

**Discussion Paper**

**Grant-making mechanisms for CEPF Phase III**

CEPF grant making under Phase II has been on a competitive basis, following calls for proposals. The GEF bridging grant provides an opportunity to pilot new mechanisms with potential for wider application during Phase III, such as inviting grant applications on a non-competitive basis, active outreach to targeted organizations, more extensive use of planning grants, and multi-regional grants.

This discussion paper reviews the grant-making mechanisms currently used by CEPF (both typical and less usual ones), and discusses the advantages and challenges associated with their use. The paper also explores the grant-making mechanisms used during Phase I of CEPF, some of which were discontinued in Phase II. Finally, the paper ends with a discussion on grant-making mechanisms that CEPF could embrace in the future to improve its effectiveness during Phase III.

For the purpose of this paper, the term “grant-making mechanisms” is used to describe the various mechanisms whereby funding applications are generated and decisions are made on which to support. It *does not include* broader approaches to establishing grant making priorities, developing grant portfolios, and engaging and strengthening grantee partners, except insofar as they relate directly to the grant-making process.

**1. Current CEPF grant-making mechanisms**

CEPF provides grants to civil society actors: mainly non-governmental organizations (NGOs), community-based organizations, academic institutions, and, to a lesser extent, private sector (including consultancy companies, for-profit ecotourism enterprises, and software development companies).

CEPF grants are of two types:

- Large Grants: over 20,000 USD, managed by the CEPF Secretariat (with support from RITs). The median size of these grants is around 125,000 USD.
- Small Grants: of up to 20,000 USD, managed directly by the RIT in each hotspot. In most cases, the grant size is close to the threshold.

The need for a strict threshold to the grant amount is universally recognized by RITs and grantees alike, as it imposes a reasonable amount of budgetary discipline on applicants, and encourages them to seek co-financing. Where funding needs significantly exceed the threshold for small grants, applicants have the option of applying for a large grant, or for a follow-on small grant, to continue work after the initial grant has ended.

One topic for discussion is whether 20,000 USD is still an appropriate upper limit for small grants. While this is definitely the case in some hotspots, where labor and travel are relatively affordable (e.g. Western Ghats, Eastern Himalayas, Madagascar, etc.), the threshold can prove limiting in hotspots with higher salary and/or logistical costs (e.g. Mediterranean Basin, Caribbean, Polynesia-Micronesia, etc.). This leads to a difference in what can be obtained from small grants from one hotspot to another.

Several options for the threshold grant amount could be discussed – and, if desired, tested in the pilot hotspots under the GEF project – including the following:

- a) keep the 20,000 USD threshold globally
- b) raise the 20,000 USD threshold (to an amount to be determined) – while allowing RITs in some hotspots to set a lower threshold in their Calls for Proposals for Small Grants if they wished
- c) determine for each hotspot a specific threshold for small grants mechanisms – for instance by defining a specific threshold in the Ecosystem Profile.

It should be noted that the 20,000 USD threshold is set in the CEPF Operational Manual, and any alteration would require Donor Council approval.

### **1.1 The typical CEPF grant-making mechanism: open Calls for Proposals**

For both large and small grants, the typical grant-making mechanism used during CEPF Phase II has been fixed-duration Calls for Proposals by Hotspot, open to all eligible applicants.

Open Calls for Proposals are based on the priorities stated in the Ecosystem Profile: geographic priorities (KBAs and/or corridors) and thematic priorities (Investment priorities grouped under Strategic Directions).

Open Calls for Proposals are mandatorily displayed on the CEPF website. Additional tools are used to advertise them, including:

- CEPF newsletter
- RIT websites
- Mailing lists of partners
- Regional newsletters (managed by RITs)
- Use of partners' website or other informational hubs
- Workshops for prospective applicants organized by RITs

Open Calls for Proposals include a clear deadline for submission of Letter of Inquiries (LoI) under region-specific templates for small grants, and a single template across all hotspots for large grants).

