

## MINUTES OF THE FOURTEENTH MEETING OF THE BOARD OF TRUSTEES OF CIFOR

**Bogor , Indonesia  
March 11 to 16, 2001**

### Members Present:

Dr. Jag Maini (Chair)	Dr. Francisco Reifschneider
Professor Jeffrey Sayer	Professor Dianne Rocheleau
Dr. Pekka Patosaari	Professor Bo Larsen
Dr. Don Lee	Dr. Christina Amoako-Nuama
Ms. Angela Cropper	Dr. Gill Shepherd
Dr. Mark Adams (ICRAF BOT)	
Dr. Untung Iskandar (Host country representative)	

### Regrets:

Dr. Yoriko Meguro  
Ms. Lael Bethlehem

### Elected March 15, 2001:

Dr. Christine Padoch, BOT nominee  
Dr. Walter Falcon, BOT nominee  
Dr. Yumiko Tanaka, BOT nominee

### Observers:

Dr. Hans de Iongh, Tropenbos  
Dr. Katherine Monk, Iwokrama DG Designate  
Dr. Jacques Valeix, Cirad Forêt  
Professor Bo Bengtsson, DG Search Resource Person  
Dr. Shigeo Kobayashi, Affiliate Scientist  
Mr. Juan Planas, EC Jakarta  
Mr. Jens Odgaard, EC Jakarta  
Mr. Klaus Michael Rottman, German Embassy, Jakarta

***These minutes should be read in conjunction with the documentation provided to Trustees before and during the BOT meeting. The BOT met on March 11, 15 and 16 to address this agenda.***

### **1) DG Search (Closed sessions throughout the week)**

### **2) Introduction (Open)**

The Chair welcomed the BOT members, observers, donors and staff, especially those from the regional offices, to this very important Board meeting.

He then reviewed the DG recruitment process to date. Over 80 applications and nominations had been received reflecting a diverse pool of applicants. The Board had reduced this to a shorter list for active consideration when it met in Bali in September. The Search Committee had determined the final short list of four eminently qualified individuals.

The selection process for each candidate will include meetings with staff groups followed by a seminar and the formal interview with the Board. The Board is aiming to make a decision by Friday and will announce the result as soon thereafter as possible.

Three staff volunteers will facilitate the staff group meetings. The Chair thanked Brian Belcher, Cynthia McDougall and Michael Hailu for taking on this important task. The facilitators will make a presentation to the Board each day about their group's perceptions and provide a group input form to Professor Bengtsson. Any staff member may also complete an individual feedback form if they wish.

**The BOT wished to formally record its thanks to Professor Bengtsson for his support during the DG search process.**

### **3) Adoption of agenda**

**The agenda was approved as follows.** Those sessions that were closed are indicated with an asterisk.

- 1) DG Search \*\*
- 2) Introduction
- 3) Adoption of agenda
- 4) Confirmation of minutes of the previous meeting
- 5) Matters arising from the previous meeting
- 6) Report by the Director General
- 7) Financial Overview
- 8) CGIAR change
- 9) Affiliate scientists
- 10) Report by the Chair of ICRAF
- 11) Report by the Chair of the Executive Committee
- 12) Report by the Chair of the Programme Committee
- 13) Report by the Chair of the Finance and Audit Committee
- 14) Annual report
- 15) Country updates

- 16) CIFOR's support to UNFF
- 17) Reactions by donors and observers
- 18) Other business
- 19) Time and venue of next meeting

*Closed session*

- 20) Report by the Chair of the Nominations Committee \*\*
- 21) Performance appraisal of the Board Chair \*\*
- 22) Elections for committees and positions (2001/2002) \*\*
- 23) Other business \*\*

*BOT members only*

- 24) Performance appraisal of the DG \*\*
- 25) Other business \*\*

**4) Confirmation of minutes of the previous meeting**

The minutes of the thirteenth meeting were approved with some editorial changes noted by the Secretary.

**5) Matters arising from the previous meeting**

a) EU funding status – The BOT was informed that the 2000 contribution had been received and had been allocated to FPP work in Latin America by the donor. The 2000 amount was larger than the past contributions in order to partially compensate for the lost revenue in 1999.

