

Critical Ecosystem Partnership Fund

Nineteenth Meeting of the Donor Council

Arlington, Virginia, USA

18 March 2011

8:00 a.m. – 11:00 a.m.

**Assessment and Revision of the
Terms of Reference of the Regional Implementation Teams**

Recommended Action Item:

The Donor Council is asked to:

- **Review and approve the revised terms of reference for the Regional Implementation Teams (RITs)**, amending Section 4.2 of CEPF's Operations Manual; and
- Consider and **approve granting more than one grant to RITs to ensure cost-effectiveness and optimal performance of these new terms of reference** in the full range of geographies where CEPF works, amending Section 2.2 of CEPF's Operations Manual.

Background

Regional implementation teams are central to CEPF's business. While they are the organizations that manage the granting at the local level in each of the hotspots where CEPF operates, their role also involves overseeing the implementation of the strategy crafted in the ecosystem profile. These roles are seen as complementary, as the knowledge of the portfolio gained through the administration of CEPF's investment is key to developing strategic, hotspot-wide actions that will bring the investment strategy to full realization.

Referred to as coordination units during Phase I, the RITs in Phase II were given terms of reference that included, among other things, monitoring across CEPF's investment portfolio in each hotspot. The changes were designed to ensure that these teams would "convert the plans in the ecosystem profiles into cohesive portfolios of grants that exceed in impact the sum of their parts."¹

During Phase II, in 2007, the terms of reference for the RITs were approved and key functions were added to further ensure their role as stewards of the ecosystem profile was defined. At the same time, the Secretariat, in an attempt to maintain controls on administrative costs, proposed that the RITs budget should not exceed, on average, 10 percent of cost of the hotspot investment.

In April 2010 after receiving only one RIT proposal for the Maputaland-Pondoland-Albany hotspot and two for the Caribbean hotspot, and experiencing some shortcomings in RIT programmatic leadership, the Donor Council instructed the Secretariat to carry out an assessment of the performance of the RITs and propose changes necessary to improve results. The assessment found that:

- a) The terms of reference approved in 2007 needed to be clarified and simplified.

¹ Recommendation made by Michael Wells' evaluation of CEPF in 2007.

- b) The 10 percent cap meant to hold down administrative costs was limiting RITs' ability to perform the programmatic role that is required by the terms of reference, is critical to full implementation of the investment strategy, and is most appealing to the best qualified NGOs.
- c) The RITs were being regarded as administrative entities dismissing their critical programmatic role.
- d) There was some duplication of effort between the Secretariat and the RITs, particularly in relation to risk management.

With these findings, the Secretariat proposed revised terms of reference, which were presented to the Donor Council during the Eighteenth Meeting in October 2010. The functions described in the revised terms of reference are largely the same as the terms of reference approved in 2007, with three main differences:

- The revised terms are clearer.
- They more accurately describe the duties that the RIT is expected to perform.
- They omit any duties that are the responsibility of the Secretariat.

[The proposed terms of reference are included in Annex 1.]

During the Eighteenth meeting held in Nagoya, the Donor Council tabled the proposed terms of reference and directed the Secretariat to look further into the activities that the RITs perform to ensure that the administrative costs are kept below the 10 percent threshold. The results of the analysis are detailed below.

Analysis of the Functions of the RITs: Administrative Versus Programmatic

The RITs play a key role as stewards of the strategy crafted in the ecosystem profile for a region. While they are fundamental to the administration of grants, they are in nature a programmatic body that supports the appropriate development of the portfolio. Additionally, it is important that administrative costs are carefully managed. Therefore the Secretariat embarked on an analysis of which activities in the proposed terms of reference are administrative as opposed to programmatic. To determine this, the following definitions were used:

- ***Administrative costs*** are those expenses incurred by the RIT to support the various aspects of managing CEPF small and large grant contracts. The RIT assumes significant administrative responsibilities as manager of CEPF's small grants, including budgeting, processing proposals, and drafting and monitoring contracts. For large grants, RITs assist grantees and the CEPF Secretariat in receiving and processing grant applications, ensuring compliance with CEPF policies, and facilitating on-time and accurate grantee and portfolio reporting and monitoring.
- ***Programmatic costs*** are those expenses that directly support strategic development of the portfolio and contribute in their own right to the achievement of critical conservation results that yield portfolio-wide benefits. Such activities may include facilitating learning exchanges between grantees and stakeholders, identifying leverage opportunities for CEPF, or collaborating with other donors and their conservation projects. Programmatic activities require the RIT to maintain in-house conservation expertise to ensure that CEPF funds are strategically channeled to optimize the achievement of its conservation objectives.