After the review process (which differs from one hotspot to another), some large grant LoIs are short-listed, for which organizations are asked to submit Full Proposals. At this stage there is open discussion/negotiation with selected organizations, and specific deadlines are set up for each proposal, on an *ad hoc* basis. Decisions on large grants award are made jointly by the CEPF Grant Director and the RIT. For small grants, the grant award decision is made by the RIT, based on information presented in the LoI; there is no full proposal stage. The RIT may, however, engage with the small grant applicants to request revisions to their project design, or development of supplementary documents, such as logframes.

A common element of this mechanism across all hotspots is that grant making is competitive. Lols are evaluated against a set of criteria, which may vary among regions but typically include contribution to the CEPF investment strategy, potential for strengthening capacity of local civil society, value for money, and prospects for long-term sustainability or replication.

➤ **The typical CEPF grant-making mechanism in Phase II has been open calls for proposals, which ensure open participation from all civil society stakeholders, with i) clear guidelines on eligible projects, coming from the Ecosystem Profile, and ii) flexibility in the project design, through discussion with applicants, after the Lol has been approved.**

#### Advantages:

- There is a high degree of transparency and competitiveness.
- Open calls help to identify “new” NGOs or organizations who are not already in CEPF’s network.
- Grant award decisions are made (near) simultaneously, which allows the relative merits of different proposals to be compared against each other, and helps identify potential overlaps and duplication among proposals.

#### Challenges:

- Calls for proposals are more suited to high capacity organizations, which have access to information and have the know-how to respond following templates. Therefore, frequent solicitations from the “usual suspects” are the norm.
- The administrative burden (review, rejection letters etc.) can be high, with lots of low-quality proposals or proposals which do not fit with CEPF priorities.
- Open calls tend not to generate many innovative proposals, as organizations tend to ‘play safe’ by sticking to activities they are confident in or experienced with. This frequently results in situations where few or no proposals are received for specific investment priorities.
- Open calls are more suited to soliciting proposals for individual projects. It can be difficult to generate linked applications from ‘partnerships’ or ‘alliances’ of organizations working collaboratively.
- There is less flexibility about the start date of projects, because all grants tend to start around the same time (i.e. six to nine months after the call). This could lead to missed opportunities (e.g., planting season, fieldwork season, coordination with one-off events, etc.).

### **1.2 CEPF experience with other grant-making mechanisms**

While the typical grant-making mechanism during CEPF Phase II has been open Calls for Proposals with clear deadlines, in a few cases other mechanisms have been used to respond to specific situations.

The Operational Manual does not explicitly require CEPF to use open Calls for Proposals, even if the general assumption has been that these are the typical grant-making mechanism. Section 4.4.3 of the Operational Manual (pages 128 and following) describes criteria for eligible proposals, and characteristics that could be encouraged. The grant-making process described in the Operational Manual makes provision for a two-stage process for large grants and a one-stage process for small grants but there is no mention of the way in which Lols are solicited in the first place. There is no specific

mention of Calls for Proposals, nor is there any provision that explicitly proscribes grants by invitation or restricted calls for proposals. Nevertheless, a common understanding has emerged during CEPF Phase II that open Calls for Proposals are the norm, and other mechanisms the exception, at least for full investment regions (for consolidation regions, open Calls for Proposals have not been used).

This section presents considerations on CEPF experience with other mechanisms.

#### **a- Emergency grants**

These *ad hoc* grants have been awarded in situations of urgency, generally upon request from civil society (i.e., not driven by CEPF or the RIT). The rationale was to allow actions to address a specific situation, needing immediate action: in particular when waiting for a future Call for Proposals would have either made the proposal obsolete, or resulted in considerable/irreversible damage being done to biodiversity.

