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ADVICE TO COUNCIL: No. 96-5

North American Fund for Environmental Cooperation (NAFEC)

The Joint Public Advisory Committee (JPAC) of the Commission for Environmental Cooperation (CEC):

IN ACCORDANCE with the request of Council has reviewed the Selection Committee's proposed amendments to the *NAFEC Administration and Funding Guidelines* of the North American Fund for Environmental Cooperation (NAFEC); and

NOTING that the proposed changes to the guidelines strengthen the NAFTA orientation of the fund, emphasize sustainability and equitable partnerships, and clarify procedural submission requirements; and

SUPPORTING the Selection Committee's inclusion of language regarding confidentiality of submissions; and

OFFERING recommendations aimed at enhancing the fund's performance while strengthening the linkage between fund priorities and CEC work program objectives; and

RECOGNIZING that financing the North American Fund for Environmental Cooperation through the CEC (20% of the 1997 overall budget) places a considerable strain on resources available to the CEC for carrying out its mandate (see Advice to Council 96-4); and

CONFIDENT that the new approaches proposed in the guidelines will bolster the linkages between the NAFEC, the CEC program, and the North American NGO community.

HEREBY RESOLVES that the JPAC advise the Council to adopt the Selection Committee's amendments to the guidelines (see *NAFEC Administration and Funding Guidelines*), with the two changes noted below:

- a) Section V 1.b: The grant ceiling will be CAN \$100,000 per year.
- b) Section V 1.d: Requests for multi-year grants will be accepted. Multi-year grants will however be dependent on the availability of funds and subjects to review each year;
- c) Section V 4: Urgent Request Fund (instead of Discretionary Fund); and

FURTHER RESOLVES that the JPAC advise the Council to:

1. Convert the NAFEC to a CEC project-specific support program;
2. Direct the Secretariat to clarify fund objectives for NGOs with project-specific Request for Proposals defining tasks, including both technical and institutional roles, recognizing there could be small sub-tasks for an NGO in each country;
3. Continue to use the Selection Committee (with input from each CEC project manager) to select the most successful proposals (technical, institutional, cost, and leveraging with other NGOs, governments, indigenous peoples);
4. Direct project managers, after selections are made, to work closely with the NGOs to optimize NGO contributions to project development and implementation;
5. Assign NAFEC staff to work with foundations, industry organizations, and governments to identify private sources of funds to solicit support for capacity building funding of NGOs. For example, request the NAFEC staff to work with the CEC Communication Coordinator to broaden and improve CEC contacts with NGO networks in the three countries in order to help them to have access to internet; and
6. Instruct the CEC Secretariat to perfect detailed guidance on this advice.

APPROVED BY THE JPAC MEMBERS:

November 20, 1996

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DRAFT

Suggested modifications for consideration by the Council
(proposed changes are underlined)

NORTH AMERICAN FUND FOR ENVIRONMENTAL COOPERATION (NAFEC)

ADMINISTRATION AND FUNDING GUIDELINES

April 30, 1996

modified draft of November 8, 1996

NORTH AMERICAN FUND FOR ENVIRONMENTAL COOPERATION (NAFEC)

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VII. What criteria will be used to assess proposals? . Error! Bookmark not defined.¶

NORTH AMERICAN FUND FOR ENVIRONMENTAL COOPERATION (NAFEC)

CEC mission:

The Commission for Environmental Cooperation (CEC) was created by the North American Agreement on Environmental Cooperation to enhance regional cooperation, prevent potential environmental and trade disputes and promote the effective enforcement of environmental law. The Agreement, signed by Canada, Mexico and the United States, complements the environmental provisions established in the North American Free Trade Agreement (NAFTA).

I. What is the NAFEC?

The CEC created the North American Fund for Environmental Cooperation (NAFEC) in 1995 as a means to fund community-based projects in Canada, Mexico and the United States that promote the goals and objectives of the CEC.