With these definitions in mind, the Secretariat reviewed each of the functions outlined in the proposed terms of reference. It is important to keep in mind that every single function of the proposed terms of reference has an administrative component. However, there are some functions that are primarily programmatic in nature, whereas others are principally administrative. The table below shows the results of the characterization exercise.

RIT Function	Administrative	Programmatic	Rationale
<i>Function 1</i> <i>Coordinate and communicate CEPF investment, build partnerships and promote information exchange in the hotspot.</i>		X	This function is regarded as being the core of RIT responsibilities. It places the RIT at the lead of the strategy by making it responsible for coordination, communication, collaboration, and liaison with donors, partners, governments and others. It also puts the RIT in charge of assuring that the CEPF portfolio is geared to meeting the objectives laid out in the ecosystem profile. It includes the promotion of synergy between CEPF's objectives and local, national and regional initiatives.
<i>Function 2</i> <i>Build the capacity of grantees.</i>		X	This function includes all aspects of capacity building. It is a cornerstone of CEPF's work, ensuring that partners have the institutional and individual ability to design and implement projects that are essential to achievement of CEPF's objectives. This is not capacity building for the sake of capacity building; rather, it is targeted specifically to appropriate strategic stakeholders and ensures delivery of our conservation objectives through improved projects and higher quality implementation. History has shown that these capacity building efforts are essential to ensuring good projects that are integrated into a wider hotspot strategy and a common conservation vision.
<i>Function 3</i> <i>Establish and coordinate a process for proposal solicitation and review.</i>	X		The RIT has a very important role to play in solicitation of proposals and their review. The activities span a wide range, from sending out calls for proposals to establishing review committees to making final recommendations for approval or rejection. Much of this work is administrative, yet without a sound foundation in program, grants would not be strategic nor of the quality essential to meet CEPF's

RIT Function	Administrative	Programmatic	Rationale
			<p>challenging objectives. The programmatic activities pertain to evaluation of applications and deciding which projects to support. These tasks require technical expertise, knowledge of strategy, and the ability to understand that all selected projects will make a unique contribution to the achievement of CEPF's objectives. Nevertheless, this function is regarded as primarily administrative.</p>
<p>Function 4 <i>Manage a program of small grants; that is, grants of less than \$20,000.</i></p>	<p>X</p>		<p>Small grants play an extremely important role in the CEPF portfolio. These grants can address themes or geographic areas of importance, can serve as planning grants, or they can play a supporting role to achieving objectives in a particular corridor. The strategic role that these grants should play cannot be underestimated. Therefore, although most of the activities pertaining to this function are administrative, two very important ones must be highlighted:</p> <ul style="list-style-type: none"> - Conduct strategic oversight of the small grants portfolio to ensure coherence with the overall grant portfolio, CEPF donor partners and others active in the region, and, - Decide on the award of all grant applications. <p>It is essential to realize that without these activities, both of which ensure that small grants are integrated and strategic, the small grants program would not be able to contribute to the achievement of CEPF's objectives. Nonetheless, this function is regarded as primarily administrative.</p>

RIT Function	Administrative	Programmatic	Rationale
<i>Function 5: Reporting and monitoring.</i>	X		To a certain extent, this function is largely administrative, as it entails collecting data on portfolio performance, ensuring compliance with reporting requirements, ensuring that grantees understand and implement safeguards policies, and reviewing reports. It has a programmatic element, however, as visits to grantees may necessitate follow-up capacity building to ensure effective project implementation and monitoring requires technical expertise to be performed and for it to be effective in adaptive management. However, this function is also regarded as primarily administrative.