An example emergency grant was the project *“Emergency Management of an Incursion of Mongoose on Upolu Island, Samoa”* in Polynesia-Micronesia, which was awarded to SPREP in a matter of days to prevent an accidental incursion of mongooses. Another was a project focused on fire-fighting in Laguna del Tigre protected area in northern Mesoamerica. More recently, the project *“Enforcement and improvement of hunting legislation and strengthening of institutional capacities for wildlife management in Albania”* was awarded to ASPBM, after a government decision to impose a hunting ban in Albania. In each case, postponing the award of the grant would have jeopardized the outcomes of the project, or simply rendered the project useless.

Generally, this grant-making mechanism has been used only for Small Grants, with the exception of the recent one in Albania. As the use of this mechanism has not been specifically tracked, CEPF is not able to determine readily how often it has been used.

For emergency Small Grants, which are awarded by the RIT, there is an additional step, whereby prior permission to award the grant must be sought from the Grant Director. For emergency Large Grants, of which there is only one example to date, prior approval was sought from the CEPF Managing Director.

#### Advantages:

- There are clear benefits in terms of conservation, with delivery of funds for urgent actions – something that few donors are able to do.
- These grants enable CEPF to appear flexible and responsive, which has benefits in terms of the Fund’s reputation among civil society.

During the 2013 RIT exchange, RITs highlighted CEPF flexibility in terms of grant-making in a context of emergency, observing that *“CEPF has been able to take rapid action when in the right place at the right time, for example fire-fighting in Laguna del Tigre (Mesoamerica) and mongoose eradication in Samoa.”*

#### Challenges:

- Emergency grants are less transparent, which could present a potential risk of a negative image if used too widely (although the Secretariat is aware of no negative

reaction to the limited number of emergency grants awarded to date –and has on the contrary received very positive feed-back).

- A few small grants awarded on an emergency basis have run into problems of administrative compliance and/or failed to deliver their expected results in terms of biodiversity conservation. One possible explanation may be that these grants did not go through as rigorous a process of review as the grants awarded under open calls.

## **b- Planning grants**

In some cases, grants have been awarded to one or more organizations in order to support preparatory activities leading to the design of large grants. These are comparable to the project planning grants used by the GEF.

There has been no systematic use of planning grants but situations where they have been used include when:

- An organization has submitted an Lol with some interesting ideas, or a good analysis of the conservation needs, but where proposed activities need further analysis, specific expertise, or local consultation to make sure that a proper set of activities is identified.
- More than one organization has applied to work on a similar issue and/or in the same place, and additional consultations have been required to delineated roles and responsibilities of each partner for a cluster of complementary projects.
- Planning grants could also potentially be used to carry out specific activities required under the safeguard policies (for instance, preparing a Process Framework or Pest Management Plan) – an option that was also suggested by the World Bank during discussions on safeguards issues. CEPF has not used planning grants for this purpose to date.

Generally, the planning grants have followed a typical open Call for Proposals, even if the planning grants awarded did not follow the initial proposition in the Lol.

It has to be noted that some Ecosystem Profiles (i.e. Madagascar and Indian Ocean Islands (2014) and East Melanesian Islands (2013)) specifically mention planning grants in the investment strategies, with the idea of supporting low-capacity community organizations to prepare larger interventions.

Currently there are no limits to planning grants (either in terms of budget or time limit), or agreed criteria for when they can be used. It would be necessary to establish guidance on these before making more systematic use of planning grants.

### Advantages:

- Planning grants have proved very useful in designing stronger projects, with better collaboration among implementing partners, and/or greater ownership by local stakeholders.

### Challenges:

- A proportion of the funding allocation for each region will be used on preparatory activities rather than direct conservation interventions. Provided this proportion is not excessive, the overall impact of the portfolio can be expected to be greater.

### c- Grants by invitation

In some cases, targeted grants have been awarded to pre-selected organizations for a specific activity or set of activities. These cases have always been discussed with (and approved by) the Grants Management Unit (GMU) and Managing Director before requesting an Lol from the targeted organization. This was the case for many grants under CEPF I and of all grants in consolidation regions under CEPF II.

