

# Minutes of the WRI Global Board of Directors Meeting

October 6, 2016 | WRI Global Office | Washington, DC

Board Attendees: Harriet Babbitt (Vice Chair), Frances Beinecke, David Blood, Felipe Calderon, Daniel Cruise, Dino Patti Djalal, Pamela Flaherty, Jamshyd Godrej, Jim Harmon (Chair), Caio Koch-Weser, Wanjira Mathai (by phone) Jeff Miller, Michael Polsky, Bill Richardson, Alison Sander, Roger Sant, Jennifer Scully, Andrew Steer (President and CEO), Sue Tierney (Vice Chair), Jim Umpleby, Clint Vince, Daniel Weiss.

Staff: Sam Adams, Manish Bapna, Steve Barker, Rich Barnett, Rachel Biderman, Paula Caballero, Liz Cook, Ani Dasgupta, Craig Hanson, Aaron Holdway, Jillian Kenny, Lindsay Kubaryk, Jennifer Layke, Lailai Li, Jennifer LeBlanc, JP Leous, Adriana Lobo, Lawrence MacDonald, Becky Marshall, Helen Mountford, Kevin Moss, Leo Horn-Phanthanothai, Neil Prakash, Janet Ranganathan, Mark Robinson, Rina Rodriguez, Nirarta Samadhi, Shailesh Sreedharan, Rod Taylor, Emily Vail.

Guests: Franklin Feder, Steve Knaebel, Charlotte Matthews, Robyn Davis, James Schaffer, Jeronimo Pastor.

The Chair of the Board called the meeting to order at 9:15 a.m. A quorum was present.

## **CHAIR'S WELCOME AND OVERVIEW**

The Chair of the Board highlighted the past day's special events – including the second annual Sustainable Investing Roundtable, a celebration of the partnership between the Caterpillar Foundation and the WRI Ross Center for Sustainable Cities, and the Board dinner featuring remarks from Laurence Tubinana, Lord Nicholas Stern, and Bob Zoellick. The Chair welcomed new Board members David Blood, Roger Sant, and Jennifer Scully to their first WRI Global Board meeting.

## **NOMINATING COMMITTEE REPORT**

Pam Flaherty, Chair of the Nominating Committee delivered the Nominating Committee Report. The Board recently elected four new members by email ballot: Yoka Brandt, Christiana Figueres, Wanjira Mathai, and Jennifer Scully. The committee is formalizing committee charters evaluating how to better connect WRI Global and International Office Boards. WRI's International Office Board Chairs convened to discuss mechanisms to strengthen cooperation and collaboration. Recommendations will be brought to the Executive Committee and the Board in the coming months.

Ms. Flaherty requested that all Board members provide any relevant feedback on the Board Expectations Document. Approval will be requested from the Board during the December 13 Global Board call.

## **INSTITUTIONAL UPDATE – PRESIDENT’S REPORT**

Andrew Steer, President and CEO, delivered the Institutional Update.

### Key Updates

- EMBARQ Mexico recently transitioned to WRI Mexico with a launch celebration attended by senior government officials, funders, and local partners. This transition from EMBARQ to WRI Mexico represents an opportunity to engage on issues beyond transport, including climate and landscape restoration.
- WRI recently made the decision to appoint a country director for the United States. Sam Adams, Director for WRI’s US Climate Initiative and former mayor of Portland, Oregon, has been chosen for this role.
- As discussed with the Board one year ago, WRI is in the process of establishing an Africa regional office in Ethiopia. Kitty van der Heijden, WRI Europe Director formerly located in The Hague, has relocated to Addis Ababa to lead this office.
- WRI’s staff distribution (577 people) continues to trend towards the goal of 50 percent of staff working in country offices and 50 percent in the Global office.
- WRI is in the process of identifying Top Outcomes for FY16, selected in collaboration with staff and Executive Management Team. A select number were on display over lunch. Examples of this year’s Top Outcomes include:
  - Chengdu commits to peak emission by 2025, ahead of China’s target;
  - China establishes green certificate trading scheme, with plans for 15 percent of China’s total energy planned to be from renewables by 2020;
  - Mexico publishes first energy conservation code for buildings;
  - World’s largest palm oil buyers use Global Forest Watch to address deforestation in supply chains;
  - Indonesia prosecutes companies for illegal forest fires using Global Forest Watch;
  - Peru, Mexico, and Uganda improve forest management through the use of Global Forest Watch;
  - African countries commit to restore 64 million hectares of degraded land;
  - Southeast Asian nations use disaster risk and vulnerability assessment guidelines using Aqueduct;
  - Rio de Janeiro and Porto Alegre use WRI’s urban community resilience assessment to develop ground-breaking plans;
  - Food Loss and Waste Protocol launched and adopted by consumer goods forum.
- Manish Bapna, EVP and Managing Director, has been appointed co-chair of the Open Government Partnership alongside President Hollande of France and President Zuma of South Africa.
- WRI is building a partnership to support delivery on nationally determined contributions (NDCs) and implementation of the Sustainable Development Goals (SDGs), which will be formally launched at COP 22 in Marrakech. WRI is

