

# CRITICAL ECOSYSTEM PARTNERSHIP FUND



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## **The Critical Ecosystem Partnership Fund (CEPF)**

**November 7, 2007**  
**Sector, Thematic and Global Evaluations Unit**

**<http://www.globalevaluations.org>**

©2008 Independent Evaluation Group, The World Bank Group  
1818 H Street NW  
Washington DC 20433  
Telephone: 202-458-4497  
Internet: <http://www.globalevaluations.org>  
E-mail: [grpp@worldbank.org](mailto:grpp@worldbank.org)

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This volume is a product of the staff of the Independent Evaluation Group (IEG) of the World Bank Group. It is part of an ongoing series that reviews global and regional partnership programs in which the World Bank is engaged as one of the partners. The findings, interpretations, and conclusions expressed in this volume do not necessarily reflect the views of the Executive Directors of The World Bank or the governments they represent.

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ISBN-13: 978-1-60244-098-2  
ISBN-10: 1-602440098-0

Printed on Recycled Paper

Independent Evaluation Group  
Knowledge Programs and Evaluation Capacity  
Development (IEGKE)  
E-mail: [grpp@worldbank.org](mailto:grpp@worldbank.org)  
Telephone: 202-458-4497

**IEG Mission: Enhancing development effectiveness  
through excellence and independence in evaluation.**

The Independent Evaluation Group (IEG) of the World Bank reviews global and regional partnership programs (GRPPs) in which the Bank is engaged as one partner among many for two main purposes: (a) to provide accountability in the achievement of the program's objectives by providing an independent opinion of the program's effectiveness, and (b) to identify and disseminate lessons learned from the experience of individual GRPPs. The preparation of a global or regional program review (GPR) is contingent on a recently completed evaluation of the program, typically commissioned by the governing body of the program.

The first purpose above includes validating the findings of the GRPP evaluation with respect to the effectiveness of the program, and assessing the Bank's performance as a partner in the program. The second purpose includes assessing the independence and quality of the GRPP evaluation itself and drawing implications for the Bank's continued involvement in the program. Assessing the quality of GRPP evaluations is an important aspect of GPRs, since encouraging high quality evaluation methodology and practice more uniformly across Bank-supported GRPPs is one of the reasons why IEG embarked on this new product in 2005.

IEG annually reviews a number of GRPPs in which the Bank is a partner. In selecting programs for review, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming sector studies; those for which the Executive Directors or Bank management have requested reviews; and those that are likely to generate important lessons. IEG also aims for a representative distribution of GPRs across sectors in each fiscal year.

A GPR is a "review" and not a full-fledged "evaluation." It assesses the independence and quality of the relevant evaluation; provides a second opinion on the effectiveness of the program; assesses the performance of the Bank as a partner in the program; and draws lessons for the Bank's engagement in global and regional programs. The GPR does not formally rate the various attributes of the program.

A GPR involves a desk review of key documents, consultations with key stakeholders, and a mission to the program management unit (secretariat) of the program if this is located outside of the World Bank or Washington, DC. Key stakeholders include the Bank's representative on the governing body of the program, the Bank's task team leader (if separate from the Bank's representative), the program chair, the head of the secretariat, other program partners (at the governance and implementing levels), and other Bank operational staff involved with the program. The writer of a GPR may also consult with the person(s) who conducted the evaluation of the GRPP.

Each GPR is subject to internal IEG peer review, Panel review, and management approval. Once cleared internally, the GPR is reviewed by the responsible Bank department and the secretariat of the program. Comments received are taken into account in finalizing the document, and the formal management response from the program is attached as an annex to the final report. After the document has been distributed to the Bank's Board of Executive Directors, it is disclosed to the public on IEG's external Web site.

