

Trust Fund for Environmentally and Socially Sustainable Development (TFESSD)

Minutes of the Annual Consultations Helsinki, Finland, June 7, 2006

Introduction

A meeting was held on June 7, 2006 between the delegations from the Finnish and Norwegian Ministries of Foreign Affairs and the Norwegian and Finnish Reference Group for the Trust Fund for Environmentally and Socially Sustainable Development (TFESSD) and the World Bank TFESSD management, following on learning event and updates on the TFESSD work; the Role of the World Bank in Sustainable Development and Disability Conference and the TFESSD internal workshop. The agenda and list of participants, as well as a revised note on new trust fund procedures that was agreed upon by the donors and the Bank at the workshop, are attached.

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

Status of the TFESSD

Annual Report

On behalf of the reference group Mr. McNeill said that overall, the structure and content of the report are very good, giving a great deal of relevant information in an accessible form.

Window Reports

Mr. McNeill noted that the quality of reporting varies a bit between windows. For future reports the Poverty and Social Protection Windows should include the very useful introductory overview given by Social Development and Environment Windows. As requested, the report deals especially with issues of impact, capacity building, knowledge sharing and partnerships, which have not always been well reported earlier. Concerning impact, the information provided is still sometimes vague or limited. This may reflect on the amount of activity or on the difficulty of obtaining good data. It was also noted that the Fund should have an impact in two dimensions, which we should continue to discuss and evaluate: internal, that is how the Bank and Fund work; and external: the effects the range of projects produce on the ground level. The Semi-Annual report is intended for an internal audience, and - related to capacity building and other important issues - it would be useful if *challenges and difficulties* were also reflected. The annex on knowledge sharing provides a great deal of interesting information, showing the extent and variation between projects. As before, the financial management of the fund appears to be very competent, with little underutilization of funds, and effective monitoring of progress. The number and extent of extensions also appears satisfactory. Mr. McNeill questioned the extension by two years of a project under the Disability Window. Mr. Holzmann answered that this was done for administrative reasons. It would be easier for the TTL to extend the existing TF and add to it the new earmarked \$200,000 activity on disability for FY07 than closing the old disability activity and opening a new one. With reference to page 19, where it says that

“partnerships with local institutions account for about 72% of the total funds allocated to partnerships”, Mr. McNeill asked how much was allocated to partnerships in total. Ms. Tlaiye would come back later with an answer to this.

Administration and Governance

The report provides a useful summary of the procedures followed over the last six months.

Continued funding of selected multi-year activities

The donors approved continued funding of four FY06 TFESSD activities which were recommended by the Bank.

Grants

The donors agreed that this method would only be approved on an exceptional basis and would require donor approval in each case.

Co-terminous position in MENA

This three year position was approved earlier by the donors. For two years the position has been funded through reallocation of a closed project in MENA. The Bank was seeking approval for TFESSD funding of a third year. The donors approved this, but informed the meeting that they were reluctant to continue funding this type of position through the trust fund.

Financial Situation

The information was comprehensive and useful and indicates continued good progress. It is useful to have Table 2 which compares this fund with the aggregate of all Bank executed funds, showing that this one accounts for as much as 5.8% of the total.

TFESSD Website

The Bank should continue improving the web page, and especially look into how the page could reach out more to an external audience. It was agreed that the approved FY07 TFESSD proposals should be posted on the website.

TFESSD Web Database

The TFESSD Secretariat gave a demonstration of a proposed web database with TFESSD activities. This database would allow the user to search for the activities through the project name, trust fund number, region, country, window, project status and themes. Each activity would contain a summary of the project and would include the progress/completion report. The demonstration was very well received. It was suggested that the name of the TTL and email contact should also be included in the database as well as the proposals. The TFESSD Secretariat asked the donors and the reference group to provide comments on improving the database before it is finalized. It was hoped that this database would be available by the time the evaluation is undertaken.