The 2001 EU contribution will return to near traditional levels (about Euro 780,000) and will be earmarked for Biodiversity work in Asia and Latin America.

b) CIFOR/ICRAF Boards – The Chair reported that he maintains a dialogue with the ICRAF Chair.

c) Genetically modified organisms – The DG reported that preparation of a position statement had been delayed pending the evolution of the CGIAR position. In any case, CIFOR is not a target of public interest groups at the moment.

d) Regional office operations – Work on this item had been deferred pending the arrival of the new DG who should report to the next Board meeting.

e) Forests and poverty – The DG advised the Board that there would be an internal brainstorming meeting in April 2001 which will be able to feed into the FAO meeting to be held later. The Chair noted that the timing fits well with this important international issue and the Board accepted the suggestion that management prepare a paper on poverty and forests for the next meeting.

## **6) Report by the Director General**

The DG made a Powerpoint presentation which added to, and elaborated on, the ideas in his written report. The intention was to provide some further ideas that the Board may wish to consider as it makes its choice of new DG. The main points were:

a) People focus at CIFOR – A new mission statement (CIFOR is a *global knowledge organisation committed to enhancing the benefits of forests for all peoples*) represents this idea.

The DG noted that the founding Board placed special emphasis in this area and this is the reason for CIFOR's multi-disciplinary approach

b) Research management and structure – A number of ideas were presented for different ways to think about (e.g. complex systems can not be understood through the analysis of their parts, developing the overview of the whole system is much more effective) and organise research (e.g. team of champions versus a champion team. While publications are not perfect, they are the best indicator of scientific quality at this time.

The DG thought science will advance through incremental gains as there doesn't seem to be much potential for a "big breakthrough".

c) Intergrated natural research management – The above ideas relate directly to the INRM work which is creating inter centre synergies. It was noted that INRM deals with complex systems but that simple conceptual models can be very effective in understanding them.

d) Research or capacity building – The DG believes that this is a false dichotomy and that the real issue is where to position an organisation on the continuum.

The Board asked if this continuum issue is appreciated by donors and the DG noted that there is variability.

e) Bulungan – Numerous examples of how the above concepts affect the work in Bulungan were noted. The importance of the current Indonesian decentralisation programme was noted. CIFOR's role is research and not development but CIFOR's activities there have raised the profile of the area and therefore attention from a wide range of stakeholders.

The DG agreed with Dr. Iskandar's comment that he hoped Bulungan would evolve into a site that would attract long-term visitors. There are issues about future resources and mobilising sufficient scientists to meet a coherent and comprehensive research agenda.

Other issues raised in the discussion were:

- Partners – Involvement in the research programmes including priority setting, monitoring and ensuring credit.

- Local practices – Careful monitoring is important in the research process and local practices should be factored into the testing of models.
- Temperate and dry forests – China was noted as one area presenting an excellent opportunity.
- Publications and impact – Are CIFOR's publications sufficiently problem driven? The Director of Research will address this issue during his presentation to the Programme Committee.

**The BOT approved the DG's report.**

### **7) Financial Overview**

The Manager Finance and the Budget Officer gave a joint presentation about the financial results for the year ended December 31, 2000 with comparisons to the approved PWB for important items. The main points raised were:

- Total revenue was less than budgeted but was higher than in 1999. The proportion of restricted funds increased to 49%. The top ten donors for 2000 were the World Bank, EC, Japan, Netherlands, USA, UK, Sweden, Germany, IFAD and Norway. About half of CIFOR's contributions come from Europe.
- A surplus of USD 206,000 was realised versus the PWB 2000 deficit of USD 300,000. The main reason for the better than expected result was the decision of the World Bank not to seek repayment of the loan provided as partial compensation for the EU default in 1999.
- CIFOR's financial position remains strong with liquidity measures positive (operating fund as days of operations, working capital). The above noted surplus means that CIFOR enters 2001 with more reserves than anticipated.
- General management costs were 18% of total expenditures. Collaborative expenditures were 27% of the total, which is less than budgeted. Personnel costs as a percentage of expenditures were higher than planned even though they were less than budgeted in absolute terms.
- There was more than 30% of our cash and investments with Citibank at year-end. The receipt of large contributions (Japan, Netherlands) just before year end, and when CIFOR was closed, caused this higher than desired concentration. However, the distribution was corrected in January to ensure that the concentration of risk did not exceed BOT guidelines.
- Interest earned was up due to higher than anticipated USD interest rates and larger investment balances in the last part of the year.
- CIFOR recovered more overhead than budgeted.