## Abbreviations and Acronyms

ANGAP	National Association for Protected Areas Management (Madagascar)
CBD	Convention on Biological Diversity
CBO	Community-based organization
CCM	Communities, Conservation and Markets (a global program)
CEPF	Critical Ecosystem Partnership Fund
CI	Conservation International
CU	Coordination Unit (CEPF)
CODE	Committee on Development Effectiveness (World Bank)
DGF	Development Grant Facility (World Bank)
ENV	Environment Department (World Bank)
EP	Ecosystem Profile
FLEG	Forest Law Enforcement and Governance (a global program)
GEF	Global Environment Facility
GPP	Global programs and partnerships
GPR	Global Program Review (IEG)
GRPP	Global and regional partnership programs
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion Report (World Bank)
IEG	Independent Evaluation Group (World Bank)
KfW	Kreditanstalt für Wiederaufbau
M&E	Monitoring and evaluation
MSP	Medium-Sized Projects (GEF)
MTR	Mid-Term Review
NGO	Non-governmental organization
PHRD	Policy and Human Resources Development (Japanese Trust Fund)
PDF B	Project Development Fund B (GEF)
PROFISH	Global Program on Fisheries
PROFOR	Program on Forests (a global program)
PSR	Project Status Report (World Bank)
RIT	Regional Implementation Team (CEPF)
SGP	Small Grants Program (GEF)
TNC	The Nature Conservancy
TOR	Terms of reference
UNDP	United Nations Development Program
UNOPS	United Nations Office for Project Services
WWF	World Wildlife Fund for Nature

## Fiscal Year of Program

July 1 to June 30

Director-General, Independent Evaluation	Mr. Vinod Thomas
Director, Independent Evaluation Group (World Bank)	Ms. Cheryl Gray
Manager, Sector, Thematic and Global Evaluations Unit	Mr. Alain Barbu
Global Program Coordinator, Sector, Thematic, and Global Evaluations Unit	Mr. Chris Gerrard
Task Manager	Ms. Lauren Kelly

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## Program at a Glance: Critical Ecosystem Partnership Fund (CEPF)

<b>Start date</b>	December 14, 2000
<b>Objectives</b>	To provide strategic assistance to nongovernmental and other private sector organizations for the protection of selected vital ecosystems in IBRD member countries who have ratified the Convention on Biological Diversity.
<b>WBG contributions</b>	Between FY01 and FY07, the World Bank contributed \$25 million from its Development Grant Facility, implemented \$25 million of GEF project contributions, and provided oversight, as a trustee, of a \$25 million PHRD commitment.
<b>Other donor contributions</b>	\$25 million was contributed by Conservation International and \$25 million by the John D. and Catherine T. MacArthur Foundation.
<b>Location</b>	Conservation International, Arlington, Virginia, USA.
<b>Governance</b>	<p><b>CEPF Donor Council</b> (Phase 1):</p> <ul style="list-style-type: none"> <li>• Chair and CEO of the Global Environment Facility</li> <li>• President of the John D. and Catherine T. MacArthur Foundation</li> <li>• Director of the Development Institutions Division, International Bureau, Ministry of Finance, Government of Japan</li> <li>• Chairman and CEO of Conservation International</li> <li>• President of the World Bank Group (Chair).</li> </ul> <p><b>CEPF Working Group</b> (Phase 1):</p> <ul style="list-style-type: none"> <li>• Director of the Environment Department, the World Bank</li> <li>• Senior Vice President of the Regional Programs Division, Conservation International</li> <li>• Special Policy Coordinator of the Biodiversity Policy Division, Nature Conservation Bureau, Ministry of the Environment, Government of Japan</li> <li>• Program Manager for Biodiversity, the Global Environment Facility</li> <li>• Director of the Conservation and Sustainable Development Program Area, the John D. and Catherine T. MacArthur Foundation.</li> </ul>
<b>Management</b>	<b>Secretariat</b> housed in Conservation International is led by an Executive Director (also Senior Vice President, Conservation International). The secretariat includes the support of 15 staff, including 4 Regional Grant Directors, a Senior Director for Finance, external relations staff and administrative assistance. Although primarily serving a coordination function, during Phase 2, the field-level Regional Implementation Teams will assume a grant approval role for all grant proposals valued at \$20,000 and less.
<b>Latest program-level evaluation</b>	Michael P. Wells, Lisa M. Curran and Seemin Qayum, <i>Report of the Independent Evaluation of the Critical Ecosystem Partnership Fund</i> , January 25, 2006.

