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ADVICE TO COUNCIL: No. 98-02

Re: The North American Fund for Environmental Cooperation (NAFEC)

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

ACKNOWLEDGES the important role of the North American Fund for Environmental Cooperation (NAFEC) in creating a public constituency for issues central to the CEC mission;

COMMENDS the excellent work of the NAFEC staff in the stewardship of the fund;

INTENDS to have a continuing oversight function with regards to the evolution and development of NAFEC and is considering the re-establishment of a Working Group for this purpose; and,

HAVING reviewed the Interim Evaluation of the North American Fund for Environmental Cooperation and agreed with the recommendations and conclusions,

HEREBY RESOLVES that the JPAC's advice to Council is to accept the evaluation report and the recommendations contained therein and requests that particular attention be paid to:

- a) the issue of repeat funding;
- b) the term and rotation of Selection Committee members;
- c) providing technical assistance to applicants and recipients; and
- d) engaging the NAFEC staff as CEC employees.

APPROVED BY THE JPAC MEMBERS:

23 January 1998

Enclosed: Interim Evaluation of the North American Fund for Environmental Cooperation

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**Interim Evaluation of the
North American Fund for Environmental Cooperation
(NAFEC)**

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SAL Consulting

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December 15, 1997

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Introduction

In September, 1997, the North American Fund for Environmental Cooperation (NAFEC) was asked to help conduct an interim evaluation of its work that would:

- give the NAFEC staff, the NAFEC Selection Committee, the Commission for Environmental Cooperation (CEC) officials and Joint Public Action Committee (JPAC) members a sense of the NAFECs impact and its functioning;
- outline how the NAFEC might improve its impact and functioning based on evaluation findings and;
- lay the groundwork for a more comprehensive evaluation of the NAFEC in the future, if required.

The NAFEC staff were asked to present the results of an interim report at the end of December, 1997.

SAL Consulting was contracted to assist with a part of the evaluation that involved gathering observations and ideas of key NAFEC stakeholders, such as the NAFEC Selection Committee, members of the JPAC, CEC and NAFEC staff and NAFEC applicants. SAL Consulting, through staff based in the Mexico and the United States, gathered valuable information about the NAFEC via telephone interviews and the Internet from 15 applicants, 3 members of the JPAC, 2 CEC staff, 1 NAFEC staff person and all 6 of members of the NAFEC Selection Committee. The results of these interviews have been captured in the Executive Summary section of this report.

Executive Summary: Findings and Recommendations

This section summarizes information gathered from interviews with the CEC and NAFEC staff, members of the JPAC and the NAFEC Selection Committee and applicants and presents recommendations for improving the NAFEC's operations and impact that were gleaned from the interviews. The recommendations also include ideas for a more comprehensive evaluation of the NAFEC in the future, should one be needed.

Part I summarizes the opinions of the CEC and NAFEC staff and members of the JPAC and the NAFECs Selection Committee. Part II summarizes applicants thoughts regarding the NAFEC and the application process.

PART I

(views of JPAC, CEC staff, NAFEC staff and Selection Committee)

NAFEC Staff

Findings

- staff received very high marks from all interviewed
- desired characteristics (e.g. tri-lingual, leadership, good grantmaking skills) of staff important part of success
- two staff positions are adequate given current size of budget and tasks required
- general agreement that networking with other funders and providing technical assistance to applicants is appropriate and has strong payoff, however...
- if staff is asked to spend more time networking or assisting applicants current staff would be spread thin and quality would suffer; additional staff should be considered at that time

Recommendations

- exemplary qualities for staff should be included in job description for staff positions
- staff size should remain the same under current work conditions, unless current staff is required to perform additional duties

Selection Committee

Findings

- Selection Committee members are pleased with their committee experience and have enjoyed the collegial atmosphere, being exposed to a broad array of interesting projects and being a part of an effort to improve conditions at the local level
- terms of service not clear; there should be formal term limits to "refresh" committee
- current composition of committee is appropriate, no less than two years, nor more than three; stagger rotation from each country to maintain some consistency, opinion regarding re-appointments is split; Selection Committee members think it is important to have a representative of the JPAC on the Committee
- the CEC and NAFEC staff, and members of the JPAC and the Selection Committee articulated a set of ideal qualifications for a Selection Committee member, which includes: general familiarity with the non-governmental (NGO) community and environmental matters, appreciation of continental issues, understanding of the North American Free Trade Agreement (NAFTA)

- importance of an independent review and selection process was emphasized by most people interviewed, there was general agreement that the CEC and JPAC should provide general guidelines