Subsequent discussions addressed the following issues:

- a) Collaborative spending – It was noted that the collaborative expenditures were approximately the same as in 1999 but were a smaller proportion of the budget.
- b) Cash flows – The BOT was informed that CIFOR did not borrow any money during the year.
- c) Currencies – The majority of expenditures are in USD but CIFOR also operates bank accounts in Rupiah, Euro, Sterling, plus the currencies of the countries hosting the regional offices.
- d) Japan – Dr. Tanaka reported that Japan is emphasising accountability in its grants and plans to strengthen accountability requirements. Japanese ODA is not expected to decrease for 2001 although there are competing demands on the resources. She felt that CIFOR is well positioned to seek increased support for IT which are now a higher priority for Japan.

#### **8) CGIAR Change**

This discussion occurred over two sessions (March 11 and 15).

- i) March 11 – The DG briefed Board members about the major issues being discussed including the Global Challenge Programmes, possible mergers and centralisation of certain functions. Due to the BOT meeting, neither the DG nor the Chair was able to attend the simultaneous meeting in The Hague. The BOT noted that a range of opinions exist within the CGIAR community and was advised that mergers were not on the agenda at this time.
- ii) March 15 – Dr. Reifschneider (in his role as CGIAR Director) was able to brief the Board on the just concluded meeting in The Hague. He noted that the latest CDMT (Change Design Management Team) report had been posted on the CGIAR website and copies were obtained for Board members.

The subsequent discussion noted that the consultation process was good so far. Some recommendations will have direct implications for Board legal authority should they go forward.

#### **9) Affiliate scientist**

The BOT was pleased to accept the nominations of Dr. Shigeo Kobayashi (Japan) and Dr. Francois Ekoko (Cameroon) as Affiliated Scientists. The Chair presented plaques to each candidate (received by Ousseynou Ndoeye on behalf of Dr. Ekoko).

Board members are encouraged to nominate candidates for consideration and were supportive of the DG's proposal that the Dr. John Spears be nominated..

#### **10) Report by the Chair of ICRAF**

There was no report as the ICRAF representative had to leave the meeting. The Chair advised the Board that the ICRAF Chair is looking for improved CIFOR/ICRAF co-operation. The new ICRAF DG will be chosen in about three week's time.

#### **11) Report by the Chairman of the Executive Committee**

The draft Exco minutes (see Annex 1) were distributed and **the BOT endorsed them**. The discussions focussed on three themes:

i) Board brainstorming – The Chair noted that the Board is most often reacting to events and needs to spend more time in a proactive mode. **The BOT fully supported this idea and asked management to include sufficient time for a brainstorming session during the next Board meeting. Board members were asked to provide comments about their expectations of this session.**

ii) Developing country scientist career opportunities – The Chair highlighted the lack of developing country candidates on the intermediate and short lists for the DG position and noted that this is not unique to CIFOR. Therefore, it was proposed that CIFOR should take constructive action to create opportunities for developing country scientists to gain the experience and exposure necessary to be able to compete for international positions. The same point could be made regarding gender.

The Deputy Director General supported the Chair's comments and reported some ongoing CIFOR activities (e.g. upcoming Indian delegation, the Dutch funded APOs which will be 50% developing country nationals). BOT members noted that there might be opportunities for CGIAR wide joint action. **The Board fully supported the proposal and asked management to prepare a short paper for the next Board meeting which will propose a plan of action.**

iii) BOT Governance – It was noted that restructuring of centre Boards had dropped off the CDMT agenda. The consensus is that the Boards represent good value and are an appropriate and cost effective governance model.

#### **12) Report by the Chair of the Programme Committee**

The ProComm Chair reviewed the major items in the draft minutes (see Annex 2) of the meeting which was attended by all BOT members. Major recommendations relate to:

- **New areas of research will be discussed at the next meeting when the new DG is in post.**
- **Impacts should be placed on the agenda for the next PC meeting with a document prepared in advance on how to understand the process of research uptake with respect to different users and different types of uptake and adoption.**
- **The Conceptual Framework will continue to evolve with the Director of Research keeping the Programme Committee informed of developments in his report.**

- A strategy for the Sustainable Forest Management programme will be submitted to the next Programme Committee for final approval.
- The Director of Research is encouraged to continue analysing publication patterns.
- CIFOR must make the Medium Term Plan more useful for its own purposes with suggestions including:
  - The DG should present major anticipated changes to the ProComm at each December meeting.
  - The Programme Committee should establish a rolling systematic review of programmes.
- The PC recommended that the full Board approve the MTP subject to incorporation of suggested revisions and improvements.
- The PC postponed a decision on the Terms of Reference document until the next PC Meeting.

