

Minutes

Semi-annual consultations for the Trust Fund for Environmentally and Socially Sustainable Development (TFESSD)

Held at the House of the Estates, Helsinki, May 21 2010 from 9 A.M. to 1 P.M.
hosted by the Ministry of Foreign Affairs of Finland

Participants

Attending from donors: Ingjerd Haugen (Norway), Olli Kantanen (chair), Tuuli Vanamo, Satu Santala.

Attending from Reference Group (RG): Dan Banik, Eva Kløve, Hans Olav Ibrek, Gunnar Bøe, Johan Tingulstad, Anita Kelles-Viitanen, Ronald Wiman, Matti Nummelin, Timo Voipio, Terje Kronen, Markku Nurmi.

Attending from the World Bank: Cyprian Fisiy (Social Development), Warren Evans and Nenuca Munoz Robles (Environment), Rasmus Heltberg (Bank TFESSD Secretariat), Aleksandra Posarac (Social Protection).

Annual Report 2009

After a welcome from the chair, the meeting discussed the annual trust fund report covering the calendar year 2009. There was broad satisfaction with the report, which was useful, thorough, and well-written. Key strengths of the report included the results focus, the discussion of challenges, and the summaries of individual activities. The report identifies many areas of cross-sectoral work, particularly on climate change which is being addressed by all sectors, demonstrating an achievement of the trust fund. Areas of improvement of the annual report included information on the relationship between the TFESSD and other trust funds and reflections on the aggregate results and value-added to the Bank of the TFESSD. As a specific example, some members of the Reference Group (RG) were curious to learn more about how the work on social policy—which has produced several high-quality books—has influenced the Bank's work in other sectors. The RG also would like to know the impact on individual activities of the budget reductions that are often being imposed prior to activities' approval. Furthermore, the format of the report could be improved by adding a one-page executive summary, through a more consistent structure of the window reports, more consistent treatment of

capacity building efforts, and inclusion of photos to make the activities come more alive.

The report provided the basis for a wide-ranging discussion of topics of relevance to the Fund. For example, the meeting noted the Bank's work on inequality and the name change of the PREM Poverty Group to *Poverty and Equity Group*. RG members also enquired about how the Bank works with representatives of excluded groups and minorities; the status of Rights-based approaches in the Bank's work; how the Bank works with alternative property systems such as those of indigenous peoples; how the Bank perceives infringements by private sector actors on poor people's use rights to land, forest, and fisheries. A common thread running through the discussion was the RG's wish to see a deepening of the Fund's engagement on root causes of vulnerability, particular those related to exclusion and inequality.

The discussion also touched on important areas of trust fund performance. The balance between environment and other topics was discussed. Some meeting participants felt that recent Calls (especially FY11) have resulted in insufficient resources to environmental topics, particular environmental topics other than climate change. Other participants emphasized that although themes and resource allocations fluctuate from year to year, environment remains a core component of the Fund. Furthermore, it was observed that the activities supported under the Fund have a wide spread. A recommendation was made to aim for a narrower focus through well-focused single-theme Calls.

A strong assessment of trust fund proposals is essential for ensuring quality results. Two challenges face the selection process. First, it can be difficult to strike the right balance between stand-alone proposals and large programmatic proposals that package a bundle of activities into one proposal. While stand-alone proposals generally describe the proposed activities in adequate depth, the programmatic ones are sometimes skimpy in their descriptions. A possible solution would be to require longer write-ups for programmatic proposals to ensure comparable treatment. Second, the balance between innovation and mainstreaming is continuously evolving. The selection in recent years has emphasized innovative ideas, methods, and approaches. However, regional Environment & Social units in the Bank primarily demand funds for mainstreaming relatively accepted concepts into their policy dialogue with governments, for example by tailoring global knowledge to country circumstances. Operational units have adequate resources for lending but lack resources for upstream analytical work that can shape sector strategies and help implement them. Operational units argue that mainstreaming into strategies and operational work has higher impact than pure innovation and that setting the innovation bar too high might curtail their access to TFESSD resources. They have found it useful to let their regional strategies drive their use of trust fund resources via programmatic proposals and plan to continue this

approach. The picture is slightly different for SP and PREM, where the Fund has mainly been used to explore new frontiers. Going forward, the balance between stand-alone and programmatic proposals will need to be assessed.

