

Trust Fund for Environmentally and Socially Sustainable Development (TF-ESSD)

Minutes of the Semi-Annual Consultation Meeting
June 17, 2003

1. Introduction. A meeting was held on June 17, 2003 between the Bank delegation, the Norwegian and Finnish Reference Group for the Trust Fund for Environmentally and Socially Sustainable Development (TF-ESSD), the Norwegian Ministry of Foreign Affairs, and the Finnish Ministry of Foreign Affairs. Representatives of the IFC and World Bank private sector group working on the Norwegian PSI Trust Fund participated in the afternoon as observers. A list of participants is attached below. Meeting participants discussed the following topics: May 2003 progress report; new proposals for FY04 funding; indicative financial contributions and possible entry of other donors; the FY05 call for proposals; monitoring and external evaluation; and the timing of future meetings. These minutes records the agreements reached.

The Norwegian delegation opened the meeting and welcomed the World Bank and Finnish delegations to Oslo.

2. Progress Report of May 2003. The Bank delegation presented the progress report and the donors expressed their satisfaction with the overall quality and level of detail of the report, noting that they found the pie charts particularly useful. They liked the project descriptions in the window reports and recommended that they be kept to half a page, with a maximum of a page. However, they proposed strengthening the report in the following areas:

- The strategic direction and impact of the TF-ESSD should be communicated more clearly in the introduction of the report.
- The goal of capacity building for country institutions and individuals should be highlighted more in the report. It would be useful to discuss ongoing collaboration across units in the Bank and with other agencies (including Norwegian and Finnish agencies) included in the report.
- More information on the dissemination of findings and results of activities both within the Bank and externally would be useful.

The donors stressed the importance of maintaining the goal of 50 percent of resources going to activities in the countries of the Sub-Saharan Africa region. The Bank noted that it will continue to make every effort to meet this requirement despite capacity constraints within the region. The donors agreed that this should not lead to approval of sub-quality proposals.

The Bank requested the donors' advice on whether a cap on the extension of closing dates should be implemented to limit the effect of over-optimism by task managers. The donors suggested that the Bank continue to handle each request based on its merits. Window managers will develop consistent criteria for all windows.

It was agreed that the Bank would get back to the donors with suggestions on how to implement the earlier agreement to have a different focus for the two semi-annual reports (i.e., one which is more strategically focused and the other consisting of more detailed reporting on the progress of the activities).

3. New Proposals for FY04 Funding. The donors felt they received adequate information on the process, but noted that the four-day delay in receiving the final list of proposals made it hard to review it in advance of the meeting. The Bank agreed to submit the report in a timely manner as far as possible. The donors had comments on several of the proposals recommended for approval, which they felt did not fit donor priorities, and requested more information on the reasons for rejecting several proposals, which they felt were worthy of funding. The Bank and the donors reviewed the list of projects that the donors had questions on (see attachment), and the Bank delegation explained the reasons for either approving or rejecting the proposals. In most cases, the donors agreed with the Bank's recommendations. However, based on the donors' concerns, it was agreed that the Bank would review the following proposals and get back to the donors:

- No. 44 – Piloting Client Capacity Building for Environmental and Socially Responsible Procurement (rejected on the assumption that procurement is core Bank business, but the donors feel that this is a sustainable development issue).
- No. 45 – Leadership and Institutional Innovation in Selected States in India (to be reassessed with regional staff).
- No. 53 – Potential for Civil Society Engagement for Low Income Countries under Stress (LICUS) (to be reviewed).
- No. 79 – Environmental MDG in ECA (will be approved subject to satisfactory submission of a revised proposal with more detailed project description).

The list of projects proposed for funding was endorsed by the donors with the exception of the four proposals discussed above. The donors committed to quickly give their final decision on these four proposals once they have received the Bank's feed-back.

3.1 Global Programs. The Bank delegation suggested setting aside a separate allocation for global activities, using the overall objectives of the TF as criteria. The meeting agreed that a separate allocation will be made for global activities conforming to the overall mainstreaming objectives of the trust fund. Donors agree to treat these global activities separately for the purpose of calculating the 50 percent share for Africa.

3.2 Funding of Co-terminous Positions and Junior Professional Associates (JPAs). The Bank delegation requested the donors' comments on two issues:

- Funding the two co-terminous positions proposed in the Africa region. The donors reiterated that as hitherto such requests should be limited to exceptional cases and will be submitted separately even though they form part of the total package. The donors agreed to the specific proposal.