Recommendations

- formalize terms of service: no less than two years, nor more than three, stagger rotation of members to maintain consistency, issue of re-appointments should be resolved
- capture ideal qualifications for Selection Committee members and incorporate into Terms of Reference for service on the Committee to help advise Ministers appointments; this should include the recommendation that one member of JPAC serve on the Committee

Solicitation, Application and Selection Process

Findings

Solicitation

- most agreed that it is difficult to judge how well the Request for Proposal (RFP) is distributed, but it is assumed that distribution is fairly good given the large and diverse number of proposals received
- while there was a consensus of opinion that there could be some strategic solicitation in areas (both geographic and issue) from which few proposals are received, there was nearly full agreement that no more proposals should be encouraged given the high number of applications that are currently declined
- all interviewed believed that the RFP was fairly clear and well defined

Application

- with the exception of the first grantmaking round, the time given to prepare a pre-proposal and a full proposal is seen as appropriate
- the two stage process (pre and full proposal) is liked and is seen as very useful

Selection

- for the most part the process of reviewing proposals is seen as sound, NAFEC staff provides Selection Committee with good materials, but some members do not usually have time to digest it all (especially at the pre-proposal stage)
- there exists a "healthy deferral" among members of the Selection Committee regarding national judgment on proposals from their country
- members of the Selection Committee usually reach consensus after robust debate often focused on issues related to the capacity of applicants or whether a proposal is truly community-based
- some members of the Selection Committee believe that the selection of Urgent Request Funds lacks discipline and should be tightened up

Recommendations

Solicitation

- NAFEC should closely examine any obvious gaps regarding the number of proposals received by geography and issue area to determine whether any targeted solicitation is needed and/or appropriate

Selection

- given the busy schedule of Selection Committee members NAFEC might examine ways to present members with just enough information on applicants to encourage thoughtful review of each proposal
- NAFEC should include the examination of the consistency and policy for selecting Urgent Request Funds in a comprehensive review conducted in the future

NAFEC/JPAC/CEC Relationship

Findings

- many NAFEC applicants know nothing or very little about the CEC, many believe that the NAFEC should promote the CEC and the CEC should promote the NAFEC
- there is a general consensus that the NAFEC is a powerful vehicle for reaching the general public and building a constituency for important issues related to trade and the environment and is the "public face of the CEC" -- yet it is believed that the NAFECs power to reach and educate the public is not being utilized by the CEC
- some believe that the NAFEC has a natural affinity with the JPAC because they both interact with the public, but some believe that the NAFEC reaches the general public and real grassroots level better than the JPAC (e.g. JPAC attracts many of the same people to its public forums, while the NAFEC continues to interact with larger and larger audiences)
- there is general consensus that underlying tensions exist between the CEC and NAFEC brought on, in part, by the fact that the NAFECs budget was taken from CEC's annual operating budget causing the CEC to cut back on its programming
- many people believe that the NAFEC is kept in a tenuous position as indicated by the fact that yearly allocations are always in question and it needs to justify its existence on a regular basis
- several people argued that the NAFEC should be funded by some other means (e.g. by the ministers directly) but they are quick to note that these alternative funding strategies are unlikely
- there are wide differences of opinion regarding the NAFEC's lines of accountability, however, nearly everyone is comfortable with a loose understanding in that it provides broad flexibility clear consensus that

nothing should be done that might compromise the independence of the Selection Committee

- the NAFEC staff are working cooperatively with the CEC program staff to deepen exchanges of information, but it has been difficult for the CEC staff to find the necessary time to maximize this relationship; the NAFEC staff have received good computer and accounting support from the CEC while having mixed experiences with other forms of administrative support
- there is a general consensus that a consistent and deeper flow of information and expertise between the NAFEC and CEC staff would be mutually beneficial

Recommendations

- the NAFEC interim evaluation should be used to open a frank dialogue with the CEC regarding real or perceived tensions in an attempt to improve the flow of information and mutual support
- a thoughtful review of the independent and joint public outreach capabilities of the NAFEC should be conducted to allow the CEC to effectively utilize its public outreach opportunities
- the contract arrangements of the NAFEC staff should be reviewed to determine if it would be better for them to be paid staff of the CEC rather than a contractor
- the NAFEC should consider having the CEC staff and/or alternates attend site visits to see the work of grantees first hand