The Finnish donors concluded this part of the meeting by emphasizing that TFESSD's main objective is to add value and create results, not merely to pursue innovative ideas. TFESSD needs to remain well-aligned with WBG corporate and sector priorities and avoid any perception of causing strategic drift. At the same time, the Fund should continue to reflect core donor country political priorities such as, for example, climate change. Furthermore, the Fund should strive for simplification of administrative procedures wherever possible as donor administrative resources are spread thin and this is a Fund with a relatively complex and layered setup.

Potential themes for the FY12 Call

After internal consultations within the Bank, two potential themes for the FY12 Call were put forward:

1. *Sustainable Development in situations of conflict, violence, and inequality.* This potential theme would be timely given the WDR2011 on Conflict, Security and Development. It would cover topics on how to promote sustainable development in fragile/insecure countries and subnational areas. It would cover situations of fragility, violence, and inequality. It would include environmental and natural resource management as well as issues of social development, poverty reduction and inequality, and social protection in such situations.
2. *Getting results.* This potential theme would be timely given the IDA16 negotiations' focus on results and aid effectiveness as the overarching theme for IDA16, with fragile states, gender, crisis response and climate change as special themes. The theme might cover new tools for understanding impacts of development interventions, including their gender and distributional impacts. It would also cover statistical capacity building and innovations in data collection and results monitoring.

While these ideas hold some promise, the meeting felt they were rather broad and in need of further specification. The main concern was that themes should not be so broad that 'anything goes'. It was questioned whether a theme on *Getting Results* would be suitable for influencing how the Bank does business. Furthermore, this potential theme should not focus too heavily on collection of quantitative data and formal impact evaluations. Some meeting participants also raised concerns over the Bank's comparative advantage in violence and in the conceptualization of fragility.

Some participants expressed interest in seeing gender, (in)equality, climate change, and vulnerability covered. The donors emphasized that they support the WDRs through separate budget lines and prefer to avoid using TFESSD for WDR background studies (operationalization of WDR messages, however, is fine). The donors also want to avoid overlaps between TFESSD and areas of work supported by other trust funds such as those on Gender, Fragile States, and SP.

Next steps: the Bank will share a revised write-up that reflects the discussion and to which the donors can respond with their 'signal' which starts the preparatory process.

Governance and approval process

The meeting discussed the role of the technical panel, the sector boards, and the reference group in approval of new activities. The basic rule, enshrined in the Legal Agreement, is that donors approve all new proposals for funding and that the RG advises them. The role of the RG is primarily to advise at the aggregate level—including on themes and selection criteria—and not to assess individual proposals. This being said, the RG often sends useful signals at the concept note stage which help shape the formulation and selection of full proposals.

Further clarity is needed on the role of the technical panel vis-à-vis the sector boards. Sector boards' role is to ensure the quality and strategic alignment of the proposals as well as any re-allocation of approved funding. They also nominate the technical panel members. The technical panel has done a good job at selecting on technical merit. The question is how to balance respect for the integrity of the panel selection process with the need for continued engagement of the sector boards. More work is needed to reach consensus on this.

Updates from Bank TFESSD secretariat

The Bank TFESSD Secretariat informed that two dissemination seminars have been held in Oslo and that more will be planned. Seminars can involve in-person presentations and video-conferencing. A simple e-bulletin aimed to disseminate trust fund results and sectoral updates is also being planned.

Fall meetings and any other business

The timing of the Fall meetings should be coordinated with the NTF-PSI (as some RG members overlap). Possible topics for the seminars include the WDRs; presentations on the theme of the Call; and dissemination of trust funded work.

The budget line under which Norway supports TFESSD is expected to be reduced in Calendar 2011 so a decline in Norway's funding for TFESSD is expected; the magnitude of the decline is still unknown. This expected decline does not reflect a negative perception of the Fund but is a result of larger political forces.