- Funding JPA positions (limited 2-year junior-level Bank appointments). The donors expressed skepticism, but requested more information and a concrete proposal.

3.3 Internal Reallocation of Funds. The donors confirmed that Sector Boards are authorized to handle reallocation of existing funds within their windows, and inform the donors of the results in the semi-annual report. The goal of disbursing 50 percent of the funds for Africa should be kept in mind when reallocating.

3.4 Eligible Countries and Exceptions. As was originally done in the case of South Africa, the donors agreed that activities in non-eligible countries can be funded on an exceptional basis as part of a project which has major benefits for eligible countries when the benefits are adequately explained and prioritized in the project proposal by the Region. The Bank agreed to highlight such exceptions in the semi-annual report.

4. Indicative financial contribution from Norway and Finland. The Norwegian authorities indicated their intention to maintain the same level of funding for FY04, while noting that MFA's priorities for the following year would be education and human development. The Finnish authorities indicated that their funding level for the Finnish financial year 2003 is Euro 1.3 million, and for year 2004 it is currently estimated at Euro 1.5 million, but that there may be opportunities for increases in the coming years.

4.1 Attracting additional donors. Other possible donors who have expressed interest have been approached, including Switzerland, Denmark, the Netherlands, and Sweden, but they were unable to send observers to this meeting. The meeting agreed to continue to pursue discussion but based on the premise of keeping the TF-ESSD strategically focused and non-bureaucratic.

5. FY05 Call for Proposals. It was agreed that the timing of the next call would be next spring, with a deadline for proposals to be submitted by end-April. The Finns raised the issue of broadening the social agenda to cover issues such as disability and vulnerability and social protection. However, the Norwegians are considering setting up a separate trust fund for human development and social protection. The donors will need to discuss this matter further as it will be difficult for the Bank to handle pots of money for separate themes within the same trust fund. The idea of having a separate window in the TF for social protection was discussed and the Bank, the Norwegian and Finnish teams would stay in contact about the issue.

6. Monitoring and External Evaluation. As agreed earlier, an external evaluation of the fund will be conducted. In addition, the meeting confirmed the decision of having a joint review of the governance structure and processes for the TFESSD. The review team will consist of two representatives from Norway, one from Finland, two from the Bank, and possibly a consultant hired to facilitate the process. A Draft Terms of Reference for the joint review were presented to the Bank for comments, and the Bank agreed with the Terms of Reference with the caveat that the review must not become an additional burden for task managers, window managers, and the sector boards. The

review would take place between August and December 2003. The team would review key documentation and talk to key stakeholders. It was emphasized that the review is mainly for internal learning purposes to identify key success factors and suggest directions for the future. The Bank tentatively identified Lars Vidaeus and Sue Jacobs-Matzen as its representatives. Norway and Finland will identify suitable candidates and get back to the Bank.

It was agreed that a small virtual team from the Bank, Norway, and Finland will be set up to develop the terms of reference for the external evaluation. This will be discussed further at the December 2003 meeting.

7. Future meetings. The timing of the end-2003 calendar year meeting in Washington, DC has yet to be discussed by the Norwegian and Finnish MFAs and the Reference Group but the date should be finalized no later than September 2003 to allow for adequate preparations. The Bank requested the donors to advise the Bank on the structure of the meetings and any specific topics or activities that they want to be presented. Finland offered to host the June 2004 meeting.

Rejected (or conditionally approved) proposals that Finland would have wanted to fund:

No.	Activity name	Finland's comments	Bank rating (A, B, C)	Finland's view
55	PSIA of Tea Factory Privatisation in Rwanda	A great example of a reform case where PSIA is needed.	B	Approve
28	Sustainable Livelihoods and biodiversity conservation in Vietnam	Sounds like a good project. Why rejected? IFC-activities should be equally eligible for TFESSD-funding.	C	Approve, if OK according to TFESSD rules
18	Strengthening the Human Devt Agenda in PRSPs	Sounds like an excellent activity. Why rejected?	C	Approve.
41	Online Training Course in Valuation of Natural Resources	Very important topic, and a viable proposal (& a highly competent Finnish Task Manager, Dr. Eija Pehu)	C	Approve
1	Compensation & Resettlement Policy, Vietnam	Important topic. Why rejected?	C	Approve?
30	Corporate Citizen Facility	IFC. Huge budget. Start smaller, perhaps?	C	Approve part of the funding?
19	Support devt of Social Security Law in Vietnam	Highly important activity, and well in line with what Finland considers important. Why rejected? The Vietnamese insist on using only national or resident consultants. Is that a problem. Not for us.	C	Approve.
72	Access to Information, Participation & Justice in Africa	Important WSSD follow-up activity. Why rejected?	C	Approve
44	Piloting Client Capacity Bldg for Environmentally and Socially Responsible Procurement	Highly innovative new approach. Important topic. Why rejected?	C	Approve, unless good reasons not to.
32	Kenya Honeycare	A reasonable "Fair Trade" activity. Why rejected?	C	Approve, unless good reasons not to.
33	Vietnam: from Land to Credit markets	Highly important topic. Why rejected?	C	Approve, but pull out staff travel costs
37	Promoting Pro-poor and social sust trade policies in Zambia, Moz and Malawi	New important area of work? Why rejected?	C	Approve, unless good reasons not to.
45	Leadership and Institutional Innovation in Selected States in India	Important topic. Innovative approach. Why rejected?	C	Approve, unless good reasons not to.
46	Development and delivery of Accountability and Participation training modules for CDD	Important topic, to be implemented in 14 African countries. What's the problem? Why rejected?	C	Approve, unless good reasons not to.

