

**Trust Fund for Environmentally and Socially
Sustainable Development (TFESSD)**

**Minutes of the Semi-Annual Consultations
November 29, 2006
Washington, D.C.**

Introduction

A meeting was held on November 29, 2006 between the delegations from the Ministries of Foreign Affairs of Norway and Finland, the Norwegian and Finnish Reference group for the Trust Fund for Environmentally and Socially Sustainable Development (TFESSD) and the World Bank TFESSD management. The agenda and list of participants are attached.

Mr. Steen Jorgensen chaired the meeting on behalf of the World Bank. He welcomed the Norwegian and Finnish TFESSD delegations and expressed appreciation for the continued support and engagement of the donors and the reference group in the TFESSD partnership.

Status of the TFESSD

Window Reports

The four window managers gave an update of performance under each window. Among other things they reported on the strategic review of ongoing activities undertaken by each of the sector boards. Guidelines for strategic review are attached.

The TTLs were not asked to submit progress reports this fall. They will start to report annually using the GRM reporting system (see below). The progress reports will be the basis for the annual reporting to the donors in spring.

Poverty Window Update

Overall the disbursement levels are about on par with previous reporting periods. The disbursement rate is 80% for the poverty window. 60% of funds have gone to Africa.

The Poverty sector board TF committee reviewed the current poverty portfolio of 25 projects. They found 6 projects with slow disbursing or with low level of commitments over the last six month. The window manager consulted with the TTLs of the six projects and agreed with the TF committee on follow up actions and adjustments on the project amounts. Eventually \$145.000 was taken from two projects, East Africa Poverty and Data Analysis Initiative (TF052913) and Impact Evaluation of Tanzania Social Action Fund (TF053879). In addition the poverty window had received \$90.000 for reallocation from the FY07 Call. The

committee decided to immediately reallocate \$80.000 to projects in need for additional funding: Addressing Extreme Poverty in Low Income Countries; Risks and Shocks (TF057289) and Moving out of Poverty (TF053886) which was cut by half in the FY07 allocation. Another \$120.000 has been tentatively reallocated for spring 2007, conditional on the progress of individual activities.

Social Development Window Update

Progress on social window activities is generally going well, with 57 ongoing projects, including 16 funded in FY07, which are just beginning implementation.

The SD Board recently conducted a strategic review of all ongoing activities (except for FY07 activities). They requested updated implementation plans for 5 activities which they will review further at a half-day retreat on December 14. They agreed to close one activity at the end of December, and will review 5 other activities again in March 2007 to see if the implementation pace has improved. They also agreed that reallocation of funds (including leftover funding from the FY07 call) will take place in March 2007, after progress reports have been received.

The Donors approved a request by the Social Window for a grant agreement of \$25,000 which was signed between the Bank and OECD under the activity on Strengthening Government Capacity for Local Governance in ECA. This agreement was needed in order to contract OECD to undertake a stocktaking of social accountability in the region, since they were unable to enter into the Bank's normal contracting process.

Environment Window Update

Overall progress of activities under the Environment window has been highly satisfactory. Since inception, TFESSD has funded 114 environment activities of which 68 are completed and 46 are still ongoing including the 14 newly approved activities in FY07. As of October 31, 2006, total disbursements and commitments stands at \$30 million, this represents 96% disbursement ratio. A portfolio review of all ongoing activities, except the FY07 activities, was conducted by the Sector Board. As a result 12 activities have been put on the "watch list." No action was taken at this time, however, the respective Sector Board members were asked to follow-up on the progress of the activities identified. The Sector Board agreed to revisit this in March 2007 also at which time the additional allocation of \$340k for FY07 activities will also be assessed. The Window Manager also confirmed that the newly integrated Sustainable Development Network's (SDN) priorities are fully aligned with the Environment strategy and TFESSD's priorities.

Social Protection Window Update

Ms. Valerie Kozel gave a brief presentation of the performance under the Social Protection window. She raised the question about how savings and the remaining FY07 funds could be use. She asked whether remaining FY07 funds

have to be used for FY07 projects and whether savings in general could only be reallocated to existing TFESSD projects and not new projects. Mr. Steen Jorgensen said that the common practice has been to allocate to existing projects and that dissemination of results have been pointed out as priority. The Bank will look into the issue, and might come back to the donors with suggestions before the May meeting.

