



WORLD  
RESOURCES  
INSTITUTE

## MINUTES

# MINUTES OF BOARD OF DIRECTORS MEETING

MARCH 9-10, 2015 | WASHINGTON, D.C.

Attendees: James Harmon – Chair, Harriet Babbitt – Vice Chair, Susan Tierney – Vice Chair, Frances Beinecke, Afsaneh Beschloss, Felipe Calderon, Robin Chase, Tiffany Clay, Daniel Cruise, Dino Djalal, Jamshyd Godrej, Renée Jones-Bos, Jaime Lerner, Alison Sander, Andrew Steer, Lee Thomas, D. James Umpleby, Clint Vince, Diana Wall, Daniel Weiss

Staff: Manish Bapna, Steve Barker, Rachel Biderman, Elizabeth Cook, Holger Dalkmann, Ani Dasgupta, Arthur Droe, Craig Hanson, Leo Horn-Phathanothai, Charles Iceland, Chuck Kent, Helen Mountford, Michael Oko, Lawrence MacDonald, Jennifer Morgan, Kevin Moss, Nitin Pandit, Alex Perera, Janet Ranganathan, Mark Robinson, Athena Ronquillo-Ballesteros, Kitty van der Heijden, Nirarta Samadhi, Nigel Sizer, Devon Sponheimer, Andrew Steer, Sonya Suter, Peter Veit, Richard Waite.

Guest: Tim Lindsey, Carlos Nobre

The Chair called the meeting to order at 8:49 a.m.

## CHAIRMAN'S WELCOME AND OVERVIEW

Mr. Harmon welcomed everyone to the meeting and noted strong board meeting attendance as well as a successful board dinner the previous evening.

Andrew Steer gave an overview of the agenda and emphasized the importance of the strategic refresh. Dr. Steer and Mr. Harmon also thanked departing directors Diana Wall, Lee Thomas, Chen Jining and Kathleen McGinty for their extraordinary contributions to the Board during their tenures.

The Directors unanimously approved the minutes from the previous Board of Directors Conference Call held December 10, 2014.

## **PRESIDENT'S REPORT: UPDATE ON MAJOR INITIATIVES AND INSTITUTIONAL HEALTH CHECK**

Dr. Steer presented highlights of the past few months and provided an overview of strategic engagement across WRI's programs in preparation for a global treaty on climate change set to be agreed in Paris in December 2015.

Mr. Bapna then presented a progress report on WRI's 12 largest initiatives assessed on four criteria: 1) clarity of offer, 2) adequacy of funding, 3) staffing capacity to deliver, 4) political access and partnerships for scaling. He thanked Ms. Sander for her guidance in developing the approach. Dr. Steer presented an update on WRI's institutional refresh and growth. He welcomed a number of senior hires to lead work on governance, business, and WRI's office in Indonesia and highlighted investments in performance management, IT infrastructure, and office space. He also highlighted a financing paradox caused by fast growth in programmatic spending that has outpaced growth in the endowment and unrestricted funds.

Ms. Sander welcomed the staff's willingness to prepare the assessment, and noted its potential value as a tool for cross-programmatic learning and identification of best practices. Mr. Calderon suggested that future assessments include a comparison of WRI initiatives with those led by peer organizations.

Ms. Beinecke asked whether there was a strategy in place for Africa as well as one more targeted at the United States. She emphasized the importance of both geographies.

Ms. Jones-Bos asked about the pace of WRI's growth and its impact on management capacity, as well as the balance between WRI's think tank identity and a greater focus on implementation.

Ms. Chase asked whether the 'signature initiative' concept gave enough space for new bodies of work to be tested (and in some cases fail) and asked how different initiatives were applied within the countries.

Ms. Clay noted the importance of using the assessments to further define the concept of a signature initiative and to drive change in them where needed. She

also noted the importance of a continued focus on organizational effectiveness and management.

Mr. Thomas and Mr. Vince applauded progress in defining WRI's signature initiatives in recent years. Mr. Thomas noted that organizations sometimes have to be prepared to slow down to ensure high quality and mentioned the need to encourage business models in the private sector that achieve environmental objectives.