## Key Bank Staff Responsible during Period under Review

<b>Position</b>	<b>Person</b>	<b>Period</b>
<b>Global Program Team Leader</b>	Gonzalo Castro	2000–2001
	Michael Carroll	2001–2005
	Kathleen Mackinnon	2006 – present
<b>Director, Environment Department</b>	Kristalina Georgieva	2000–2004
	Warren Evans	2004 – present
<b>Vice President</b>	Ian Johnson	2000–2004
	Kathy Sierra	2004 – present
<b>Trust Fund Operations</b>	N/A	N/A
<b>Global Programs &amp; Partnerships</b>	Margaret Thalwitz	March 2004 – present

## Program Manager

<b>Position</b>	<b>Person</b>	<b>Period</b>
<b>Program Manager</b>	Jorgen Thomsen	December 14, 2000 – present

## Glossary

Buffer zones	Protected Area management zoning systems frequently include a highly protected core area surrounded by a buffer zone. The core area — such as strict reserve or no-take area — protects critical habitat and species. The buffer zone may allow a broader range of uses, but is intended to insulate the core from threats to its conservation status.
Devolution or disengagement strategy	A proactive strategy to change the design of a program, to devolve some of its implementation responsibilities, to reduce dependency on external funding, or to phase out the program on the grounds that it has achieved its objectives or that its current design is no longer the best way to sustain the results which the program has achieved.
Donor	Any organization or entity that makes a financial or in-kind contribution to a program that is reflected in the audited financial statements of the program. Therefore, this includes not only “official donors” but also developing countries that contribute annual membership dues, seconded staff, or office space, provided that these are formally recognized in the financial statements of the program.
Efficacy	The extent to which the program has achieved, or is expected to achieve, its objectives, taking into account their relative importance.
Efficiency	The extent to which the program has converted or is expected to convert its resources/inputs (such as funds, expertise, time, etc.) economically into results in order to achieve the maximum possible outputs, outcomes, and impacts with the minimum possible inputs.
Endemism	In biology and ecology, endemism describes species that are native and unique to their own geographic place or region. Such species are not found naturally anywhere else. The place is a discrete geographical unit, often an island or island group, but sometimes also a country, habitat type, or other defined area or zone.
Evaluation	The systematic and objective assessment of an ongoing to completed policy, program, or project, its design, implementation, and results. The aim is to determine the relevance and achievement of its objectives, and its developmental effectiveness, efficiency, impact, and sustainability.
Governance	The structures, functions, processes, and organizational traditions that have been put in place within the context of a program’s authorizing environment to ensure that the program is run in such a way that it achieves its objectives in an effective and transparent manner. It is the framework of accountability and responsibility to users, stakeholders and the wider community, within which organizations take decisions, and lead and control their functions, to achieve their objectives.
Habitat loss	In biology and ecology, habitat loss is the process of land-use change in which one habitat-type is removed and replaced with another habitat-type. In this process, plants and animals which previously used the site are displaced or destroyed, thereby reducing biodiversity. Habitat loss is one of the most important cause of species extinction worldwide.
Hotspot	In biology and ecology, these are the richest and most threatened reservoirs of plant and animal life on Earth. They are characterized both by exceptional levels of plant endemism and by serious levels of habitat loss.
Impacts	Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.

Independent evaluation	An evaluation that is carried out by entities and persons free from the control of those involved in policy making, management, or implementation of program activities. This entails organizational and behavioral independence, protection from interference, and avoidance of conflicts of interest.
Indicator	A quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor.
Legitimacy	As a criterion for assessing governance and management, the way in which governmental and managerial authority is exercised in relation to those with a legitimate interest in the program — including shareholders, other stakeholders, implementers, beneficiaries, and the community at large.
Logical framework or logframe	A management technique that is used to develop the overall design of a program or project, to improve implementation monitoring, and to strengthen evaluation, by presenting the essential elements of the program or project clearly and succinctly throughout its cycle. It is a “cause and effect” model which aims to establish clear objectives and strategies based on a results chain, to build commitment and ownership among the stakeholders during the preparation of the program or project, and to relate the program’s or project’s interventions to their intended outcomes and impacts for beneficiaries.
Management	The day-to-day operation of the program within the context of the strategies, policies, processes, and procedures that have been established by the governing body.
Monitoring	The continuous assessment of progress achieved during program implementation in order to track compliance with a plan, to identify reasons for noncompliance, and to take necessary actions to improve performance. Monitoring is usually the responsibility of program management and operational staff.
Outcomes	The achieved or likely short-term and medium-term effects of the outputs of a development intervention.
Oversight	One of the core functions of the governing body of a program: Monitoring the performance of the program management unit, appointing key personnel, approving annual budgets and business plans, and overseeing major capital expenditures.
Partners	Stakeholders who are involved in the governance or financing of the program (including the members of the governing, executive, and advisory bodies).
Public goods	Goods which produce benefits that are non-rival (many people can consume, use, or enjoy the good at the same time) and non-excludable (it is difficult to prevent people who do not pay for the good from consuming it). If the benefits of a particular public good accrue across all or many countries, then the good is deemed a global or international public good.
Protected Area	A geographically defined area which is designated or regulated and managed to achieve specific conservation objectives.
Relevance	The extent to which the objectives and design of the program are consistent with (a) the current global/regional challenges and concerns in a particular development sector and (b) the needs and priorities of beneficiary countries and groups.
Shareholders	The subset of donors that are involved in the governance of the program. Therefore, this does not include individual (particularly anonymous) donors who choose not to be so involved, or who are not entitled to be involved if their contribution does not meet the minimum requirement, say, for membership on the governing body.