responsible for leading the technical knowledge and support as the partnership's secretariat.

- New key staff hires: Paula Caballero (Global Director, Climate Program), Jennifer Layke (Global Director, Energy Program), Rod Taylor (Global Director, Forests Program), Becky Marshall (Chief of Staff), Liz Goodwin (Senior Fellow and Director, Food Loss and Waste). In addition, there have been key operations hires in WRI country offices, thanks in part to the Board's emphasis last year on ensuring operational excellence across the network.

### External Review and WRI's Next Strategic Plan

WRI recently completed an independent external review of strategy delivery as required by European donors. The report positively assessed WRI's current progress and made suggestions for consideration. The independent firm found that of the ninety-six "We will..." statements in the most recent strategic plan, WRI has delivered on eighty-nine. Recommendations include improving the narrative around the link between WRI's work on resources and poverty reduction, conflict, fragility, and gender equity.

The next in-person Board meeting will be a retreat to engage the Board's input on the next strategic plan. This will take place on April 23-25 in the Washington, DC area.

#### Discussion:

- Board members agreed that water and resource scarcity and the connection to fragility and conflict in regions like the Middle East is an area where WRI's unique offer could be impactful.
- The Board suggested that restoration is a huge opportunity for WRI to emerge as the leader of the movement.
- Board member Clint Vince shared his reflections on the external review report, highlighting three recommendations he felt especially resonated:
  - Focus greater attention on how the issues the organization works on deal with poverty and inequality;
  - Grow investments in core functions, especially in country offices; and
  - Continue to be ahead of the pack on monitoring and evaluating results.
- Mr. Vince expressed disappointment that the report did not sing the organization's praises for all that has been accomplished. He specifically pointed to the astounding growth of the organization's budget, thanks to the leadership of the Board Chair, CEO, Board, and staff working together.

### Matrix Management Project

At the request of the Board Chair, Frances Beinecke is working with WRI's new Chief of Staff, Becky Marshall, on an assessment of the WRI matrix management in the context of rapid organizational growth. This project will also review how program progress is reported to the Board. Outside consulting support will be engaged as needed. Ms. Beinecke will share her report with the Executive Committee and the Board.

## Discussion:

- WRI rigorously assesses and tracks progress of the organization's initiatives as required by donors. Currently, this progress is shared with the Board through the Signature Initiative Scorecards.
- The Board suggested it would be helpful to review concise, one page summaries of the strategic plans for international offices and for programs to help the Board understand what is going on in terms of objectives and milestones.
- In addition to internal tracking, the Board suggested that a planetary view of where the world is winning and losing on the issues of environment and development could have broad appeal.
- The Board inquired about how WRI assesses programs to determine what is and isn't working. Manish Bapna provided examples of initiatives that have been closed based on those assessments and alignment with WRI's strategy.

## **SPECIAL FOCUS: GLOBAL RESTORATION INITIATIVE**

Andrew Steer welcomed Wanjira Mathai, new Board member and co-chair of the Global Restoration Council, who joined the meeting by phone. Sean DeWitt, Director of the Global Restoration Initiative, began the session by thanking the members of the Board who are also members of the Global Restoration Council, including Wanjira, President Felipe Calderón, and Governor Bill Richardson. He reviewed challenges for the restoration movement, accomplishments of the program, and opportunities.