NAFEC's Grantmaking Priorities, Policies and Evaluation

Findings

Grantmaking Priorities and Policies

- there is a hearty group that believe that the NAFECs funding priorities should be closely related to the CECs, while another equally hearty group believe the NAFECs resources should not be used to fund the CEC priorities either way, there was agreement that the NAFEC should not be too ambitious given its limited resources
- the issue of repeat funding for the same project was raised as an unresolved issue
- nearly everyone felt that a great deal of time and effort has been invested in creating the current set of guidelines and that any change, if needed, should be modest
- the CEC and NAFEC staff and members of the JPAC and the Selection Committee identified types of proposals that they would like to fund in the future and emphasized the importance of sustainable development, community-base, involvement of indigenous people, bi- or tri- national, innovation, trade and environment and the promotion of organic/green products; also the dissemination of good ideas should be a NAFEC priority

- some people noted that a formal timetable for evaluating the NAFEC should be developed, noting that the NAFEC needs to prove its worth/impact on a regular basis

Evaluation/Indicators

- most people suggested talking with other funders (e.g. Mott, Pew, Bronfman) to help the NAFEC gather information regarding indicators of success
- others suggested that the NAFEC talk with government entities and NGOs (e.g. Sustainable Seattle and IDRC) who have developed success indicators
- it was noted that a great many studies and maps on North America's environmental conditions have been created by the CEC and others (e.g. The Nature Conservancy, National Wildlife Federation) and that the NAFEC should bring this material together to help form a baseline of current data on North America

Recommendations

- with the consideration of views expressed by applicants (see Part II), the NAFEC should confirm and establish a policy regarding repeat funding and make its position known in any future publications
- in a more comprehensive review the NAFEC should review suggestions regarding its grantmaking priorities with the understanding that most people are fairly content with the current guidelines (see Part II for applicant opinions on this subject)
- a more comprehensive review should propose a formal evaluation cycle for the NAFEC, along with the required budget
- a more comprehensive review should investigate the suggested sources of information regarding indicators and evaluation techniques (refer to applicants' ideas in Part II)

PART II

(views of applicants)

NAFEC Staff

Findings

- nearly everyone who interacted with the NAFEC staff found them very helpful
- several Mexican groups noted that it was somewhat difficult for them to make contact with staff because of time zones and limited telephone service in certain parts of Mexico
- the smaller groups with no fundraising history needed and received help and reassurance from the NAFEC staff; the applicants encouraged the NAFEC to maintain this tradition

- applicants found staff to be very patient and understanding of the challenges faced with putting together a bi- or tri-national initiative
- many applicants had only modest or no verbal interaction with staff, this includes applicants who received grants; verbal interaction is primarily directed to those who seek it or those who need it; there is considerable written communication with applicants and grantees via letters, e-mail and progress reports

Recommendations

- A more comprehensive review should examine the staffs provision of technical assistance to applicants to determine an appropriate level of assistance that will still meet applicants needs but not compromise staffs ability to accomplish their overall tasks
- on a related note, the comprehensive review should examine staff/grantee interaction to help determine a desired level of interaction to maintain proper oversight

Solicitation, Application and Selection/Decline Process

Findings

Solicitation

- word-of-mouth appears to be one of the most effective means of circulating the RFP; universities and governmental or quasi-governmental organizations have been particularly effective transmitters of the RFP to community-based groups

Application

- most people thought the RFP was fairly clear and more straight forward than most application forms, with the notable exception of many of the small Mexican based organizations who had trouble understanding the application
- with the exception of the first grantmaking round, most felt that they are given enough time to prepare both the pre and full proposal
- applicants like the two stage process (e.g. pre and full proposal)

Selection/Decline

- with the exception of some of the Mexican groups, most applicants said the rationale for declines provided by NAFEC staff was understandable and well explained
- some of the Mexican groups did not agree with the rationale provided for a decline and thought that the decision was not well reasoned
- nearly every applicant that was declined has already or intends to reapply

Recommendations

- a comprehensive review should examine the Mexican applicants problems with interpreting the RFP and guidelines and understanding the rational for declines to help minimize feelings of being unfairly evaluated

NAFEC Grantmaking Priorities and Policies

Findings

Guidelines

- most applicants did not have an exact handle on the NAFEC guidelines but had a general notion that the NAFEC was interested in funding community-based initiatives that involved two or more North American countries
- applicants provided a series of ideas regarding the NAFECs current and future funding priorities, which included funding multi-national education and advocacy projects, public health and land water and air
- for many applicants the NAFECs guideline regarding multi-national collaboration encouraged them to partner up with groups in other North American countries before submitting an application