The NAFEC seeks to support projects that:

- make the link between the community and continental level (by one or more of the following means: bilateral or trilateral collaboration; impact on policy; dissemination/replication value)
- emphasize sustainability; link environmental, social and economic issues
- relate to current CEC priorities, as outlined in Part II below
- involve a clearly-defined community of stakeholders who are committed to the project
- respond to a specific issue or problem and lead to concrete results
- reflect equitable partnerships between or among organizations from different sectors and countries
- strengthen and build the capacities of people, organizations and institutions
- leverage additional support, but are unlikely to obtain full funding, from other sources

II. What projects can be funded?

Priority will be given to those projects that complement CEC's current work program i.e. projects that relate to:

- migratory species
- environmental information (standardization and exchange)
- air and water
- technology exchange (e.g. pollution prevention)
- trade and environment
- enforcement cooperation
- environmental law (information exchange)
- cross-boundary environmental impact assessment

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Deleted: <#>Community-based¶
<#>Small and project-based¶
<#>Cooperative partnerships¶

¶
Also projects that:¶
<#>Enhance the objectives of the CEC as presented in its work program¶
<#>Leverage additional support from other sources¶
Strengthen and build the capacities of local peoples and institution

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¶
<#>Those that meet the objectives of the North American Agreement on Environmental Cooperation (NAAEC), as outlined in Article 1 of the Agreement as specified in section VII (1)a).¶

¶
<#>Those that relate to the CEC 1996-1998 Strategic Framework, as outlined below.¶

¶
The NAFEC will consider projects that relate to:¶

¶
1. . Environmental Conservation¶
Goal: To promote and conserve ecosystem health and integrity and to foster and encourage the conservation, protection and sustainable use of natural resources and ecosystems.¶

¶
2. . Environmental Protection¶
Goal: To facilitate cooperative initiatives to reduce pollution risks and minimize pollution impacts.¶

¶
3. . Environment, Trade and Economy¶
Goal: To examine the relationship between trade and environmental policy and to encourage the compatibility among environmental policies, and trade and economic policies within North America.¶

¶
4. . Enforcement Cooperation and Law¶
Goal: To facilitate development of law, policy and economic instruments; and to facilitate the development of alternative approaches to achieving compliance, including effective enforcement; and to promote greater public participation and transparency in decision-making.¶

¶
5. . Information and Public Outreach¶
Goal: To raise the level of public awareness and understanding about the environmental challenges facing the NAFTA partners.¶

III. What will not be funded?

The NAFEC will not support:

1. Activities that should be conducted by governments as required by law
2. Administrative expenses (expenses not directly related to the projects i.e. an organization's overhead) should not exceed 15% of the total grant.
3. Regular activities of the organization such as annual meetings and conferences
4. An organization's overall program
5. General environmental education activities; such as conferences, publication of books and other documents (unless they are part of an issue-based project leading to specific results)

Deleted: Overhead expenses (such as maintenance, light, heat) and administrative expenses (such as telephone, fax, photocopy)

IV. Who can apply?

Applicant organizations must be based in one of the three member countries.

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Non-governmental organizations

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- a) Not-for-profit non-governmental organizations will be eligible for grants. "Non-governmental organization" means any scientific, professional, business, non-profit, or public interest organization or association which is neither affiliated with, nor under the direction of, a government. However, if a non-government organization with for profit status collaborates in a project proposal with a primary applicant that has not for profit status, then the project proposal could be considered for funding.
- b) Funding will not be provided to government agencies. This would not, however, preclude non-governmental organizations from collaborating with ineligible organizations.

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The rationale for this decision is as follows:

- The NAFEC's resources will be stretched thin to accommodate requests from the three countries and grants should be limited to those organizations with limited access to financial support.
- Governmental entities have means to levy resources (e.g. taxes) to support their initiatives.

Deleted: 2. Community-based¶
¶ The resolution to establish the NAFEC recognizes the importance of supporting programs that have "local" significance and impact. With this guidance, the NAFEC's resources will only go to support efforts at the grassroots level. The interpretation of grassroots will be broadly defined so as to be inclusive rather than exclusive. The objective of empowering and building the capacity of local peoples and institutions will be used as a guiding principle in screening proposals.¶

V. How will the NAFEC be administered?

The Secretariat will administer the NAFEC with \$2 Million (CAN) which will be allocated each year for grants. This amount may vary in subsequent years. Administrative costs for the NAFEC

3. Individuals¶
¶ In some instances, support to individuals may be considered, if they are working in cooperation with not-for-profit organizations or government agencies.¶

will be taken from the core operating budget of the CEC. This amount may also vary in subsequent years.