The President thanked the Board for its guidance. He noted that staff would be gathering for a Leadership Retreat after the board meeting and would focus explicitly on the comments from the Board members. He agreed that it is vital that we encourage risk-taking and frontier thinking. He noted that in addition to the Signature Initiatives, we support "seed" activities, which are for this purpose. We do, however, expect most innovation to come from within the Signature Initiatives.

On the growing size of WRI he noted that the senior management team was confident that this year's budget of \$76 million was being well managed in terms of impact and value for money, but is also well aware that this should not be taken for granted. It requires discipline and improved systems. While very pleased with the recent growth we would be satisfied to remain at this high budget level for a couple of years before growing further. Growth will occur naturally as our Signature Initiatives take root, and attract clients and donors. The Chairman noted that from his standpoint the growth was healthy and necessary, and we should be thinking of a budget of \$100 million before long. It was agreed that the issue of an appropriate growth for WRI should be an ongoing focus of the Board.

**In light of the interest shown, it was agreed that the October Board meeting would include sessions on options for a strategy on Africa, and on the deepening private sector engagement.**

### *SPECIAL FOCUS: CHINA COUNTRY STRATEGY*

Mr. Bapna provided an overview of WRI's presence in China, highlighting that the decision to expand was only made in 2008 and that the office in China now counts 30 staff working on cities, water, and climate change. He asked the board to consider how the strategy could best respond to a few issues where WRI could have maximum impact.

Mr. Horn-Phathanothai presented the economic and political context for WRI's strategy. He explained the Chinese government's emphasis on finding a 'new normal' and a new model for growth as well as a harsh anti-corruption campaign underway, with uncertain implications for NGOs operating in the country.

Mr. Dasgupta highlighted WRI's work on cities, which is the framing concept for the China strategy. He noted that WRI has been successful in its model of working in partnership to design locally appropriate solutions for a small number of cities that are then recognized as demonstration projects and inform national policy.

Ms. Tierney welcomed the strategy for its urban focus and ambition to match the urgency of the challenge. However, she noted that it risked spreading limited resources too thin, and suggested that the narrative of the strategy could be improved around climate smart development and green finance.

Mr. Weiss also applauded growth of WRI programs in China to date, and noted huge potential for engaging with Chinese companies.

Mr. Lerner shared experience of collaboration with mayors of Chinese cities, the importance of well-designed bus rapid transit (BRT) systems, and the potential for rapid implementation in China.

Mr. Djalal said that WRI's approach of developing local solutions for local problems and brand would differentiate it from other organizations in China.

Mr. Richardson reiterated the importance of private sector investment in China and the need to direct funds towards 'green' investments with benefits for jobs and livability. He encouraged WRI to engage with peer NGOs as well as companies.

Ms. Chase encouraged WRI to look at how to engage business leaders. On the approach to cities, she suggested that WRI could elevate best practices from both Chinese and international examples.

Mr. Vince reflected on his own experience working with Chinese business and their desire to receive best practices for sustainability.

Ms. Beinecke encouraged WRI to include the health angle in the strategy, noting that this was the largest impetus for action on improving air quality, sustainable cities, and clean energy.

Mr. Steer thanked the board for their comments, which will be incorporated into the new strategy. Staff will follow up with Board members on their connections with the Chinese private sector. He also requested Board members to suggest potential Board of Director candidates from China.

## AUDIT COMMITTEE REPORT

Mr. Thomas informed the board of a successful unqualified audit opinion. He noted that good controls are in place and that Grant Thornton has been reappointed as the auditor. Grant Thornton will rotate the lead partner to ensure fresh eyes on the process.

Mr. Thomas concluded by noting the importance of a strong audit committee and the internal management that the Board brings through its involvement. He noted it as a vital contribution for WRI Board members to make to the organization.

Mr. Harmon thanked Mr. Thomas for being the strongest chair of the Audit Committee to date and said he hoped that WRI could continue to draw on his expertise.

## DEVELOPMENT COMMITTEE REPORT

Mr. Vince reflected on strong results of the Development Committee's work over the past year with the support of excellent staff.

Ms. Cook thanked the board for generous support in recent years and noted that the Board owns the growth WRI has experienced in its programs. She reviewed major gifts and grants received to date in FY15 and presented WRI's current funding mix, noting continued very strong performance on raising program funds, but a significant gap in meeting needs for unrestricted funding.