Policies

- all but two applicants who received a grant said that the reporting requirements are reasonable, moreover they say that the NAFEC staff are open to renegotiating the reporting schedule to coincide with the preparation of similar reports for other funders (those who felt reporting excessive encouraged the use of oral reporting to encourage more interaction with the NAFEC staff, and just two written reports)
- several applicants who received grants noted that holding on to parts of the grant dollars until completion is a real incentive to finish in a timely fashion, however, a Mexican group noted that it would like to get money for supplies up-front because the devaluation of the peso makes prices go up thereby making it difficult to buy all the supplies as originally planned
- applicants complimented the NAFEC staff for being flexible regarding non-profit status and the use of fiscal agents, this flexibility is important when working with small local groups
- several groups who received funding were unclear as to the NAFECs policy regarding renewal grants, groups in Mexico in particular encourage the NAFEC to consider repeat funding to sustain long term projects
- most groups noted that the NAFECs resources should be significantly increased to effectively impact North America
- many applicants encouraged the NAFEC to promote networking among its grantees to share North American strategies and technology, possibly through the Internet

Leverage

- applicants who received grants had mixed experiences regarding success at leveraging additional dollars, in-kind support was the most common type of dollar leveraged
- one group admitted that it was a little worried about taking money from NAFEC because it did not support the passage of NAFTA, while they were quick to add that people are feeling more comfortable about the NAFEC because the CEC has produced some progressive reports that challenge the status quo
- many applicants noted that continental funding is not well understood or popular among other funders and, as a result, they recommend that the NAFEC and CEC aggressively educate and encourage others funders as a means of leveraging more resources for organizations working on the NAFEC/CEC priorities; many noted the NAFECs very unique funding niche

Evaluation/Indicators

- one applicant suggested that the NAFEC should have grantees evaluate each other
- indicators of success offered by applicants included, the existence of more collaborative efforts across North America, the avoidance of national conflicts and, according to several Mexican groups, increased NGO capacity at the community level

Recommendations

- the NAFEC is encouraged to do more networking with funders to promote more North American funding and to gather information on other sources of funding for applicants
- a comprehensive review of the NAFEC should examine ways to facilitate networking among grantees, recognizing the impact on NAFEC staff time

NAFEC/CEC Relationship

Findings

- most applicants know little or nothing about the CEC, with the exception of some of the larger organizations on the borders
- the few applicants that are familiar with the CEC are unclear about the NAFEC's connection with the CEC

Recommendations

- a comprehensive review of the NAFEC should examine how the CEC and NAFEC could effectively utilize its public outreach opportunities

Research Methodology

SAL Consulting was contracted to assist with this evaluation by conducting an independent analysis of the NAFEC by interviewing key stakeholders, such as the NAFEC Selection Committee, members of the JPAC, CEC and NAFEC staff and NAFEC applicants.

SAL Consulting had approximately 5 weeks in which to prepare the interview questions and conduct the interviews. In that time a total of 27 people were interviewed, including 6 members of the Selection Committee, 3 members of the JPAC, 2 CEC staff members, 15 NAFEC applicants (including those who were funded and those who were not), and 1 NAFEC staff member.

From the interviews the investigative team gathered opinions regarding the NAFEC staff and the process of soliciting, reviewing, selecting and declining proposals. The team sought answers to the following questions:

1. DOES THE EVALUATION PROCESS FUNCTION WELL IN TERMS OF:
 - SPEED OF DECISION-MAKING
 - THOUGHTFULNESS OF DECISION-MAKING
 - INTERACTION OF STAFF AND SELECTION COMMITTEE
 - INTERACTION OF STAFF AND APPLICANT
2. IS THE STAFFING OF NAFEC ADEQUATE FOR THE JOB? WHAT ARE THE STAFFING STRENGTHS AND WEAKNESSES?
3. TO WHOM IS THE NAFEC ACCOUNTABLE? DOES A CLEAR AND FORMAL DECISION-MAKING STRUCTURE EXIST? IF SO, HOW WELL DOES IT FUNCTION? IF NOT, DOES THIS CAUSE OPERATIONAL PROBLEMS?
4. HOW DOES THE NAFEC RELATE TO THE JPAC AND OTHER CEC PROGRAMS AND RESOURCES? IS THIS RELATIONSHIP ADEQUATE?
5. WHAT INDICATORS CAN BE USED TO MEASURE THE IMPACT OF THE NAFEC GRANTEES, INDIVIDUALLY AND COLLECTIVELY?
6. WHAT ARE SOME OF THE NAFECs MOST EFFECTIVE GRANTS AND WHAT MAKES THEM SO EFFECTIVE? WHICH NAFEC PRIORITIES HAVE NOT BEEN WELL ADDRESSED THROUGH THE GRANTS?