Under CEPF II, with the exception of consolidation regions, grants by invitation have been used on several occasions, on an *ad hoc* basis. For example:

- A small grant was awarded to Green Home in Montenegro to organize an exchange on the Lake Skadar future conservation strategy, which allowed building collaborative projects between organizations in a specific context. This was analogous to a planning grant.
- Large grant #65300 to WWF-South Africa was awarded to fill a gap in the grant portfolio for the Maputaland-Pondoland-Albany Hotspot related to testing creation of a carbon-forestry scheme. This was an identified priority in the Ecosystem Profile but, over four years, open Calls for Proposals generated either no bids or only bad bids. During the mid-term assessment, stakeholders agreed this still needed to happen. The CEPF Secretariat and RIT came to the decision that only WWF could do it within the timeframe. Therefore, they designed the grant with them, issued a Request for Proposals, and asked them to apply.
- Large grant #65467 was awarded to WESSA on a similar basis, for creating a biosphere reserve over a big production landscape. This also addressed a gap in the portfolio for the Maputaland-Pondoland-Albany Hotspot.
- In the Mediterranean Hotspot, there has been no application for the last three years for setting up sustainable funding mechanisms for integrated river basin management, which is an identified priority in the ecosystem profile. Through discussion, it happens that WWF Greece is trying to set up such scheme for conservation of a transboundary river basin – and is looking for support. Consequently, the CEPF Secretariat and the RIT are currently considering supporting them through a grant by invitation, without going through yet another Call for Proposals.

#### Advantages:

- This granting mechanism appears useful (and has been used with satisfactory results) when the usual Calls for Proposals do not bring the expected results, for activities already identified in the ecosystem profiles.
- This granting mechanism also allows CEPF to be reactive to time-bound opportunities.
- An offer of a grant by invitation can motivate the right organization to take up an important activity, knowing that funding will be made available.

- There is a lower administrative burden for CEPF and the RIT, due to not having to launch an open Call for Proposals and review multiple proposals. There is also a saving of effort for potential applicants who would not qualify.
- Grant Directors who have used this mechanism report that grants by invitation have performed as well as – or better than – others.

Challenges:

- Targeted grant making poses a risk of lack of transparency. This could be mitigated by, for instance, only having recourse to targeted grant making after an open call for proposals has failed to generate high quality proposals addressing a particular priority – or by setting up a clear set of rules and criteria.
- There is a potential risk of the targeted applicant inflating their funding request, as they are aware that there is no competition for the grant.

**d- Restricted calls for proposals**

Under this mechanism, a small number of shortlisted organizations are called to participate in a Call for Proposals. This mechanism is similar to the grants by invitation, only with more competition.

One example of this mechanism having been used to date was in the Maputaland-Pondoland-Albany Hotspot, where CEPF wanted an organization to facilitate a cross-border stakeholder learning and KBA management process among Swaziland, Mozambique and South Africa. There were only a few groups who had the capacity and mandate to do so: Peace Parks; ACT; and WESSA. With approval from the GMU and the Managing Director, a shortlist of three was prepared, and they were asked to bid.

Advantages:

- Similar to grants by invitation, only with less of a saving in time and effort, due to the need to solicit and review multiple proposals

Challenges:

- Similar to grants by invitation, only with similar more transparency regarding the selection of grantees (albeit not necessarily with regard to the shortlisting of applicants).
- This mechanism does not apply to all situations presented above, as there are not always several organizations to shortlist. It couldn't be applied systematically. For instance, the mechanism does not address situations when a time-bound opportunity arises.

➤ **All these “special cases” demonstrate the flexibility and adaptive management of CEPF, even if they represent only a handful of the projects funded by CEPF in Phase II. They have proven their effectiveness in specific circumstances, and sometimes their limitations. Their systematic use would require clearer criteria for each grant-making mechanism.**

**2. Past Grant-making mechanisms: Experience from CEPF Phase I (2000-2006)**

## **2.1 Rolling Calls for Proposals**

The mechanism of “rolling” or “open-ended” Calls for Proposals, where the call is permanently open, as long as funds remain available, was the norm during CEPF Phase I.