The following factors are involved in the administration of the NAFEC:

1. Grant Distribution Process

- a) Grants will be equitably distributed among the three countries over a period time.
- b) The grant ceiling will be \$100,000 (CAN) per year.
- c) Grants will be paid out in installments to ensure that funded projects proceed in a realistic time frame. Payments will be delayed or withheld if the conditions of the grant are not met.
- d) Requests for multi-year grants will be accepted. Multi-year grants will however be dependent on the availability of funds and subject to review after each year.
- e) Organizations may submit more than one application per year for different projects, but only one project is eligible for support per year.

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2. NAFEC Management and Staff Structure

The NAFEC will consist of a Selection Committee, a Coordinator, support staff and technical advisors, if needed.

The Selection Committee will consist of two members from each country. The CEC Council members will select members from their respective citizens and appoint them to serve on the Selection Committee for two years (this may vary slightly in order to ensure that replacements of Committee members are staggered). Selection Committee members are not expected to represent the interests of their respective countries. Rather, they are asked to serve on the Selection Committee for their knowledge and professional expertise. Selection Committee members will act in accordance with, and take their direction from, the NAFEC Guidelines.

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To ensure the integrity and non-political character of the NAFEC, Selection Committee members will be required to sign a declaration that they cannot represent the interests of any specific group. Selection Committee members must disclose all potential conflicts of interests and recuse themselves from the selection process in cases where a conflict is identified. Organizations who have a board member or staff member sitting on the NAFEC Selection Committee may not apply for NAFEC funding during that individual's term on the Selection Committee.

The Secretariat will fill the Coordinator and support staff positions. The Coordinator serves on the Selection Committee in an ex-officio capacity until such time that a tie vote must be broken.

The Coordinator will work with the Secretariat to ensure that the goals of the CEC are fairly interpreted and represented when soliciting proposals and awarding grants.

3. Request for Proposals and Review Process

Proposals submitted to the NAFEC are considered confidential. They cannot be distributed outside the CEC without the consent of the applicant.

With the goal of limiting overhead and administrative complexity, a streamlined proposal review structure will be created. It will include:

- a) The Coordinator will issue a Request for Proposals (RFP) that outlines eligible projects and applicants, provides information on how to apply, a decision timetable and an outline for a preproposal. An application form would be used to facilitate the act of applying for a grant and standardize the review process.
- b) The Coordinator will initially ask applicants to send a two page preproposal. A preproposal is helpful for the NAFEC and for the applicant. The Coordinator will be able to quickly screen preproposals and the applicant will not have invested a great deal of time and effort testing a program idea.
- c) The Coordinator will screen preproposals and prepare a recommendation for the Selection Committee's final decision. For each preproposal, the Coordinator will present rationale to decline a preproposal or request a full proposal. This preproposal review process will be accomplished via E-mail or fax or by meeting in person.

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On completion of this stage, the Council will receive a list of all proposals submitted (divided into those for which full proposals are being requested and those which are being declined). This list will include the name of the organization and its location, the title of the project, a brief description of the project, the amount requested and the reason for the Selection Committee's decision.

- d) When full proposals are received, the Coordinator will conduct a preliminary screening of proposals for conformity and will prepare a review to be forwarded to the Selection Committee.

The Coordinator may enlist the assistance of the CEC staff and outside technical advisors to evaluate the technical issues arising from proposals or to clarify questions or concerns raised by members of the Selection Committee.

Proposals will be rated on how well they relate to the CEC's objectives and the criteria outlined below to ensure a balanced and fair review process across the three countries.

- e) The Selection Committee reviews the Coordinator's screening reports, and approves/declines grant applications.

On completion of this stage, the grants will be publicly announced. Public information will include: The name of the organization and its location, the name of the project, the amount of the grant and the executive summary of the project. Information on how to contact the organization will be made public with the permission of the projectholder.

4. Urgent Request Fund

Deleted: Discretionary

The NAFEC Coordinator will administer an Urgent Request fund for small grants under \$10,000 (CAN) that may be awarded anytime during the year. The Urgent Request fund will not exceed 3% of the NAFEC annual endowment.