Web-based Reporting System

Ms. Bonney gave a power point presentation on the new web-based Grant Reporting and Monitoring (GRM) system (attached). The reporting will replace the current progress and completion reports. The reporting is already used by a number of trust funds and will be required for Bank-executed trust funds (like TFESSD) by FY08. The system would be available to both clients and donors. It was agreed that a customized

sample of the report/format for TFESSD would be sent to the reference group for comments. In connection with the introduction of the new reporting the TFESSD Secretariat will consider progress reports from the TTLs once a year instead of twice a year. As a consequence the Bank would suggest to report once a year and not twice a year on the trust fund. The TFESSD Secretariat will come back to the donors and Reference Group to discuss these issues further.

Approval of five earmarked proposals

The Reference Group noted that only three of the five TTLs had provided responses to the comments, but four out of five had revised the proposals. The impression of the Reference Group was that the three TTLs had responded well to their comments, although resulting changes in the text were very few. The feedback from the two Norwegian and Finnish embassies (Zambia and Senegal) appeared to have been particularly useful. The donors approved the five earmarked proposals: Disability, Environmental Services, Rural Institutions, Senegal Country Proposal and the Zambia Country Proposal.

It was agreed that \$200 000 was earmarked for the disability proposal in FY07.

Approval of list of recommended FY07 TFESSD proposals

The donors approved the list of recommended FY07 TFESSD proposals. The TFESSD Secretariat agreed to send the technical reviewers' comments on the rejected proposals to the Reference Group. Next time the Reference Group would like the cover note to include an overall assessment of the recommended proposals compared to the recommended concept notes. Further the proposals should be listed in the same order as the concept notes. The donors also approved that \$1 million of the FY07 funding will be transferred to the four sector boards to be distributed to the FY07 proposals at their discretion but in line with the procedures described in the semi-annual report and without further donor approval.

Potential FY08 Themes

The Norwegian Government declaration highlights four pillars of development cooperation: Environment, gender, peace and reconciliation, and oil and energy. Following from these pillars, natural resources and conflict would be an interesting topic. Mr. Seim alluded to the new Norwegian Action Plan for Environmental Assistance. Some of the possible themes suggested were: conservation and biodiversity; water resources management; energy, climate change and adaptation; air pollution. Furthermore, links to past or upcoming WDRs; operationalization of the WDR on equity and topics related to the upcoming WDR on agriculture and development; the link environment-poverty-equity; disability across the four sectors; employment and social dimension of globalization: social protection, social inclusion and rights-based approaches were priority areas in relation to the TFESSD. It was agreed that a copy of the Norwegian Action Plan for Environmental Assistance would be sent to the TFESSD Secretariat for information. The donors would together discuss potential FY08 themes and inform the Bank before the end of June.

TOR for Evaluation

The evaluation has been delayed. It was expected that the TOR for the evaluation will be ready by the end of September. The TOR will be circulated to the Bank and the Reference Group for comments. Mr. Warren said that impact should be a central point of

focus. It was agreed that the evaluation team will if possible attend the November semi-annual meetings, but it was noted that the evaluation itself will not start before 2007. It is expected that there will be an inception report in spring and a first draft in June. It was noted that the Finnish evaluation department will be involved; the Bank's evaluation unit will not be involved, but will be informed.

Schedule for Receipt of Funds

Mr. Seim informed the meeting that Norway intended to keep the same level of contribution. Ms. Karlsson also confirmed that Finland would contribute the same level as in previous years and indicated that the installment could be made before the end of July. The Norwegian replenishment of the trust fund would be made as soon as the minutes of this meeting had been agreed upon.

Timing of November 2006 Meeting

It was agreed that the semi-annual meeting will be held in November. The focus should be on presentations of trust fund activities and policy discussions with TTLs and senior Bank staff. The Bank will suggest some alternative dates with the intention of linking the meeting with ESSD Week (November 6-10).

TFESSD Semi-annual meeting, Helsinki June 6-7, 2006

New Procedures for TFESSD Open Call for Proposals

During the last year there have been discussions both on the donor side and the Bank side on how to make the TFESSD more focused and result-oriented while at the same time reducing transaction costs related to the administration of the trust fund. These issues also raise questions about what role the donors, reference group and the Bank should play and what incentives they have to secure good governance and greater impact from funded activities.