Forty-eight percent of forests are lost or degraded, with another 50 soccer fields every minute. An estimated 33 percent of agricultural soils are severely degraded, and if the current rates of degradation continue, all of the world's topsoil could be gone within 60 years. WRI, together with IUCN and the University of Maryland, conducted an analysis to determine the opportunity for restoration and discovered that up to 2 billion hectares across the world can be restored. This can be done through wide scale restoration (lush forest restoration) and mosaic restoration (a combination of farms, forestry, and agro-forestry). Mr. DeWitt highlighted WRI's big strategic question: How can the Global Restoration Initiative get 500 million hectares in the process of restoration by 2030? To answer it, WRI and partners pursue a three-part global strategy: Inspire, enable, and mobilize. WRI's four core offers are political engagement, scaling strategies, finance, and monitoring:

1. **Political Engagement:** WRI has facilitated the dialogue between governments, civil society, and the private sector in support of efforts like Initiative 20x20 in Latin American and the Caribbean and Africa's AFR100. Through Initiative 20x20, Latin American and Caribbean countries have committed to restoring 26.5 million hectares, and impact investors have earmarked \$1.15 billion to fund restoration projects in the region. Through AFR100, African countries have committed 63.5 million hectares to restoration, \$1 billion in development finance has been secured, and the private sector has committed \$545 million in investments. Globally, 113 million hectares have been

committed to restoration, with opportunity for more. The Global Restoration Council is a critical part of WRI's political engagement strategy. These individuals help by using their significant influence across the world to move more commitments and investment in restoration.

2. **Scaling Strategies:** WRI is working to answer the what, where, why, and how questions. WRI has is working on restoration in 12 countries, and recently published *The Restoration Diagnostic*, a manual that answers many of those strategic questions and is searching for more ways to build a strong community of practitioners to enable restoration locally and globally.
3. **Finance:** Restoration generates products and services – food, timber, recreation, which are valued by the market, and services like clean water and carbon sequestration, which are not yet valued by the market. WRI is working with The Nature Conservancy to determine the market value for those products and services in order to financially promote and incentivize restoration.
4. **Monitoring:** Global Forest Watch has been a key innovation for restoration and has become the gold standard for monitoring. WRI is figuring out new types of data to monitor restoration activities.

#### Discussion:

- Governor Bill Richardson shared how engaging subnational political officials has the potential to scale this work. While governor of New Mexico, he initiated restoration by executive order. He believes WRI can be a catalyst for the restoration movement.
- Wanjira Mathai emphasized the Global Restoration Council is key to inspiring restoration commitments around the world. Also, there is huge opportunity to mobilize young people on this issue through education and direct action.
- President Calderón is passionate about restoration but worries that large commitments made at the national level are hard to implement. Mr. DeWitt agreed with this assessment but shared that, especially in Mexico, progress has been found at the local level, emphasizing the point Governor Richardson made about local officials having power to implement.
- The Board raised the question of private investment as a tool to sustain the work and how the land is controlled. Mr. DeWitt shared that there is a spectrum of impact investors with different philosophies, making it difficult to do something like establishing a fund. The question becomes where does the capacity lie to pull together landowners to create a more “investable” package that they can market?
- Board members asked if there is dialogue with institutional investors in forestry and agricultural management on the issue of restoration, and speculated on potential opportunities for profit sharing between local actors with restoration capability and those investors.
- The Board and management agreed to continue conversations around financing mechanisms to tap into Board expertise on investing opportunities.

- The Board agreed that restoration is an inspiring program and a nonpartisan issue with opportunity for financing from individuals, governments, and business and to build meaningful and impactful partnerships.

### **SPECIAL FOCUS: INTERNATIONAL BOARD CHAIR PANEL**

Frances Beinecke introduced the Chairs of WRI's International Offices for a session on what each office has achieved and the opportunities for WRI to make an impact. Steve Knaebel, Chair of WRI Mexico, discussed Mexico's work on cities and energy, including efficient street lighting in cities and solar grids in rural communities. Franklin Feder, Chair of WRI Brazil, shared the work in climate, cities, and forests. He believes that there is no better organization positioned to work on mobility issues in Brazil. Lailai Li, Director of WRI China, represented WRI China, stating that next year she looks forward to having a WRI China Advisory Board member represented on the Global Board once the implications of the new Chinese NGO law are fully understood. She highlighted the depth of China's programs, including finance, water, energy, cities, climate, and forests. Jamshyd Godrej, Chair of WRI India, commented on the complexities of operating in India, and shared that the government is focused on renewable energy. Dino Patti Djalal, Chair of WRI Indonesia, emphasized how consequential Indonesia is to mitigating climate change as it is home to one of the largest tropical forests in the world. He highlighted WRI Indonesia's policy strength and political savvy.