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Applications to the Urgent Request fund must be time-sensitive (there must be a reason why they cannot wait until the next grant cycle). Those which are not will be converted to regular grant requests and considered during the next grant cycle.

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Urgent Request grants can be made at any time. The NAFEC Coordinator will screen petitions for the Urgent Request fund, and make recommendations to the Selection Committee for its review and action. This review process can be managed via fax and E-mail on a monthly basis.

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5. Application Process and Deadlines

- a) Applicants would be required to complete a two page preproposal. A full proposal would be requested of those applicants whose preproposal met the criteria and warrant closer scrutiny.
- b) There will be two grant cycles each year allowing sufficient time for review and follow-up and evaluation.
- c) Deadline for proposals will be the first working day of February and August.

6. Evaluation of the NAFEC

A performance evaluation of the NAFEC will be conducted within the first two years of operation. The Joint Public Advisory Committee (JPAC) of the Commission for Environmental Cooperation will be responsible for evaluating the performance of the NAFEC and recommending refinement to criteria, if needed.

The annual external audit of the CEC will also include a financial statement on the NAFEC.

7. Building the NAFEC's Endowment

The NAFEC Coordinator would be able to accept and/or seek additional resources in order to build its endowment. Care will be taken to ensure that the process of building an endowment does not in any way compromise the fund raising ability of non-profit organizations.

8. Official Languages

- a) The official languages of the NAFEC shall be English, French and Spanish.
- b) The Selection Committee shall establish rules and procedures regarding translation and interpretation.

VI. What is Required of Applicants?

1. Leverage Grants

Applicants will be encouraged to leverage support provided by the Fund by securing support from other sources.

2. Collaboration

Applicants must provide evidence of collaboration and coordination with other organizations and efforts. They will be asked to identify the groups who are working in concert with the applicant.

3. Dissemination

Applicants will be required to share the results of their work, as well as the process used to achieve the results, with other NGOs and the public.

VII. What criteria will be used to assess proposals?

The following criteria will be used by the Selection Committee and NAFEC Staff to help determine the eligibility of proposals.

Suggest removal of NAAEC objectives (including both these objectives and CEC priorities has created confusion). However, general information about CEC, which includes NAAEC objectives could accompany information about NAFEC so that potential applicants clearly understand the context.

2. Administration

- a) Short and long-term deliverables are clear and reasonable;
- b) Administrative costs and overhead are not excessive and are justified; and
- c) Understands the institutional and organizational support necessary to ensure success.

3. Community Support

- a) Identifies a community (whether a local community, a community of interests or a community of stakeholders) with whom the applicant will work and for whom the

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Deleted: 1. NAAEC Objectives¶

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a) . The substance of a proposal should be consistent with the spirit and the objectives of Article 1 of the North American Agreement on Environmental Cooperation, which includes:¶

- <#>foster the protection and improvement of the environment in the territories of the Parties for the well-being of present and future generations;¶
- <#>promote sustainable development based on cooperation and mutually supportive environmental and economic policies;¶
- <#>increase cooperation between the Parties to better conserve, protect, and enhance the environment including wild flora and fauna;¶
- <#>support the environmental goals and objectives of the NAFTA;¶
- <#>avoid creating trade distortions or new trade barriers;¶
- <#>strengthen cooperation on the development and improvement of environmental laws, regulations, procedures, policies and practices;¶
- <#>enhance compliance with, and enforcement of, environmental laws and regulations;¶
- <#>promote transparency and public participation in the development of environmental laws, regulations and policies;¶
- <#>promote economically efficient and effective environmental measures; and ¶
- promote pollution prevention policies and practices

Deleted: Has a specific community participation plan

_____ applicant _____ has developed a participation plan (for example, setting up an advisory committee); and

- b) Strengthens and builds capacity of people, organizations and institutions.

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4. Financial

- a) Future funding needs are recognized and considered.

5. Evaluation

- a) Has well developed plans for evaluating both impact and process; and
- b) Resources for conducting the evaluation are included in the project budget.

6. Organizational Credibility/Stability

- a) Clear leadership/management structure; and
- b) Demonstrates ability to manage resources.

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