

Critical Ecosystem Partnership Fund

Twentieth Meeting of the Donor Council
The World Bank, Washington, DC
6 February 2012
8 a.m. – 11:00 a.m. EST

Addition of a Suite of Global Grants to CEPF's Portfolio

Recommended Action:

The Donor Council is asked to provide CEPF with the spending authority of \$4 million to implement a suite of global grants.

Background:

CEPF's Strategic Framework covering the period FY2008 to 2012 contains a Global Results Framework against which CEPF reports its progress and impact. Outcome 2, *Globally significant biodiversity is under improved management and protection*, is in part measured by the intermediate target, *At least 5 multi-regional projects contribute to the conservation of globally significant biodiversity*.

To date, there has been no progress against this indicator towards this target, because no multi-regional projects have yet taken place. However, in the second half of FY12 and in FY 13, CEPF plans to implement a suite of global/multi-regional grants. An amount of \$3 million is proposed for this funding envelope. It is envisioned that the first grant will be awarded in early 2012, and that implementation of these grants will take place within the next five years.

Grants eligible under this funding envelope will pertain to multi-regional/global initiatives. For example, CEPF expects that the first grant awarded will be to refine and implement an upgraded monitoring protocol for CEPF. This upgraded protocol was first introduced to the Donor Council at its Nineteenth meeting (18 March 2011), and was reviewed and discussed by the Working Group at its Twenty-ninth Meeting (27 July 2011). It was also discussed at a workshop held on 16 September 2011 specifically focusing on the issue, and most recently at the Thirtieth Meeting of the Working Group (15 November 2011) where Working Group members expressed overall satisfaction with the proposed monitoring framework while noting areas where further refinement is needed. The budget discussed with the Working Group for the implementation of the Monitoring Framework is approximately \$745,000 to implement a five-year program. This sample project is attached as Annexes A and B.

Additional global grants may include a range of themes that are relevant to multiple hotspots. Likely to be included is an initiative to strengthen the exchanges between RITs and grantees, as well as between hotspots. Every hotspot has unique successes and challenges and sharing of these experiences would be beneficial. Another potential initiative is to undertake an assessment of selected hotspots to ascertain socio-economic impact. The reason for this focus is because many of CEPF's grants are to organizations that work with communities to promote projects that provide economic alternatives or incentives that fundamentally rely upon conservation of the resource base. While such grants are hopefully always well-intentioned and well-designed, CEPF would like to understand what the actual benefits are that are accruing to the target communities. Both of these topics were discussed during the June 2011 supervision mission undertaken by the World Bank.

Annex A.

CEPF Monitoring Framework

Introduction:

Over the past several years, CEPF has reviewed and revised its monitoring efforts as part of ongoing learning and management of the fund. The initial adjustments have focused on streamlining grant making processes and understanding progress on grant making assumptions. Discussion and recommendations from the Donor Council and independent evaluations have revealed an interest in more clearly measuring the impact of CEPF investments in order to tell the story of the Fund. This review has been informed by the 2006 program evaluation, 2009 external evaluation, and 2010 impact evaluation, all of which documented the need for CEPF to build a more robust impact evaluation framework. As indicated in the 2006 program evaluation, “*While worthy efforts have been made, the overall efforts to monitor impacts and progress have not been particularly convincing so far*” (Michael Wells).

The existing and continually evolving CEPF management tools include the ecosystem profiling process, and the grants management procedures and monitoring systems. These have been very useful in identifying and promoting the strategies for profiles, managing a large and dynamic pool of grants, and tracking progress on the assumptions the fund uses in grant making and achieving its goals. These provide the management framework and enable the fund to focus on achieving conservation impacts on the ground. Documenting those impacts, however, has been more challenging because of cost, capacity and resource limitations.

The CEPF Strategic Framework outlines overarching “key indicators of success”:

- At least 14 critical ecosystems/hotspots with active investment programs involving civil society in conservation.
- At least 600 civil society actors, including NGOs and the private sector, actively participate in conservation programs guided by the CEPF ecosystem profiles.
- 20 million hectares of key biodiversity areas with strengthened protection and management, including at least 8 million hectares of new protected areas.
- 1 million hectares in production landscapes managed for biodiversity conservation or sustainable use.

