish team to understand how well the trust fund's governance structure and its associated processes and procedures support the objectives of the TF. He presented the draft findings and recommendations on behalf of the Bank's review team (consisting of himself, Giovanna Prennushi, Susan Jacobs-Matzen and Keith McLean)

Key Findings:

- The TFESSD's governance structure and its associated processes and procedures serve the objectives of the TFESSD partnerships quite well but there are opportunities for increasing their effectiveness.
- The structuring of the TFESSD and the way business has been conducted between donors and the Bank has promoted a true two-way partnership, a feature that substantially increases its effectiveness.

Key Recommendations:

- We need to further build on the successful accomplishments in cross-sectoral collaboration and further help mainstream environment, social development and poverty reduction objectives in the Bank's work with its client countries.
- We need to commit human and financial resources to a program of knowledge sharing as a means to scale up the impact of the TF.
- We need to consider and manage any expansion of TFESSD both thematically and with respect to the involvement of other donors in a prudent manner to ensure that the original fund objectives can be addressed successfully with acceptable levels of transaction costs on all sides.

28. The donors commended the Bank's input and generally agreed with the recommendations, particularly the need to strengthen knowledge sharing. Other suggestions included:

- Be aware that there is also an external audience beyond the donor and the Bank and that the language of the report need to be calibrated to express accurately the level of satisfaction with the partnership.
- Expand the information on the linkages with in-country work.
- In terms of possible expansion of the partnership/fund to include other donors, the report should try to reflect on how this can be done in a manner that retains the overall objectives and approach of TFESSD.

The members of the joint team from the donors side will now add in their inputs and the resulting joint report will be discussed with the three sector boards and the Reference Group by January 15.

29. **TFESSD Independent Evaluation.** Both the donors and the Bank agreed that it would be preferable not to have the evaluation done by either MFA or the World Bank's OED, however the decision on precisely who and how it should be conducted needs to be made jointly by the Norwegian and Finnish MFAs. Meanwhile, it was agreed that a TOR should be prepared which includes a set of indicators for what and how results should be measured. It was agreed that this task would be left to the current review team plus one new member, Berit Aasen. A draft concept note on the evaluation, covering the issues to be addressed and indicators to be used, will be prepared in time for discussion at the June 2004 meeting.

TFESSD Consultations - December 4 & 5, 2003
Washington, D.C.
List of Participants

Norwegian Delegation

1. Mr. Trond Folke Lindberg, Deputy Director General, Royal Ministry of Foreign Affairs
2. Mr. Olav Seim, Senior Advisor, Section for Multilateral Bank and Finance, Institutions, Multilateral Affairs Department, Royal Ministry of Foreign Affairs
3. Mr. Gjermund Saether, Advisor, Royal Ministry of Foreign Affairs
4. Ms. Pia Gjemse Holm, Senior Executive Officer, Royal Ministry of Foreign Affairs
5. Jannecke Bain, NORAD
6. Bente Weisser, Norwegian Embassy, Washington D.C.

Reference Group

1. Mr. Desmond McNeill, Professor, University of Oslo
2. Mr. Henrik Harboe, Senior Advisor, NORAD
3. Mr. Cato Nordlien, (Secretary for the Reference Group), University of Oslo
4. Ms. Berit Aasen, Senior Researcher, NIBR
5. Mr. Knut Opsal, Senior Advisor, NORAD
6. Mr. Petter Koren, Adviser, Department for International Cooperation, Ministry of the Environment

Finnish Delegation

1. Ms. Anna-Maija Kärkkäinen, Attaché, Unit for Development Financing Institutions, Ministry of Foreign Affairs
2. Mr. Timo Voipio, Social Development Advisor, Department for International Development Cooperation, Ministry of Foreign Affairs
3. Ms. Anita Kelles-Viitanen, Senior Development Consultant
4. Ms. Ulla-Maija Finskas, Minister Counselor, Finnish Embassy, Washington
5. Mr. Kari Janhunen, Financial Counselor, Finpro Project Advisory Services, Finnish Embassy, Washington

World Bank

1. Ms. Kristalina Georgieva, Director, Environment Department (ENV)
2. Mr. Steen Jorgensen, Director, Social Development Department (SDV)
3. Mr. John Page, Director, Poverty Reduction, Poverty Reduction Group (PREMPR)
4. Ms. Giovanna Prennushi (via telephone conference), Lead Economist, PREM Poverty Reduction Group (PREMPR)
5. Mr. Lars Vidaeus, ENV
6. Ms. Mona Gleditsch, Sr. Environment Specialist, ENV
7. Ms. Kulsum Ahmed, Lead Environmental Specialist, ENV
8. Mr. James Warren Evans, Sector Manager, ENV

9. Ms. Payton Deeks, Junior Professional Associate, ENV
10. Ms. Nenuca Robles, Program Assistant, ENV Sector Board
11. Mr. Keith Mclean, Social Development Economist, SDV
12. Ms. Myrtle Diachok, Operations Analyst, SDV
13. Ms. Susan Jacobs Matzen, Social Development Specialist, SDV
14. Mr. Ignacio Fiestas, Junior Professional Associate, PRMPR
15. Mr. Robert Holzmann, Sector Director, Human Development Network, Social Protection (HDNSP)
16. Ms. Margaret Grosh, Lead Economist, Social Protection (SP)
17. Ms. Judith Heumann, Advisor, Disability and Development, SP
18. Ms. Christine Stover, Chief Administration Officer, Office of the Vice President (ESDVP)
19. Carol Bonney, Senior Resource Management Officer, ESDRM