The BOT accepted the report.

### **13) Report by the Chair of the Finance and Audit Committee**

The Chair of the Finance and Audit Committee (FAC) introduced the Committee's report (Annex 3). The Board accepted the FAC recommendations and specifically:

- Approved the audited December 2000 financial statements with the auditor's opinion, and endorsed the variance analysis.
- Approved the investment report.
- Accepted the donor summary report and noted the implications of the trend to the ever-increasing proportion of the budget funded from restricted sources.
- Accepted the collaborative report and emphasised the importance of continuous monitoring by the BOT.
- Accepted the consulting contracts report.
- Noted that the final internal audit report from PriceWaterhouseCoopers will be presented the next BOT meeting
- Agreed that future internal audit recommendation status reports should only include new items and those items which remain outstanding from prior meetings.
- Endorsed the proposed three-year internal audit plan and supported the increased investment in internal audit given the potential for intercentre learning.
- Approved the revised investment policy and concurred with the FAC recommendation that potential equity investments would be approved by the Finance and Audit Committee Chair who would bear the responsibility for securing appropriate BOT input.
- Authorised management to proceed with negotiations to join a CGIAR investment consortium should a suitable opportunity arise and according to the

**approval mechanism noted above should equity or equity backed investments be involved.**

- **Requested management to report future developments in the management of indirect costs to the FAC and to protect the current ratio in future PWBs.**
- **Agreed to suggestion of reformatting the FAC TOR when it is next amended.**

The discussions also touched upon:

i) In kind support – It was suggested that in kind support be included in the audited financial statements. Management supported the sentiment but noted that GAAP (generally accepted accounting principles) would not permit this. The annual report provides the vehicle to highlight in kind support from countries hosting our regional offices and research partners.

ii) Indonesia – There was a brief discussion about the status of financial support from Indonesia.

#### **14) Annual report**

The Director ISG reviewed plans for the 2000 Annual Report which is due to be produced in time for the MTM in Durban. The text is now undergoing review by staff and BOT comments would be most welcome. **The Board endorsed the plans and looks forward to receiving the finished product.**

#### **15) Country updates**

a) Indonesia – The Secretary advised the Board that there had not been any significant developments since the written report had been prepared save for the continued decline of the Rupiah. The impacts of the decentralisation programme were presented during the ProComm meeting.

b) Zimbabwe – Dr. Kowero reviewed the main points in the written report. The economic situation continues to decline with the difference between the official exchange rate and the parallel markets (about Zim 86 / I USD) quite large. Inflation continues to increase at rapid rates. Crime continues to increase as job losses mount and there has been an increase in the use of fuelwood to replace parafin for household cooking.

He raised concerns about the implementation of the post adjustment allowance (PAA) in Harare as it has now reached zero. The issues noted were the unclear rationale for the rapid decline and the abrupt implementation of the most recent decrease. CIFOR bases the post adjustment allowance on 60% of the UN multiplier as does ICRAF. The implementation of the recent decrease was done in the same manner as decreases in other offices.

The DG noted that the UN system is not perfect but it is the best available. There had been declines in all CIFOR offices over the last year. It is ironic that the IRS in Harare would benefit from the most recent roll-in of PAA to base salary whereas the adjustment would be neutral for other IRS. Management will continue to monitor PAA in all

locations as part of the process to ensure that CIFOR's compensation package is able to attract and retain the appropriate staff.

c) Cameroon – Dr. Ndoye noted that the IITA/CIFOR relationship is now more open with some positive developments recently including the willingness on the part of IITA to be more flexible. The reason to be at IITA continues to be prospects for valuable scientific collaboration. The DG noted that he had met the IITA DG in Cameroon as part of the process.

It was noted that the EU has given preliminary approval for the Gabon activity which will lead to an enhanced CIFOR scientific presence in West Africa.

d) Brazil – Dr. Sabogal reported that there continues to be good relations with EMBRAPA who are supporting CIFOR in Belem. The network of partners is expanding, as is the number of visitors. More emphasis is being given to dissemination. Dr. Sabogal noted that CIFOR does not publish printed material in Portuguese but there is material available on the EMBRAPA web site including research briefs.