Mr. Vince then announced plans to expand the Development Committee, and that Ms. Beinecke had agreed to join. He noted that the Development Committee strategy would also include: 1) expanding the Global Advisory Council (GAC), which Ms. Beschloss has been asked to co-chair, by adding 7 new members; 2)

asking each board member to each submit a name of a potential GAC member and a potential member of the Corporate Consultative Group (CCG); and 3) identifying an additional five philanthropists to add to the board.

Ms. Beinecke emphasized the significance of the challenge posed by a lack of unrestricted funding and called on fellow board members to own the challenge. The board also discussed the importance of finding committed high net worth individuals and risks in relying too heavily on any one source of funds.

## NOMINATING COMMITTEE REPORT

Ms. Beschloss presented the current state of board recruitment efforts, including an emphasis on the technology sector and on identifying a new board member from China. She announced that Tiffany Clay would join the nominating committee and encouraged others to contribute suggestions for additional members.

The Board unanimously supported motions providing an exceptional one-year extension for Ms. Babbitt, Ms. Beschloss, and Ms. Sander in their terms as Directors. They also voted to approve the Officers of the Corporation and of the Board in addition to electing a new class of Directors as the Class of 2018. The Board of Directors Class of 2018 elected for a three year term in accordance with the bylaws include Robin Chase, Dino Patti Djal, Daniel Doctoroff, Susan Tierney, Daniel Weiss, and Michael Polsky, whom the Board welcomes back after a year's absence. The Chairman and President again thanked the outgoing Board members, including Mr. Thomas, Mr. Jining, Ms. McGinty, and Ms. Wall, for their service. (An annex listing board leadership and corporate officers as of the conclusion of this meeting of the Board of Directors is included at the end of the minutes.)

Ms. Babbitt noted that the bylaws would benefit from a review to ensure they remain current, and moved that a review be conducted. She proposed three specific changes in addition to the review: 1) the creation of a category for non-voting (ex-officio) board members, 2) the recognition of emeritus members, and 3) clarification of when and how exceptional extensions of board terms are made. The motion passed unanimously with agreement that any changes beyond those specified would be brought to the Board for approval.

## FINANCE AND INVESTMENT COMMITTEE REPORT

Mr. Barker presented an overview of WRI's finances, highlighting the importance of raising unrestricted funds. While WRI has experienced a compounded annual growth rate (CAGR) of 15% over the past ten years, unrestricted funds have grown by only 2.5% CAGR. He asked for ideas and participation from Directors in helping to solve this challenge. Ms. Chase noted the potential to identify young high net worth individuals in Silicon Valley who might contribute towards growing WRI's endowment.

Mr. Barker reported on the Finance and Investment Committee's selection of a rating agency to rate WRI's portfolio for Environmental Social and Governance (ESG) sustainability. The agency, MSCI, has rated WRI's portfolio and presented opportunities to improve WRI's score, particularly in the environment area.

Mr. Barker reported on the efforts to secure financing for the DC office build-out. The Finance and Investment Committee unanimously approved in its February meeting that Mr. Barker should pursue securing the revolving line of credit and a term loan from SunTrust Bank.

The Board unanimously supported the motion to secure the revolving line of credit and term loan from SunTrust Bank.

## COMMUNICATIONS STRATEGY

Mr. MacDonald presented the proposed strategy for WRI's communications, including five goals around 1) clear and powerful messages, 2) elevate WRI's experts, 3) deepen online engagement, 4) seize new markets, and 5) host events that drive change. He also explained that currently there are uneven levels of investment in communications around the institute.

Mr. Godrej emphasized the importance of tailoring messages to national contexts, mentioning specifically the large number of Indians using social media in local languages.

Mr. Cruise noted that the communications strategy presented its own solution by helping programs to integrate communications in project planning and budgeting. He suggested that WRI report back to the board on how programmatic spending on communications increases.

Mr. Lerner and Mr. Calderon both observed that presenting WRI using only the acronym does not translate well into other languages. Ms. Babbitt also

## MINUTES

emphasized that ‘internationalization’ of media presented an important challenge in past experience.

Ms. Chase mentioned that communications now has to be thought of in two stages: first on generating the content and then also on getting consumers to share it further with their networks.

At 2:30 p.m. the meeting adjourned and the Board retreated to an Executive Session.

Steven L. Barker  
Secretary and Treasurer  
Chief Financial and Administrative Officer