7. HAS NETWORKING WITH OTHER FUNDERS AND NGOs BENEFITED THE SOLICITATION AND/OR REVIEW PROCESS?

To find answers to these questions SAL Consulting interviewed NAFEC staff, CEC staff and members of NAFECs Selection Committee and JPAC. The issues explored in the interviews are as follows:

- NAFEC Staff/Selection Committee: Are you satisfied with the pre-proposal and full proposal evaluation process? What can be done to improve it?
 - are you provided enough/too much information
 - is it provided in a timely manner
 - are your comments taken into consideration
 - is there thoughtful discussion and debate
 - how are disagreements negotiated
 - is the current membership structure of the Selection Committee adequate, if not, how should it be changed
- NAFEC applicants and grantees: How would you evaluate the proposal solicitation and review process?
 - how did you find out about the NAFEC RFP
 - were you given adequate time to prepare a pre-proposal and/or proposal
 - were the guidelines and application process clear
 - did you feel comfortable to contact the NAFEC staff if you had a question, were they readily available, did you contact members of the NAFEC Advisory Committee
 - did you feel that your proposal was fairly reviewed
 - if declined, was there a clear explanation why
 - did you raise concerns regarding your decline with the NAFEC staff, how were your concerns responded to by the NAFEC staff, would you reapply
 - if approved for a grant, do you think the reporting process is cumbersome and were you able to leverage the NAFEC grant
 - do you have a sense of NAFECs indicators for success, what are your indicators for success
 - what, if anything, do you know about the CEC
- NAFEC Staff/Selection Committee/CEC staff/ JPAC: Is the NAFEC staffing adequate (strengths/weaknesses)?
 - are staff readily accessible
 - are they responsive to your requests and concerns
 - do they have a good grasp of the issues
 - do they provide quality information in a timely fashion

- NAFEC Staff/Selection Committee/CEC staff/JPAC: To whom is the NAFEC accountable?
 - the NAFEC Selection Committee, JPAC, CEC, Some combination/ Other
 - is the line of accountability well understood by all concerned
- NAFEC Staff/Selection Committee/CEC Staff/JPAC: How does NAFEC relate to other CEC programs? Is it adequate?
 - is NAFEC effectively drawing resources from the CEC staff/JPAC and programs (which programs/services)
 - is the relationship between the NAFEC and CEC/JPAC too close or intrusive to the proposal review or selection process
- NAFEC Staff/Selection Committee/CEC Staff: Of the projects funded by the NAFEC which ones have had the greatest impact?
 - which projects do you enjoy telling others about
 - what makes these projects so impressive, what are indications of success
 - which grantmaking priorities do you get the best proposals
 - which grantmaking priorities do you get few proposals or weak proposals
 - do you think NAFEC should refine its grantmaking focus, If yes, how so
 - do you think each country has been well served by the NAFEC grants; has North America been well served
- NAFEC Staff/Selection Committee/CEC Staff/JPAC: What are indicators of success for NAFEC
 - for its grants solicitation and review process
 - for its grantees
 - what have other organizations used as indicators of success
- NAFEC Staff/Selection Committee/CEC Staff: Has networking with others (e.g. funders, NGOs governments) benefited the solicitation and/or review process?
 - how has it benefited and should other networking opportunities be sought out
 - how has it detracted

Conclusion

This interim evaluation brought forward interesting and helpful findings on the NAFEC operations and staff. To begin, this investigation shows that the CEC has staffed the NAFEC with people with strong grantmaking and interpersonal skills. Care should be taken however not to overload existing staff with additional duties that may compromise their current quality of work. The Ministers have appointed people to the NAFEC's Selection Committee who work well together and have a general environmental background that allows them to make thoughtful decisions.

For the most part, the investigation shows that the NAFEC applicants believe that the application process is appropriate and proposals are fairly reviewed. Members of the Selection Committee would, however, like to carefully examine the process of granting Urgent Request Funds. Nearly everyone interviewed shared the opinion that the current edition of the NAFEC guidelines are sound and that no or little additional adjustments should be made at this time.

A final key conclusion that can be drawn from this investigation relates to the widely held belief that the NAFEC is creating a public constituency for issues central to the CEC mission. The CEC and NAFEC are encouraged to work cooperatively to fully capitalize on the NAFECs outreach capacity which, in the end, will enhance both initiatives.

In closing, it should be noted that the evaluation raises a number of issues that warrant closer examination. Toward that end, the development of a formal comprehensive evaluation process is encouraged.