**Trust Fund for Environmentally and Socially Sustainable Development
(TFESSD)
Learning Event, December 2-4, 2003
(December 4, 2003 PM only)
Revised Agenda**

**Tuesday, December 2, 2003
Room H1-200**

- 9:00 *Breakfast/Coffee*
- 9:30-10:00 Introduction to the Learning Program (Mona Gleditsch, Environment Department or Keith W. McLean, Social Development Department)
- 10:00-12:30 Poverty and Social Impact Analysis
- The Bank's approach: policy, guidelines, tools, capacity building (Anis Dani, SDV, and Stefano Paternostro, PRMPR)
 - Overview of country studies (Anis Dani, SDV, and Stefano Paternostro, PRMPR)
 - Examples of country studies: Malawi ADMARC (Reiner F. Forster , SDV); land reform in Zambia (Steen Lau Jorgensen and Zlatina Loudjeva); utility reform in Mongolia (Salvador Rivera)
- 12:30-2:00 *Lunch hosted by Steen Lau Jorgensen, Director, Social Development Department (MC C1 Dining Room C)*
- 2:00-2:30 SD Strategy (Steen Jorgensen, Director, Social Development Department)
- 2:30-5:00 Promoting Accountability/Governance at the Macro Level: Overview of the Bank's Governance Agenda and of Social Development Work on Social Accountability (*coffee break around 3:00 PM*)
- The Bank's Governance Agenda (Randi Ryterman, PRMPS)
 - Promoting Social and Public Accountability in Africa (Reiner Forster, SDV / Jacomina de Regt, AFTSI)
 - Support for Social Accountability in the Gambia PRS & Improving the Environment for Civic Engagement in Albania & Honduras (Jeff Thindwa, SDV)
 - Strengthening Local Governance and Accountability in ECA (Alexandre Marc/ Mark Woodward/Carine Clert, ECSSD)

Wednesday, December 3, 2003

Room H1-200

- 9:00 *Breakfast/Coffee*
- 9:30-10:00 Update on Policy Adjustment Lending (Stefan Koeberle, OPCS)
- 10:00-12:30 Environment and Poverty Reduction¹
- Poverty Environment Indicators (Kirk Hamilton, ENV)
 - How do we measure achieving the MDGs (Anil Markandya)
 - NEPAD and the environment (Aziz Bouzaher)
- 12:30 - 2:00 *Lunch (cold lunch served outside the conference room)*
- 2:00-3:00 Moving out of Poverty: Methodology and approach; results from pilot country case studies (Deepa Narayan, PRMPR)
- 3:00-5:00 Inclusion, Cohesion, and Empowerment (*coffee break around 3:30 PM*)
- Race and Social Inclusion in Population Information Gathering (Josephine Stubbs, LCSES)
 - Producer Associations (Marie-Helene Collion, MNSRE)
 - LCR Indigenous Peoples (Shelton Davis, LCSES)
 - Indigenous Municipality Strategy: An Aymara Proposal of Empowerment (S. Cesilini, LCR)

Thursday, December 4, 2003 PM

Room MC4-W-150

- 2:30-3:30 Making Services Work in Difficult Contexts
- Making Services Work in Difficult Contexts (Stephen Commins, Senior Human Development Specialist, Human Development Network)
- 3:30 *Coffee*
- 3:30-4:00 Empowerment and the role of civil society actors in program monitoring and implementation
- Measuring Empowerment (N. Heinsohn/B. Kurey, PRMPR)

¹ Note: there will be a parallel meeting on Wed Dec. 3, 9:00-11:00 for members of the Joint Bank-Donors TFESSD Review Team in Room MC4-301. Arrangements will be communicated separately to team members.

**Trust Fund for Environmentally and Socially Sustainable Development
(TFESSD)
Semi-Annual Consultations, December 4-5, 2003 (AM)
Final Agenda**

**Thursday, December 4, 2003 AM²
Room MC-4-W-150**

- 8:45 *Breakfast/Coffee*
- 9:00-9:30 Welcome, Introduction of participants, and overview of agenda (S. Jorgensen)
- 9:30 -1:00 Update on activities and discussion of pending issues (*coffee break at 10:30*)
- Presentation and discussion of the November 2003 Semi-Annual Report. Brief update on FY04 Proposals status.
 - Social Protection Window: Objectives, focus themes, early indication of proposals.
 - FY05 Call for Proposals: Principles (joint call for all four windows; main focus, main criteria and selection procedures as in the past). Indication from donors on any changes needed in key themes.
 - Discussion of new Bank consultant policy and its implications.
 - Scheduling of June 2004 meetings and possible topics for the TFESSD Conference 2004
- 1:00-2:30 Luncheon hosted by Kristalina Georgieva, Director, Environment Department
Dining Room F, MC-C1

**Friday, December 5, 2003 AM
Room MC5-W-150**

- 9:00 *Breakfast/Coffee*
- 9:30-11:30 TFESSD Joint Review: Status and discussion³
TFESSD Evaluation: Discussion of approach/plans
(*Coffee break around 11 AM*)
- 11:30-12:30 Report on achievements under the Norwegian TF for Child Labor (Gordon Betcherman, SP)

² Note: the afternoon is reserved for learning events.

³ Note: The Joint Bank-Donors TFESSD Review Team will meet on Wed Dec. 3, 9:00-11:00 in Room MC 4-301 to discuss inputs and prepare for the discussion on Thursday.