Frances Beinecke observed that each chair's comments illustrates how our strategies are having impact on the ground in critical countries and the opportunities for scale. Each chair integrated the narrative of poverty reduction and human well-being into the discussion of impact, which is an important take-away to note as it relates to the findings of the external review and how we weave those stories into how we talk about our work.

The Board paused for lunch at 1:00 pm. Over lunch, they spoke with staff representing this year's Top Outcomes. The meeting resumed at 2:00 pm.

Jim Harmon thanked Board member Alison Sander, whose term concluded with this meeting, for her exceptional service to the WRI Board of Directors. WRI looks forward to Alison's continued engagement with many programs, and specifically on reigniting the organization's efforts to engage the wisdom and talents of the Board Alumni network.

### **COMMITTEE REPORTS: DEVELOPMENT COMMITTEE**

Clint Vince, Chair of the Development Committee, reviewed the ongoing unrestricted funding challenge. The share of WRI's budget comprising of unrestricted funds has dropped from 16 percent to 6 percent, while ideally it should be around 10-15 percent. The Development and Nominating Committee held a joint meeting to focus on recruitment of Board members who can support fundraising efforts. Mr. Vince emphasized the importance of 100 percent Board giving and reviewed a five percent quality assurance gift fee policy for restricted gifts from individual donors over

\$100,000. He introduced WRI's new Director of Major Gifts, Jennifer LeBlanc, who will focus WRI's efforts to cultivate individual donors. Ms. LeBlanc shared the systems and processes in the works to support a robust major giving program and introduced the "Plus 1" program to encourage Board members to introduce prospective donors to WRI.

Liz Cook, VP for Institutional Strategy and Development, emphasized the Board's remarkable contributions to fundraising and reviewed the record \$95 million in revenue achieved in FY16. She updated the Board on the risks and efforts made to raise funds from European donors whose budgets are tightening from the refugee crisis and austerity measures. Ms. Cook discussed recent *New York Times* pieces on think tanks and corporate influence. She detailed the safeguards WRI already has in place. Staff have reviewed existing agreements and revealed opportunities where we can do more to strengthen our safeguards.

Discussion:

- The Board discussed the criteria for vetting corporate funding and how that vetting might be considered for other funders, like foundations.
- The Board and management agreed to have a more in-depth discussion of this issue at an upcoming Board meeting.
- Board members wondered if there would be more scrutiny or regulation of think tanks based on the revelations in these articles.

Ms. Cook reminded the Board that WRI will be holding a Courage to Lead dinner in New York City in 2017 and is approaching a number of potential honorees, with Board help. She emphasized how important this event is to raising unrestricted funding for WRI.

#### **COMMITTEE REPORTS: FINANCE AND INVESTMENT COMMITTEE**

Steve Barker, Chief Finance and Operations Officer, reviewed the results of FY16 and the outlook for FY17, including an assessment of financial risks and international office sub-granting. Mr. Barker explained the request for the Board to approve the establishment of a reserve fund as a part of the FY17 budget resolution, endorsed by the Finance and Investment Committee. Starting in FY17, WRI will set aside \$500,000 per year to build out a reserve of \$5 million over a ten year period. Jeff Miller, Chair of the Finance and Investment Committee, informed the Board that the Finance and Investment Committee has selected a firm to manage the endowment as outsourced chief investment officer. He detailed the criteria and process the committee engaged to identify the best firm to implement WRI's commitment to sustainable investing principles.

The Board moved to approve the FY17 Budget of \$93.2 million and the decision to begin building a reserve fund. The resolution was passed with unanimous consent.

## **COMMITTEE REPORTS: AUDIT AND RISK MANAGEMENT COMMITTEE**

Sue Tierney, Chair of the Audit and Risk Management Committee, reviewed the risk dimensions the committee is working to add to its mandate, including reputational risks, fraud protections, and financial controls for international offices. The audit is underway and will go through the end of December. She also encouraged Board members to consider joining the committee. Mr. Barker highlighted the building blocks tool (9 categories, 25 standards, 124 criteria) developed to assess and manage the capacity of the international offices and set standards across the network. He also said he would share the top priority items for each office and may request assistance from the WRI Board for subsidiaries and other International Office Boards for legally independent organizations to achieve the capacity building actions.

Andrew Steer noted that there was one more agenda item on Corporate Advisory Services, however as it is an important item and time was short, this issue would be taken up on the December Board Call.

The Chair of the Board moved the meeting to Executive Session at 3:00 pm. The meeting adjourned at 3:30 pm.