These represent four goals for the fund, but lack the sensitivity to gauge progress over shorter time periods and don’t necessarily speak to all areas that CEPF seeks to impact. It should be noted that CEPF does not seek to change these key indicators of success. Rather, the framework presented seeks to **complement** the broad goals, **underpin** these goals with more sensitive data, **support** management at the fund and profile levels, and better **communicate** the stories of CEPF’s work. This document uses CEPF’s experience and refinements made over the last several years to develop an overall framework for monitoring both impact and management of the fund. It is structured as follows:

- 1) CEPF statement of purpose
- 2) Purpose of the monitoring framework
- 3) Elements of the monitoring framework
- 4) Program impact monitoring
 - Impact categories
 - Statements of success for impact categories
 - Description of impact categories and proposed indicators
- 5) Portfolio management monitoring

- 6) Reporting framework
 - 7) Additional metrics and indicators for specific profiles¹
- Appendix 1 - Indicators, descriptions and methods for data collection

1. CEPF purpose: To strengthen the involvement and effectiveness of civil society in the conservation and management of globally important biodiversity.

2. Purpose of the monitoring framework: i) to efficiently and adaptively manage the CEPF portfolio both globally and at the profile levels; ii) to capture information on impacts of CEPF investments in a systematic manner to enable more effective communication of results; and iii) to identify emerging conservation needs or those that are cross cutting/critical to the conservation success of a given investment region.

3. Elements of the monitoring framework: This framework is split into two main components: program impact and portfolio management. Program impact focuses on the impacts CEPF will have as a fund and is split into four broad categories as described below. Portfolio management focuses on CEPF internal processes and the ability of CEPF to efficiently and effectively operate.

4. Program impact: A 2010 assessment performed by Conservation International’s Science and Knowledge Division emphasized the need to improve the monitoring system of CEPF to ensure that the program could report not only on its achievements pertaining to process and management, but also on its contribution to achievement of conservation outcomes. To this end, four main categories of impact have been identified. These are:

Table 1: Impact categories and associated statements of success

<p>Biodiversity Improve the status of globally significant biodiversity in critical ecosystems within hotspots</p>	<p>Human well-being Improve the well-being of people living in and dependent on critical ecosystems within hotspots</p>
<p>Civil society Strengthen the capacity of civil society to be stewards and effective advocates for the conservation of globally significant biodiversity</p>	<p>Enabling environment Establish the conditions needed for the conservation of globally significant biodiversity</p>

These four impact categories are interwoven and interactive. CEPF’s first two categories, to conserve biodiversity and to build civil society capacity to achieve conservation, are closely linked. Strong civil society capacity is essential for a sustainable foundation for biodiversity conservation. Underpinning both these goals are two additional pillars. The first, human well-being, is directly linked to the success of biodiversity conservation efforts because healthy ecosystems are essential for human well-being, while ecosystems that are unhealthy or devoid of biodiversity cannot deliver the benefits that people need, such as freshwater. The fourth category, enabling conditions, is a critical factor for successful conservation, but can be altered and improved by civil society, in particular a civil society that is empowered and informed. CEPF will strive to measure progress in all four of these interlinked categories to gain a holistic understanding of impact of the fund. Each impact category is presented below.

¹ Items 5, 6 and 7 are not included in this document

Impact category 1: Biodiversity

Statement of success: Improve the status of globally significant biodiversity in critical ecosystems within hotspots

Description: Measuring the status and trends in biodiversity can take many forms. CEPF has chosen three focal areas to describe progress toward this impact category: species, sites and corridors.

Species: represent the smallest recognizable and (in most cases) replicable unit of biodiversity and also underpin CEPF's ecosystem profiling framework. Strategic directions are built 'from the species up'; threatened species inform the selection of important sites (KBAs²) and guide conservation investments within a hotspot.

CEPF proposes two methods to monitor the status and trends of threatened species populations. These are: 1) The Red List Index (RLI) which will allow CEPF to monitor the status of threatened species as a whole, and 2) expert assessments to document changes in threats that affect individual populations of species where CEPF projects are being conducted.

Sites: represent manageable spatial units where management activities are occurring for the primary purpose of biodiversity conservation. These include key biodiversity areas that are either protected areas, or productive landscapes. Examples of management activities may include protected area management and community conservation agreements among others.