The Norwegian and Finnish donors have agreed with the World Bank that new procedures for an open call for proposals will be implemented for FY08. An open call, along the lines described below, is transparent and gives all Bank staff the opportunity to compete for funding of innovative ideas and is preferable to earmarked funding. If desired, a focus on specific countries or regions could be done explicitly in the call; and use of local consultants and/or cooperation with local institutions will be one of the selection criteria.

The timeline of the new procedures is set to better integrate the call for proposals with work program planning in the Bank. The objective is to increase the relevance of TF activities to other work in the Bank and at the same time secure that the TTLs include sufficient time in their work program for supervision of the activity.

New procedures for open call:

- **June:** The donors give a first signal on strategic direction and priorities for the following year.
- **September:** The SDV, ENV, POV and SP sector boards suggest maximum two priority themes each for an open call for proposals. The themes have to be cross-sectoral (minimum two sectors). The list with suggested themes is sent to the donors.
- **October:** The donors select maximum 5 themes from the list and allocate amounts (per cent of funding in FY08) for each of the selected themes. Open call for concept notes is announced.
- **November.** The sector boards review, rate and rank the concept notes related to their respective theme(s). The sector directors serve as peer reviewers on the proposals put forward by other sector boards. A list with recommended concept notes for all the themes including endorsements from the “peer reviewing” director, representing 1.5 times the available amount is sent to the donors for approval. The donors make sure that the recommended proposals do not violate agreed selection criteria. The reference group gives advice to the donors.
- **January.** Call for full proposals is announced.
- **February.** Submission of full proposals. Each of the four windows is responsible for selecting and financing an independent technical reviewer for the review team. The team will review, rate and rank all the proposals.

Neither the sector boards nor the donors will be involved in the review. The list of recommended proposals will be sent to the donors for formal approval.

- **March:** Announcement of approved proposals.
- The sector board/window will manage the activities of their respective priority theme.

The new procedures clarify, to a larger extent than earlier, the roles of the trust fund parties. The donors will set the strategic direction for the trust fund by giving early signals on overall priorities at the June meeting. Further, they will be responsible for the actual selection of the priority themes of the open call. They will allocate money to each of the themes up front. This will give clear signals of donor priorities and will also increase predictability in TFESSD funding. The sector boards' role will be to suggest priority themes to the donors. They will be responsible for following up on their respective theme(s) if selected by the donors. More precisely they will secure the strategic fit of potentially funded activities (at the concept note stage) and later on manage activities that are approved. This will increase ownership and at the same time reduce transaction costs for the sector board and the window administration. In order to secure cross-sectoral activities, each concept note will be peer reviewed by a sector director from one of the other sectors. Other measures to secure cross-sectoral work will also be considered.

**TRUST FUND FOR ENVIRONMENTALLY AND
SOCIALY SUSTAINABLE DEVELOPMENT (TFESSD)**

ANNUAL CONSULTATION MEETING

JUNE 7, 2006

**Ministry of Foreign Affairs
Helsinki, Finland**

AGENDA

- 10:45-12:30 Status of the TFESSD
Annual report
Web page, data base (Ann Hjetland)
Presentation of new web based reporting system (Carol Bonney)
Approval of five earmarked proposals
Approval of list of proposals recommended for approval (Open Call)
- 12:30-14:00 Lunch
- 14:00-14:30 Signals from donors on potential FY08 themes
- 14:30-15:00 TFESSD evaluation (Evaluation Unit)
- 15:00-15:30 Concluding remarks
Schedule for receipt of funds
Timing of November 2006 meeting and possible themes

**TRUST FUND FOR ENVIRONMENTALLY AND
SOCIOALLY SUSTAINABLE DEVELOPMENT (TFESSD)
ANNUAL CONSULTATIONS, JUNE 7, 2006, HELSINKI, FINLAND**