Recommendation of the Secretariat

The Secretariat is interested in ensuring the best performance of the RITs as both administrative and programmatic entities central to the success of CEPF’s strategy in the regions where we invest. In doing so, the Secretariat seeks to secure the cohesive management of the functions defined for the RITs while maintaining cost-effectiveness by ensuring that the administrative burden to the Fund for each regional investment falls below 10 percent of the cost of the investment. **Therefore the Secretariat recommends that in addition to approving the new terms of reference, the Donor Council also approve the possibility of granting more than one grant to an RIT, allowing the Secretariat to grant separately for administrative and programmatic duties.** This would:

- a) Make the role of the RIT more attractive to capable NGOs by allowing funding and staffing to be tailored to the programmatic and administrative activities that the RIT has to implement.
- b) Make tracking of administrative costs more accurate and transparent.
- c) Give CEPF more flexibility to adapt the RIT model to the specific needs and complexities of each investment region.

The Secretariat strongly believes that opening the opportunity for RITs to have more than one grant will help us overcome the challenges identified in our assessment. It will also allow for a clearer and more accurate tracking of administrative costs while ensuring that programmatic and highly strategic activities are implemented with appropriate staff, time and travel allocations. The multiple-grant solution will allow CEPF to empower the RITs as the true stewards of the strategies outlined and approved in the ecosystem profiles, making CEPF’s results more sustainable over time.

Annex 1

Regional Implementation Team Terms of Reference

The objective of the Regional Implementation Teams will be to convert the plans in the ecosystem profile into cohesive portfolios of grants that exceed in impact the sum of their parts.

The teams will provide local knowledge and insights and will represent CEPF in each hotspot region. They will have primary responsibility for building a broad constituency of civil society groups working across institutional and political boundaries toward achieving the shared conservation goals described in the ecosystem profiles.

The teams will operate in a transparent and open manner, consistent with the CEPF mission and all provisions of the CEPF Operational Manual.

Organizations that are members of the Regional Implementation Team will not be eligible to apply for other CEPF grants within the same hotspot. Applications from formal affiliates of those organizations that have an independent operating board of directors will be accepted, and subject to additional external review.

Major Functions:

- Act as an extension service to assist civil society groups in designing, implementing, and replicating successful conservation activities.
- Review all grant applications and manage external reviews with technical experts and advisory committees.
- Award grants up to \$20,000 and decide jointly with the CEPF Secretariat on all other applications.
- Lead the monitoring and evaluation of individual projects using standard tools, site visits, and meetings with grantees, and assist the CEPF Secretariat in portfolio-level monitoring and evaluation.
- Widely communicate CEPF objectives, opportunities to apply for grants, lessons learned, and results.
- Involve the existing regional program of the RIT, CEPF donor and implementing agency representatives, government officials, and other sectors within the hotspot in implementation.
- Ensure effective coordination with the CEPF Secretariat on all aspects of implementation.

Specific Activities:

- Announce the availability of CEPF grants; publicize the contents of the ecosystem profile and information about the application process; and with the CEPF Secretariat establish schedules for the consideration of proposals at pre-determined intervals, including decision dates.
- Assist civil society groups in designing proposals that contribute to the achievement of objectives specified in the ecosystem profile and a coherent portfolio of mutually supportive grants.
- Assist grantees as needed to build their institutional capacity in critical aspects of conservation action, with a focus on project design and management, monitoring, and financial management.
- Evaluate letters of inquiry for all sizes of grants using standard tools provided by CEPF.

- Award grants of up to \$20,000 that advance the objectives of the ecosystem profile and reinforce larger grant actions; handle contracting of these awards with grantees; provide documentation of these grants to the CEPF Secretariat; and monitor and document grantees' performance.
- Prepare project documentation for external review for grants of more than \$250,000.
- Collaborate with the CEPF Secretariat in maintaining accuracy of the CEPF grants management database; collect and report on data for portfolio and global indicators.
- Facilitate information exchange, establishment and/or strengthening of partnerships between CEPF grantees and key stakeholder groups, and replication of successful projects.
- Monitor the performance of grant recipients, including compliance with grant contracts and required reporting, using standard templates and other tools provided by CEPF.
- Conduct project site visits on a regular schedule as agreed with the CEPF Grant Director and prepare standard trip reports.
- Submit an annual report on the performance of the Regional Implemental Team against the objectives in the ecosystem profile and logical framework. Support the CEPF Secretariat in preparing annual portfolio-level performance evaluation reports.
- Support a mid-term and a final assessment of the portfolio and global program. Advise the CEPF Secretariat regarding adjustments to the ecosystem profile at the mid-point if necessary to respond to major changes in regional context.