Corridors: represent larger spatial units, or landscapes, where management activities are occurring for the primary purpose of ensuring connectivity and promoting sustainable management practices. Corridors are defined as areas where connectivity between two or more key biodiversity areas is necessary to meet the long-term conservation needs of the biodiversity found there. Included in this definition are areas where it is necessary to increase the actual or potential natural habitat in order to maintain evolutionary and ecological processes. Examples of management activities may include conservation enterprises, sustainable agriculture, and environmentally friendly ecotourism.

Both sites and corridors incorporate conservation/sustainable management of spatially explicit areas through promoting conservation health and minimizing threats. CEPF proposes several methods to monitor changes to sites and corridors: 1) habitat change (using remote sensing and associated methods for assessing the change in habitat extent and connectivity); and 2) documenting the change in land area under different types of management (new formal protection, improved management or under better practices). In addition, for sites we propose an expert assessment of bio-physical health / threat mitigation.

Impact category 2: Human well-being

Statement of success: Improve the well-being of people living in and dependent on critical ecosystems within hotspots

Description: Conservation and human well-being have a complex, bi-directional relationship. Conservation success depends on the willing participation of human societies – from the local to the global level. Conversely, human communities need nature to thrive; depending on the valuable services such as fresh water and disaster mitigation that natural ecosystems provide. CEPF embraces this complex relationship and invests to ensure compatibility between and improvement in ecosystems and the communities that depend on them. There are many metrics that can be used to assess changes in human

² KBAs, or Key Biodiversity Areas, are sites selected using standardized, globally applicable, threshold-based criteria, driven by the distribution and population of species that require site-level conservation. The criteria address the two key issues for setting site conservation priorities: vulnerability and irreplaceability. (Eken et al, 2004, Key Biodiversity Areas as Site Conservation Targets, *BioScience* 54(12):1110-1118)

well-being over time that range in data resolution, intensity and cost. CEPF proposes two types of beneficiaries that have relevance across the varied investment profiles and that can be assessed at the Fund level: 1) direct beneficiaries; and 2) indirect beneficiaries (through the provision of ecosystem services).

Direct beneficiaries: comprise those people and communities that receive socio-economic benefits from activities undertaken through CEPF investments. To gauge impact in this category, CEPF will monitor a selection of benefits. These include but are not limited to:

- Increased income from direct employment (long-term, green);
- More secure sources of energy
- Improved land tenure
- Households with improved, sustainable living conditions (via improved cookstoves; resilient agricultural practices; secure and sustainable access to wild plants for food and medicine, etc.)
- Training for conservation management.

CEPF proposes to monitor direct beneficiaries through organized self-reporting from grantees at the beginning, middle and end of the investment period with verification by the RITs.

Indirect benefits: comprise those benefits resulting from the impacts of CEPF investments on the status of biodiversity. These include the provision of services through the conservation of natural systems in the main areas of climate, water, food, and health security. Because quantification of the number of people benefiting from indirect impacts is very challenging, CEPF will use indicators related to the nature of benefits – or ecosystem services – that will be maintained. Specifically, for projects that aim to deliver ecosystem services, CEPF will monitor two factors: cubic meters of fresh water flows from natural systems to downstream need, and tons of carbon stored, because of CEPF actions).

Impact category 3: Enabling environment

Statement of success: Establish the conditions needed for the conservation of globally significant biodiversity

Description: CEPF, and indeed conservation in general, operates under the premise that conservation actions in isolation are far less likely to succeed without the presence of several enabling conditions. Three broad areas are outlined here that lay the foundation for reflecting on success for this impact category. They are: ensuring that policies are in place that promote / don't inhibit conservation action; ensuring sufficient capital and flow of financial resources for conservation; and establishing and using conservation best practices.

Regulatory environment

Statement of success: Ensure that public policies, the capacity to implement these, and the systems of governance in each individual country are supportive of the conservation of global biodiversity.

Description: In order for conservation interventions to proceed and be successful, the underlying legal and policy frameworks must be in place. This includes the general legislation and regulatory framework for civil society to participate in conservation management, as well as the inclusion of conservation management and sustainable best practices within political development frameworks. CEPF has directed funding toward both aspects of the conservation policy space, but the common need across most profiles is with the latter (because most countries / regions have regulations in place that allow for a free and operational civil society sector). Grants that promote the inclusion of conservation principles within development strategies will be identified at the onset and monitored based on the final written version of these strategies. Clearly, simply being included in a strategy is different from being implemented and promoting conservation impact on the ground, but it is a first step that is assumed could lead to impact and a clear metric for result of a specific policy-oriented investment.