It has also been considered (although not applied) in some hotspots for Phase II, particularly in the context of responding to “emergency” situations, for example for rapid biodiversity inventories in the case of KBAs under immediate threat. Specifically, provision for rolling Calls for Proposals was envisaged in the ecosystem profiles for the Eastern Afrotropical, and Madagascar and Indian Ocean Islands Hotspots. In each profile, one investment priority specifically mentions actions to respond to urgent threats, such as mining or infrastructure operations. Rather than launching frequent Calls for Proposals, an idea was raised was to be able to receive proposals under this investment priority on a continuous basis. Such an approach would be consistent with the Operational Manual but has not applied to date.

### Advantages:

- This approach allows the administrative workload of reviewing and contracting grants to be spread across the year.
- Applicants are able to prepare Lols at times that suit their own schedules, not in response to arbitrary deadlines imposed by the donor.

### Challenges:

- It is more difficult to compare proposals for work on similar topics or at the same locations, when Lols are not submitted simultaneously.
- It is more difficult to identify potential synergies among proposals if these are submitted at different times.
- The absence of discreet, time-bound calls makes it more challenging to modify the scope of the call over time.

## **2.2 Grants by invitation**

Grants by invitation were much more frequently used during Phase I than during Phase II. One reason for doing so was to achieve rapid conservation results on the ground, which could be used to demonstrate the effectiveness of CEPF as a mechanism for channeling funds to civil society. There were, however, some significant disadvantages. In particular, international organizations, which tended to be better known and to have better connections to senior staff within CEPF and CI, were much more favored in Phase I than in Phase II. In some funding regions, a small number of grantees were provided with a large proportion of the funds. This called into question the idea of CEPF as a vehicle for supporting the emergence of conservation communities, and was raised as an issue in external evaluations of Phase I. For some if not all of CEPF’s global donors, having a vehicle for targeting funds to local civil society organizations is a reason for contributing to CEPF, as they have existing mechanisms for channeling funds to big international organizations.

### 2.3 Collaboration with local conservation trust funds

During Phase I, particularly in Latin America, CEPF pooled its resources with local trust funds, which yielded a number of important advantages that are not possible now. The pooling of resources led to a 1-to-1 match for CEPF grants, and it probably leveraged well over USD 2 million this way. Also, because the local trust funds remained in country (while CEPF departed) and often garnered new funds, it ensured some much-needed sustainable financing for CEPF-supported work. Furthermore, local trust funds have continued to build alliances and networks with former CEPF grantees, and helped to sustain conservation communities.

Under the current grant-making system, there are more challenges to pooling CEPF resources with local conservation trust funds, since the small-grants mechanism is managed by the RIT.

### 2.4 Multi-hotspot grants (“Global grants”)

Multi-hotspot grants existed in CEPF Phase I. They were characterized as any grant that drew funds from multiple regions. For example, a grant to *Rare* supported pride campaigns in several hotspots. Similarly, a grant to *Save the Tiger Fund* supported a small grants program across tiger range states in several hotspots. This allowed CEPF to award a single grant to an organization for a project with multi-region benefits.

CEPF had several quite successful multi-hotspot grants in Latin American under Phase I, on communications, amphibian conservation, environmental safeguards for infrastructure projects, and KBA delineation. Most of these grants emerged organically from the normal grant-making processes.

In CEPF Phase II, the multi-hotspot grants featured in the Global Results Framework, which included the intermediate target: *At least 5 multi-regional projects contribute to the conservation of globally significant biodiversity*. In January 2012, a proposal was submitted to the Donor Council for awarding multi-hotspot grants, with the following criteria: (i) the grant must benefit two or more hotspots; (ii) it must employ a multi-regional approach; and (iii) it must address a threat or theme that is relevant to more than one hotspot, an assessment that pertains to more than one hotspot, or a method or practice that will contribute to the overall improvement of implementation of the CEPF project (such as learning exchanges). The proposal was rejected by the Donor Council, which argued that the grants budget should not be used for this purpose.