53	Potential for Civil Society Engagement in low-income countries under stress (LICUS)	Important topic, to be implemented in 4 African countries. What's the problem? Why rejected?	C	Approve, unless good reasons not to.
7	Capacity enhancement in PSIA	Essential topic. Africa. What's the problem? Why rejected?	C	Approve, unless good reasons not to.

Approved (or conditionally approved) proposals that Finland would be prepared to reject:

No.	Activity name	Finland's comments	Bank rating (A, B, C)	Finland's view
47	Diesel Pollution Reduction Strategies for Cities	Plenty of other potential sources of funding?	A	Reject
10	Impact Evaluation of the Village Fund in Thailand	Evaluations have to be budgeted into the core budgets	B	Reject
4	GLIA on HIV/AIDS and Refugees	What is innovative in this? There is much money in other funds for HIV/AIDS in the Great Lakes Region. This consists of only staff costs, practically.	B	Reject
57	World Resources Report: Advancing Global Action on Environment	11 th edition of an established report should be funded from regular budgets. There is nothing innovative in this.	B	Reject
68	Africa Strategic Env. & Poverty Programme	A large budget for an important but poorly planned activity. The planners seem not yet to know what they would really want to do.	B	Reduce in size drastically, and invite them to submit a better proposal next year.
79	Environmental MDG in ECA	Very preliminary project idea only at this stage.	B	Reject. Invite them to submit a more detailed proposal next year.

List of Participants

Royal Ministry of Foreign Affairs

- Mr. Olav Seim, Senior Advisor, Section for Multilateral Bank & Finance Institutions, Multilateral Affairs Department
- Mr. Tor Engen, Higher Executive Officer
- Ms. Anne-Marie Skjold (observer)

Reference Group

- Mr. Desmond McNeill, (Chair), Head of Reference Group, Research Professor, Centre for Development and the Environment (SUM), University of Oslo
- Mr. Cato Nordlien, Secretary and Coordinator, Research Assistant, SUM
- Mr. Henrik Harboe, Advisor, NORAD
- Ms. Berit Aasen, Researcher, NIBR
- Mr. Per Oyvind Bastoe, Senior Consultant, ECON
- Mr. Petter Koren, Adviser, Department for International Cooperation, Ministry of the Environment
- Mr. Knut Opsal, Head, Environment and Energy Unit, NORAD

Finland

- Mr. Timo Voipio, Adviser, Social Development/Security, Department for International Development Cooperation, Ministry of Foreign Affairs, Finland
- Ms. Anita Kelles-Viitanen, Advisory Board for the Development Cooperation
- Ms. Anna-Maija Kärkkäinen - MFA - Unit for Development Financing Issues
- Mr. Jukka Salo - University of Turku
- Mr. Olli Kangas - University of Turku

World Bank

- Ms. Kristalina Georgieva, Director, Environment Department
- Mr. Steen Jorgensen, Director, Social Development Department
- Ms. Giovanna Prennushi, Lead Economist, Poverty Reduction and Economic Management Network
- Ms. Mona Gleditsch, Sr. Environmental Specialist, Environment Department
- Ms. Myrtle Diachok, Social Development Department
- Ms. Nenuca Robles, Environment Department

Observers (World Bank)

- Mr. Fred Wright, IFC
- Ms. Mariko Higashi, IFC
- Ms. Samia Benidir, PSIVP
- Ms. Marianne Bergstrom, EWDWP