Long term financing

Statement of success: Ensure that sustained, sufficient and timely financing is available to conduct conservation management activities.

Description: One of the greatest barriers to effective conservation is the lack of financial resources to implement management that will lead to conservation success. CEPF targets a portion of investments to ensure financial sustainability of civil society and conservation activities in the long term. This not only entails establishing long-term financing vehicles (e.g., conservation trust funds), but it also includes supporting them to ensure that they function well and deliver financially. This indicator will be measured in five ways: 1) tracking the number of and 2) the amount invested within long term financing mechanisms; 3) tracking the financial management and governance of these mechanisms using a Long-term Financial Tracking Tool (see Appendix 1); 4) return on investment / financial performance of the financing mechanism; and 5) timely delivery of resources to targeted conservation actions.

Conservation best practices

Statement of success: Ensure that management continually improves such that conservation effectiveness can be reasonably assured.

Description: This section includes two important facets of conservation implementation: determining priorities for targeting action/investment; and promoting best management practices for implementation itself. The first of these takes place during the profiling process (establishing the conservation targets using threatened species and KBAs) and sets the stage for the entire investment strategy of a portfolio. This component will be addressed through the portfolio management portion of the monitoring framework (see section 5 below). The second focuses on management and will be assessed using the Management Effectiveness Tracking Tools (METT 1) and the adoption of better practices for sustainability in the production landscape.

Impact category 4: Civil society

Statement of success: Strengthen the capacity of civil society to be operationally effective as stewards and effective advocates for the conservation of globally significant biodiversity.

Description: CEPF is premised on the assumption that a capable and functioning civil society is necessary for sustained conservation progress. CEPF takes a wide perspective of civil society that encompasses more than traditional definitions. CEPF includes all nongovernmental actors in seeking to improve the organizational capacity of institutions to deliver conservation success. CEPF views civil society and assesses this impact category on two levels. The first is the strength of individual civil society organizations to undertake conservation actions, including ensuring their ability to raise funds to conduct their activities. The second is the collective group of civil society organizations working on conservation issues in a particular investment region. Additional factors that CEPF will monitor to gauge impact on the collective group are the partnerships and networks created to build a strengthened and resilient civil society and the availability of information, because access to information is essential to identify and respond to conservation threats and opportunities.

The proposed monitoring framework incorporates relevant impact indicators from the Global Results Framework. It is presented in Annex A.

5. **Portfolio management:** In addition to program impact indicators, CEPF monitors its ability to function as an effective and efficient grant-making facility. This section focuses on three management categories: conservation strategies; compliance monitoring and communication; and grants management.

Capturing CEPF qualitative impact

There is a great need for CEPF to properly capture and communicate the numerous qualitative results that CEPF grantees are producing. As a complement to the collection of data on the indicators proposed above, CEPF's communication team will continue to capture stories from CEPF grantees and develop

more consistent products that effectively share the impact of CEPF's investment conserving the biodiversity of the hotspots for nature and people. These efforts will include, but will not be limited to, enhancing our lessons learned white papers, promoting thematic short documents and sharing these materials and stories at various forums around the world.

6. Synergy with the Global Results Framework: The Global Results Framework, located within CEPF's Strategic Framework for FY2008-2012, contains indicators that address both impact and management performance. The proposed upgraded monitoring framework should be viewed as **supplementary** to the Global Results Framework, as CEPF will continue to monitor the indicators nested within CEPF's governing documents (e.g. the PAD – Project Appraisal Document). Further, the Global Results Framework contains intermediate targets, for which CEPF will continue to strive to reach. The upgraded monitoring framework will differ in that it will measure progress on the appropriate scale (project, site, corridor, hotspot, global), and will record these differences at varying times throughout implementation of the portfolio and the overall program.

As an example, the Global Results Framework contains the intermediate target “*At least 10 sustainable finance mechanisms established or strengthened with initial capital secured*”, whereas the monitoring framework contains the indicator “*change in the # of sustainable finance mechanisms with improved management*”, which will be monitored at the portfolio global levels, at the start and end of investment.