TFESSD Database

A database on TFESSD funded activities is now available on the TFESSD website. The meeting applauded the secretariat for having developed a database which is accessible and valuable for internal as well as external users. Based on comments at the Helsinki meeting, new functions have been added. It is now possible to do a search on the name of the TTLs. A sector and theme map is included on the search page to provide overview of the structure of the data base. However, it was not possible to include the email address of the TTLs as this was against Bank policy. The meeting was informed that this was a simple database which provides quick access to information does not require latest versions of hardware and software and is easy to maintain. On the other hand, the database has limitations. For example, it is not possible to search on specific words in the documents that are posted on the page. The secretariat will include FY07 activities in the database.

GRM

Mr. Kjell Nordlander, Sr. Resource Management Office of the Trust Fund Operations, gave a demonstration of the new web-based grant reporting system (GRM). The system includes a set of mandatory questions, but it also allows for six questions to be formulated by each TF. The TTLs and the window managers will be offered GRM training in January. The deadline for the TTLs' progress reports will be February 15. The donors will get access to all GRM progress reports under TFESSD.

FY08 Concept Notes

The meeting was informed that 100 concept notes were received. Half of the concept notes indicated relevance to more than one of the priority themes in the call. For administrative purposes, the TFESSD Secretariat will require that the TTLs specify a primary theme. Each of the four sector boards will be responsible for the follow up of concept notes under the themes that they have suggested.

Based on the new procedure decided in Helsinki, Mr. Olav Seim reconfirmed the following allocation to the six priority themes of the FY08 Call for Proposals on behalf of the donors:

1. The role of institutions in protecting the productivity and resilience of ecosystems to enhance equity and sustainability, 25%

2. Analyzing and mitigating environmental health risks to promote quality of life, productivity and equity, 25%
3. Promoting decent work, social inclusion in the context of globalization, 12.5%
4. Promoting equity, addressing the needs of the poorest and most vulnerable, 12.5%
5. Demand for effective local governance, focusing specifically on support to local governance institutions, 12.5%
6. Tenure security, livelihoods and access to municipal services for poor, urban slum dwellers, 12.5%

He expressed disappointment that the Bank had not followed up the donors' request to merge themes 5 and 6, and he regretted that the allocation to themes had not been done in the first feedback from donors to the Bank. It was agreed that it was important to ensure that specified procedures were followed; and that the procedures for the FY08 proposal would be reconsidered at the TFESSD meeting in May 2007.

As stated in the new procedures, the sector boards will review the concept notes related to their respective theme(s). They will thereafter be peer reviewed by one of the other sector directors. A list with recommended concept notes representing 1.5 times the available amount for each theme will be sent to the donors for approval. The donors will, through the reference group, make sure that the recommended proposals do not violate agreed selection criteria.

TFESSD Evaluation

Mr. Olav Seim informed the meeting that the Terms of Reference will be sent out shortly for comments. He emphasized that the Evaluation Unit will consider but not necessarily accept suggested changes. The evaluation will be a topic at the May meeting.

Schedule for Receipt of Funds

Mr. Olav Seim advised the meeting that the balance of 40 million NOK will be paid in January 2007 subject to Parliamentary approval. The Finnish contribution of 1,5 million euros was confirmed.

May 2007 Meeting

It was confirmed that the Annual Consultation Meeting will be held in Oslo, Norway, May 7-9, 2007. A conference is planned for May 9 together with the Norwegian NTF-PSI.

Any Other Business

1. TFESSD Technical Adviser

Mr. Steen Jorgensen informed the meeting that Ms. Ann Hjetland will be returning to Norway on August 1, 2007. He asked that there be some overlap between the incoming and outgoing Adviser. A draft TOR will be submitted to the donors for comments.

2. Co-terminous Position in SDV

Mr. Steen Jorgensen informed the meeting that Ms. Haddy Sey has left the position of Social Window Manager and that he would be looking for a replacement. Terms or reference would be sent to the donors for approval.