Finland, Ministry of Foreign Affairs

Mr. Pekka Hukka, Director, Unit for Development Financing Institutions, Ministry for Foreign Affairs

Ms. Lotta Karlsson, Administrator, Unit for Development Financing Institutions, Ministry for Foreign Affairs

Ms. Elina Levaniemi, Programme Officer, Unit for Development Financing Institutions, Ministry for Foreign Affairs

Norway, Royal Ministry of Foreign Affairs/The Norwegian Agency for Development Cooperation (NORAD)

Mr. Olav Seim, Adviser, Multilateral Bank and Finance Section, Ministry of Foreign Affairs

Ms. Marianne Haaland, Adviser, Multilateral Bank and Finance Section, Ministry of Foreign Affairs

Ms. Beate Bull, Evaluation Adviser, Norwegian Agency for Development Cooperation (NORAD)

Reference Group

Mr. Desmond McNeill, Head of Reference Group, Professor, Centre for Development and the Environment (SUM), University of Oslo

Ms. Berit Aasen, Researcher, Norwegian Institute for Urban and Regional Research (NIBR)

Mr. Timo Voipio, Adviser (Social Development) Ministry for Foreign Affairs

Mr. Matti Nummelin, Adviser (Environment) Ministry for Foreign Affairs

Ms. Eva Klove, Adviser, Norwegian Agency for Development Cooperation (NORAD)

Ms. Hildegunn Tobiassen, Adviser, Norwegian Agency for Development Cooperation (NORAD),

Ms. Marjatta Selanniemi, Adviser (Agriculture), Ministry of Foreign Affairs

Ms. Tanja Winther, Researcher/RG Secretariat

World Bank

Mr. Steen Jorgensen, Acting Vice President, Environmentally and Socially Sustainable Development

Mr. James Warren Evans, Director, Environment Department

Mr. Robert Holzmann, Director, Social Protection Department

Mr. Ian Bannon, Acting Director, Social Development Department

Ms. Vera Wilhelm, Window Manager, Poverty Reduction and Economics Management Network

Ms. Laura Tlaiye, Window Manager, Environment Department

Ms. Haddy Sey, Window Manager, Social Development Department

Ms. Carol Bonney, Sr. Resource Management, ESDRM

Ms. Anuradha Mahajan, Resource Management Analyst, ESDRM

Ms. Ann Hjetland, Technical Advisor, TFESSD

Ms. Joyce Chinsen, TFESSD Secretariat



TFESSD

Trust Fund for
Environmentally and Socially
Sustainable Development



Grant Reporting & Monitoring

**TFESSD Donor Consultation
Helsinki, Finland
June 6-7, 2006**

Background

- Trust fund reform began in 2002, aimed at strengthening control framework for trust funds
- E Trust Funds project - aimed at standardizing, simplifying and automating key trust fund administrative processes
- One of the tools developed to support grant administration is the grant reporting and monitoring facility (GRM)

Grant Reporting & Monitoring (GRM) Features

- Easy access – web-based
- Flexible Structure - Questions can be varied for each period
- Integrated with Bank systems – information automatically retrieved (previous GRMs, financial info, objectives)
- Compliance report monitoring
- Automatic email alerts to TTLs

GRM Benefits

- Central repository of information by period
- Compliance monitoring of status
- Integrated with Bank systems for retrieval of information (objectives, financial status)
- Workflow requires line manager approval
- Special summary list by TTL
- Ability to attach documents

Trust Funded Programs using GRM

- Afghanistan Reconstruction Trust Fund
- Asian Financial Crisis Trust Fund (ASEM)
- Bank-Netherlands Partnership Program (BNPP)
- Global Environmental Fund (GEF)-IBRD as implementing agency
- Institutional Development Fund (IDF)
- Japan Policy and Human Resources Development Fund (PHRD)
- Japan Social Development Fund (JSDF)
- Knowledge for Change Program (KCP)
- Poverty Reduction Strategy Trust Fund (PRSTF)
- Statistical Capacity Building Program (TFSCB)

GRM Example

GRM Process