In addition, the portfolio management indicators make up a large portion of the global results framework. These will be maintained with few modifications, and if there are any modifications, these will be in addition to the information already required in the Global Results Framework.

As the monitoring framework is refined, more work will go into ensuring that it complements the Global Results Framework and that its implementation is smooth and well-integrated with existing efforts and procedures.

7. Implementation: Although further refinement of the monitoring framework will be necessary before implementation can commence, there already exists substantial information on the means of measurement, source of data, scale at which it will be collected, and frequency of collection. Depending on the indicator, data will be gathered at different intervals. Some indicators are not relevant to certain portfolios, and therefore not all portfolios would, for example, strive to collect data for all indicators. Only those projects and portfolios with initiatives related to sustainable financing would measure their establishment and performance. Only those projects and portfolios with initiatives aimed at conserving delivery of ecosystem services such as freshwater would measure, via remote sensing, the factors that would contribute to freshwater flow.

Implementation of the monitoring framework will be preceded by three months of preparation during which the details of operationalization and implementation will be determined. Specifically, this will take place in two phases, which are:

1. **Refinement phase:** this phase includes the preparation of the final monitoring framework document, based on feedback from CEPF's Donor Council and staff. In addition, an assessment of hardware and software requirements will be completed (1 month); and
2. **Inception phase:** this phase will be mainly devoted to incorporating the monitoring framework into CEPF's work. It will include extensive consultations with CEPF grant directors and RITs, training sessions, and validation of proposed protocols/methods. Additionally, the terms of reference for the remote sensing portion of the framework will be prepared (2 months).

The **Implementation phase** will cover 4 years and 9 months. During this phase information on biodiversity, human well-being, civil society, and enabling environmental indicators will be periodically

gathered, analyzed and reported. The beginning of this phase includes the generation of baseline information for the four components of the framework.

8. Operations

In order to implement the monitoring framework, it is proposed that the monitoring function be undertaken by a third party. There are numerous advantages to third party oversight, in particular that the party selected to do the work would have a high level of independence and transparency, and a high level of competency. Numerous organizations exist that would have the necessary expertise to perform the monitoring function for CEPF. At the same time, there are disadvantages in that a third party might have limited knowledge of CEPF, its technical requirements and its operational procedures, that it might be costly, and that it might require significant oversight from CEPF staff.

The CEPF Secretariat will have an important role to play in the monitoring framework as well, supporting the implementers to contact grantees and RITs, and to generate standardized reports in a timely manner, in particular those that comprise CEPF's normal reporting requirements. The exact details of how Secretariat staff will complement the implementers of the framework will be worked out in the three month preparation period that precedes implementation.

9. Budget

CEPF plans to implement the monitoring framework for a five year investment period, and therefore a five year budget is presented.

This budget is divided into three phases. Ideally, the Refinement phase and the Inception phase would take place in the first half of 2012, and implementation would commence in FY13. The budget is presented below.

BUDGET (USD)

Item	Framework phases			Total
	Refinement	Inception	Implementation (Per Year x 5)	
Data Collection	-	-	100,000.00	500,000.00
Coordination	4,000.00	8,000.00	24,000.00	132,000.00
Travel	-	10,000.00	15,000.00	85,000.00
Infrastructure	-	20,000.00	-	20,000.00
Supplies	1,000.00	2,000.00	1,000.00	8,000.00
Total	5,000	40,000	140,000.00	745,000

Budget justification:

Data collection: this budget will cover a range of data collection methods including but not limited to remote sensing. USD 100,000 is an indicative amount and will not be a yearly cost. Initially, remote sensing is likely to be used for calculating changes in habitat, and for calculating ecosystem service delivery. Costs will vary depending on the hotspots that will require data collection, and the strategy pertaining to the individual hotspot. For example, the Mediterranean, with an emphasis on coastal zone management will have different data collection needs than landlocked hotspots. Therefore, the amount per CEPF region will vary according to the size of the hotspot and its strategy.

Coordination: includes time to coordinate the framework implementation (framework refinement, training, protocols validation, data gathering, analysis and reporting). This represents approximately 20% of the time of a senior advisor with a PhD level.

Travel: airfare, meals and lodging to travel to CEPF hotspots for coordination.

Infrastructure: includes software (for example program customization to facilitate data gathering and reporting) and hardware (computers, printers, etc.).

Supplies: office supplies such as paper, toner, etc.