Moving into Phase III, there are potential advantages to revisiting the mechanism of multi-hotspot grants, provided that there is a more transparent and participatory approach to their award than was the case during Phase I. For instance, there could be value in having a multi-hotspot grant related to environmental safeguards for major infrastructure developments and extractive industry, as these are threats that impact many hotspots and require regional and global responses, in addition to ones at the hotspot scale. Another example might be a multi-hotspot grant addressing wildlife trade, spanning source countries in southern Africa with consumer countries in Asia. When an issue spans multiple hotspots, a common approach can provide economies of scale and pooling of expertise, leading to the “whole being greater than the sum of the parts”.

It has to be noted that such grants are being tested by other donors (cf. Helmsley Charitable Trust with “connectivity grants”) with seemingly good results, in particular in terms of sharing experience, mainstreaming good practices and fostering innovation.

### Advantages:

- These grants allowed for cross-hotspot collaboration and standardization of approaches, which so often is lacking in multi-country hotspots, even in Latin America.
- Such grants would allow CEPF to strengthen its position as a “global mechanism” and would be extremely important to strengthen experience sharing and capitalization of experience, which are an important aspect of CEPF Phase III’s objective.

### Challenges:

- Tracking funds was difficult, especially because global grant priorities were not identified in ecosystem profiles, and strategic directions were not uniform.
- Collecting and communicating statistics at the hotspot scale was challenging, depending on whether the reporting included, or excluded, the multi-hotspot grants.
- Supervision was challenging, with several Grant Directors typically being involved, and confusion about the allocation of the funds.
- Some decisions about the grants were made without the knowledge of the Grant Directors. Understandably this was not liked by Grant Directors. In general, the impression created was that global grants were awarded in a top-down manner, lacked transparency, and did not fit well with other grants in the portfolio.
- Multi-hotspot grants tended to be awarded to international organizations, because these were typically the only ones present in more than one region. This runs contrary to CEPF’s long-term goal of engaging and strengthening local civil society. Arguably, there are other funding opportunities available to international organizations for these types of projects (which typically have larger budgets), including from several of CEPF’s global donors.

- **While multi-hotspot grants yielded some important results during Phase I, the lack of clarity on the criteria for their use frequently created problems. Their management proved difficult, and they lacked sufficient local ownership from the Coordination Units (the forerunner of the RITs).**
- **Multi-hotspot grants have the potential to address trans-hotspot issues (such as wildlife trade and investment in major infrastructure projects) and foster cooperation and exchange of experience within the global CEPF community, which it is difficult for CEPF to do at the present time.**

### **3. The need for other mechanisms in addition to open Calls for Proposals in the context of CEPF III**

While open Calls for Proposals has been the mainstay of CEPF’s grant making during Phase II, other mechanisms have been used in limited ways in specific circumstances, where there have been limits to open calls. In particular, the open calls mechanism has shown its limitations in the following cases:

- **Support to Conservation Trust Funds.** While, during the period 2000-2006, CEPF supported a large number of conservation trust funds (e.g., support to administrative costs, support for initial studies, etc.), such activities were considerably reduced post 2007, even though sustainable financing schemes are part of the investment strategies in two recent ecosystem profiles (Mediterranean and Eastern Afromontane). The open Calls for Proposals mechanism is not particularly well adapted to

such activities, as there is generally one potential applicant (hence competition is meaningless), activities require a longer timeframe and, generally, more funds than CEPF can provide alone. In such situations, it would be preferable to identify actors in the process of setting up conservation trust funds and discuss with them how CEPF could best support their efforts.