#### **16) CIFOR's support to UNFF**

The BOT noted the significance of the recently established United Nations Forum on Forests for international policy deliberations and implementation. The Board recognised that UNFF would provide a unique opportunity for CIFOR to contribute to advancing the global forest agenda. **Accordingly, the Board decided that CIFOR should actively contribute to UNFF deliberations, participate in the Collaborative Partnerships on Forests (CPF) and support the implementation of the Plan of Action of the UNFF, at global, regional and national levels.**

The Chair noted that this is not a full time job but that the presence of the DG at ministerial meetings would be important.

#### **17) Reactions by observers**

All speakers thanked CIFOR for the chance to participate and commented favourably upon the openness of the discussions. Specific comments were as follows:

a) IUFRO (Don Lee on behalf of Risto Seppala) – Dr. Seppala passed on his personal regards to CIFOR Board members and assured them of continuing close IUFRO/CIFOR ties. The new DG will continue to be an observer at the IUFRO Board meetings. The potential for a CIFOR/IUFRO memorandum of understanding was raised.

Important future events include the IUFRO meeting in Seoul in 2004 and Rio + 10 events.

b) Korea – Don Lee mentioned that an MOU is needed with CIFOR and the April visit of the Director General to Seoul should facilitate this.

c) Hans de Jong – He commented positively on the open nature of the CIFOR Board interactions. He mentioned that there has been an MOU for a few years and that a new CIFOR/CIRAD/Tropenbos MOU had been recently signed in Paris.

Tropenbos is going through a restructuring which means the closure of some sites and the creation of some new ones that presents exciting opportunities for future Tropenbos/CIFOR collaboration.

d) Jacques Valeix – Dr. Valeix stated that CIFOR had a real influence since its inception and suggested that value added is a better concept when considering impact then the concept of comparative advantage. There is a continuum of organisations working on forestry issues (ARIs, NGOs, NRAs, etc) and CIFOR needs to consider its role with all these potential partners as it goes forward into its second 10 years.

e) Juan Planas – During the DG's report, Mr. Planas noted that there is now less competition and more co-operation among Jakarta based donors. The donors will continue to invest in measures to protect the forests and, in this regard, CIFOR has a role in keeping donors well informed.

### **18) Other business**

#### **a) Tenth anniversary.**

CIFOR will celebrate its tenth anniversary in 2003 so the Board took the opportunity for a first discussion of how to approach this milestone. The discussion had two tracks:

i) Internal reviews – The Board agreed that internally commissioned reviews are a very useful way for CIFOR to develop. It was noted that the next EPMP will be tougher than the first and that ICERs are an important element of an EPMP. Changes in the CGIAR may lead to improvements in the EPMP process which were not seen as sufficiently science based in the past. ICERs will also be a tool that the new DG can use to learn about CIFOR and to serve as a catalyst for change.

**The Board concluded this portion of the discussion by confirming the importance of ICERs and asking management to present a schedule of ICERs to the next BOT meeting.**

ii) Anniversary recognition – This discussion focussed on how CIFOR should recognise the anniversary. There was an initial discussion of possible themes (ideas, prospective approach), linkages to other global events, cost effectiveness, alternative methods such as web based events, etc. **The Board agreed that an event should be client focussed and piggyback on already planned international or regional events. Management should prepare a draft proposal for discussion at the next meeting.**

#### **b) Departing BOT members**

The Board formally recognised the important contributions of Dianne Rocheleau and Yoriko Meguro whose six-year terms will conclude at the end of this meeting. The Board

also accepted the resignation of Francisco Reifschneider whose new position as Director of the CGIAR precludes his continued membership on the CIFOR Board.

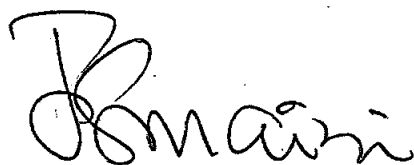
All departing members received a gift from their colleagues as a token of appreciation. Drs. Rocheleau and Reifschneider expressed their thanks to fellow BOT members for the privilege of serving.

**19 Time and venue of next meeting**

The BOT agreed to the following schedule for future meetings:

December 10 to 14, 2001	Bogor Indonesia
April 15 to 19, 2002	Yaounde Cameroon
November 18 to 22, 2002	Bogor, Indonesia

The Secretary was asked to suggest a schedule of meetings through to the end of 2003 for consideration of the Board at the next meeting.



Dr. Jag Maini  
Chair of the Board



Date



Norman Macdonald  
Secretary to the Board



Date

*(Closed session minutes deleted)*