- **Activities requiring specific expertise and collaborative efforts.** For such activities, open calls cannot be expected to generate the necessary proposals. This has been and still is the case for setting up large carbon-funding mechanisms (cf. Eastern Afromontane). The RIT and Secretariat should be able to play a more proactive role in gathering stakeholders, and defining with them which organizations could be responsible for specific activities.
- **Where civil society capacity is very low or non-existent.** In such situations, it may make sense to have a more proactive role for the RIT, either by approaching stakeholders directly and defining a set of activities that would fit their needs as well as CEPF's objective, or by organizing collaborative workshops to identify ways to develop a coherent conservation vision. The recent cases of South Sudan, Yemen and Libya, for instance, illustrate the need to work closely with stakeholders rather than expecting fundable proposals from open calls.
- **Engaging government and private sector.** CEPF Phase III puts an emphasis on working more closely with governments (without funding them) and private sector (with potential funding, and other innovative schemes). This aspiration may be difficult to turn into reality with an open call mechanism. Once more, a more proactive role of the RIT and CEPF Secretariat will be needed to reach out to private sector organizations and government agencies and discuss directly with them potential projects. From CEPF's experience, attempting to engage the private sector through open calls for proposals will almost certainly fail to bring expected results.
- **Non-grant support.** CEPF may wish to broaden the types of support it provides for conservation projects away from short-duration grants. For example, CEPF might fund more innovative, seed grants that spur new ways of linking private sector practices with conservation. Perhaps forming an alliance with a bank to fund low-interest loans akin to Verde Ventures, where CEPF can fund the technical assistance required to set up these loans, for example. Such approaches could leverage private sector funding or open up new avenues for accessing public funds but would clearly require alternative grant-making mechanisms.
- **Multi-hotspot grants.** Further consideration should be given to the possibility of including a provision for such grants. For instance, there is an intention to improve cross-learning and experience exchange among regions during CEPF Phase III, and global grants could provide the funding stream to make this happen. At the same time, issues of transparency, local ownership and coherence would need to be addressed. One option would be to have a separate funding allocation for multi-hotspot grants, which would not require funds to be taken from the allocations for individual hotspots.

#### 4. Possible grant mechanisms fitting with CEPF mission: Pros and Cons

##### 4.1 Open Calls for Proposals

It was clear from the interviews conducted for this paper that open Calls for Proposals are a "trademark" of CEPF and fit perfectly with its objectives. Nobody suggested not continuing with open calls as the main grant-making mechanism. Their value in "discovering new talents" from among local civil society was particularly emphasized, which would be difficult to do if there was a move towards grants by invitation. However, all interviewees made it clear that the use of other grant-making mechanisms,

whether on an *ad hoc* basis or under certain predetermined conditions, would allow CEPF to improve its efficiency.

#### 4.2 Grants by invitation

This mechanism was mentioned in all interviews as being potentially useful, even if everyone agreed that it should be used sparingly and only under certain conditions to avoid the appearance of lack of transparency.

The mechanism could be put in place swiftly, although it would be important to specify the conditions under which it could be used. Where these conditions were met, the RIT and/or CEPF Grant Director would open a dialogue with the selected civil society organization, which would be asked to submit either:

- an *Lol*, followed by a full proposal, or
- a full proposal directly, thereby skipping the *Lol* stage (this would require a modification to the Operational Manual)

In terms of procedure, and to limit the perception of a lack of transparency, a system of compulsory peer-review or external evaluation could be set up, along the lines followed at present time for proposals over \$250,000. This might even extend to compulsory review by the CEPF Working Group.

The most important challenge is to decide upon criteria to allow CEPF to use grants by invitation. Among the ideas proposed (which could be combined) were the following:

- **Ad hoc approval** by Managing Director (or Executive Director), upon proposition by the concerned Grant Director.
- **Grantees already working with CEPF.** Grants by invitation could be restricted to grantees that have already been selected through open calls. Such a criterion could be useful for:
  - Providing follow-on funding to an existing initiative, in cases where a cost extension is not possible (cf. new CEPF funding phase in a region) or not practical (new phase with lots of new activities/components).
  - Scaling-up activities of a small grant into a large grant. This situation occurs quite often, and waiting for a scheduled Call for Proposals to submit a large grant proposal could negatively impact activities on the ground (e.g., by causing a loss of momentum with stakeholders, etc.).
  - Teaming-up several CEPF grantees to build a larger, cooperative project.
- **Persistent gaps in the investment portfolio.** Several Grant Directors and RIT members mentioned that they still had, even after several years of Calls for Proposals, “orphan” investment priorities or “orphan” priority sites. In such cases, building a specific project through dialogue with potentially interested partners would be useful. This would allow the RIT and CEPF Secretariat to be more “proactive” when facing such situations.
- **Building partnerships and testing innovative approaches.** For some specific issues, a coordinated approach between grantees would bring additional benefits. This might become even more important with the objective to work more closely with private sector under CEPF Phase III. One way in which this could work would be by bringing together potential applicants and government/private sector partners, to plan clusters of linked grants to address a particular issue or test a particular approach, especially where CEPF did not expect to receive applications under open calls, or where it expected these applications to be insufficiently coordinated with one another.

- **Specific emergency situations.** In situations of emerging threat or opportunity, time-bound projects (in the context of a specific event), and situations when seasonality is important (e.g., reforestation, agro-ecology, etc.) waiting for scheduled calls could be detrimental to conservation outcomes.
- **Situations where grants by invitation are identified as a mechanism in the ecosystem profile.** It could happen that a specific project, to be implemented by a pre-selected organization, could be identified at the profiling stage. This could be in a *de facto* preselection, when an actor possesses a unique capability to implement a critical piece of the investment strategy.

#### **4.3 Acceptance of proposals on a rolling basis**

This mechanism requires further discussion among the Grants Team. It might be redundant if the option of awarding grants by invitation in response to specific emergency situations is maintained for instance. This was not proposed as a future mechanism during any of the interviews.

#### **4.4 Planning grants**

This mechanism requires further discussion among the Grants Team. It might be combined with the following mechanism, particularly where multi-stakeholder initiatives are being proposed by local organizations.

#### **4.5 Proposal development workshops**

The approach here would be to bring together organizations interested in working on a particular theme or at a specific site to jointly plan a program of work consistent with the CEPF investment strategy, and then to develop complementary funding proposals that leveraged the different capabilities of each organization. Such workshops would also be an opportunity to engage other funders interested in supporting these programs of work.

The Mediterranean RIT mentioned the possibility of organizing workshops with potential low-capacity applicants, in order to design projects with them. This could be one “mechanism” to reach out to organizations before awarding grants by invitation.

#### **4.6 Pooling resources with local Conservation Trust Funds**

Under the current grant-making system, CEPF cannot easily pool resources with other funds. This granting mechanism delivered important results in the past (cf Latin America, above), in situations where a strong local conservation trust fund existed. This mechanism could be important in the context of supporting “long term stewards” of the CEPF vision in the hotspots (at least the long-term financing component).

It is proposed that CEPF revisit the possibility of pooling its resources with local conservation trust funds. Specific attention would need to be given to monitoring compliance with CEPF’s policies, monitoring impact and ensuring value-added. In the past, CEPF has encountered problems with one trust fund but the risks can be managed successfully. The ability to insert CEPF’s agenda onto local conservation trust funds to ensure long-term sustainability is quite compelling and deserves due consideration.

#### **4.7 Multi-hotspot grants**

Should there be a transparent and participatory approach to selection of multi-hotspot grants, such grants could be of tremendous value. Among examples of possible multi-hotspot grants: exchange of experience and good practices to ensure safeguards of infrastructure and extractive industry efforts, or addressing traffic of endangered species from the supply as well as the demand side, exchanging practices on invasive species of management in similar contexts (small island developing states, mountainous areas...). However, due consideration would need to be given to legitimate concerns about transparency, accountability and ownership. Further work on defining options for selection criteria, award mechanism, and management practices could be undertaken by the CEPF Secretariat, should the donors be supportive of exploring the concept of multi-hotspots grants further.