Stakeholders	The parties who are interested in or affected, either positively or negatively, by the program. Stakeholders are often referred to as “principal” and “other”, or “direct” and “indirect”. While other or indirect stakeholders — such as taxpayers in both donor and beneficiary countries, visitors to a beneficiary country, and other indirect beneficiaries — may have interests as well, these are not ordinarily considered in evaluations unless a principal stakeholder acts as their proxy.
Subsidiarity	As a criterion for assessing the relevance of a program, whether the activities of the program are being carried out at the most appropriate level — global, regional, national, or local — in terms of efficiency and responsiveness to the needs of beneficiaries.
Sustainability	When the term is applied to the activities of a program, the extent to which the benefits arising from these activities are likely to continue after the activities have been completed. When the term is applied to organizations or programs themselves, the extent to which the organization or program is likely to continue its operational activities over time.
Transparency	As a criterion for assessing governance and management, the extent to which a program’s decision-making, reporting, and evaluation processes are open and freely available to the general public. This is a metaphorical extension of the meaning used in physical sciences — a “transparent” objective being one that can be seen through.
Value for money	The extent to which a program has obtained the maximum benefit from the outputs and outcomes it has produced with the resources available to it.
<i>Source: Sourcebook for Evaluating Global and Regional Partnership Programs: Indicative Principles and Standards.</i> Independent Evaluation Group – World Bank, 2007.	



## Preface

This is a Global Program Review (GPR) of the first phase of the Critical Ecosystem Partnership Fund (CEPF 1). CEPF is a partnership between the World Bank, Conservation International (CI), the Global Environment Facility (GEF), the John D. and Catherine T. MacArthur Foundation and the Government of Japan. The French Development Agency joined the program in March 2007. CEPF was launched in 2000 to provide strategic assistance to nongovernmental and other private sector organizations for the protection of selected vital ecosystems in IBRD member countries that have ratified the Convention on Biological Diversity.

This GPR has been prepared by Lauren Kelly (task manager) and Colin Rees (consultant). It assesses the independence and quality of the 2005 external evaluation of CEPF, provides a second opinion on the effectiveness of CEPF, assesses the performance of the Bank as a partner in the program, and draws lessons for the future operation of the program. The review period covers the first phase of CEPF operations from December 2000 to June 2007.

The GPR applied a rigorous, multi-faceted methodology to assess CEPF in accordance with IEG's Guidelines for Global Program Reviews (Annex A). First, IEG performed an exhaustive desk review of all relevant CEPF documentation. This included the review and assessment of all historical, official Bank memoranda detailing the conceptual development of the Fund; the original Memorandum of Understanding between the Bank, Conservation International and the Global Environment Facility, the Financing Strategy, the Operational Manual (and its revisions) and the Fund-Raising Strategy developed by the Donor Council; each Ecosystem Profile and comments (including comments from the Bank's Regions) on each profile where available; the 2003 Mid-Term Review; the 2005 External Evaluation and the CEPF Management Response; all annual reports; CEPF's Poverty Assessments; and other publications (see reference list).

To assess Relevance, IEG reviewed World Bank CASs, PRSPs, relevant economic and sector work, and the 2002 Environment Strategy. IEG also examined the Bank's own lending portfolio relating to biodiversity conservation and protected area management. It examined the history of the development of CEPF and looked at alternative sources of supply such as the GEF Small Grants Program administered by UNDP. IEG performed a literature review and scanned the horizon of conservation approaches being pursued by other International NGOs and organizations. IEG also utilized Implementation Completion Report (ICR) Reviews and PPARs of GEF and Bank-financed projects for biodiversity conservation, as well as ICR Reviews and PPARs of Bank projects in associated areas of development (agriculture, forest management, etc.) to consider the relevance of CEPF's small-grant approach and interventions at the country-level.

To verify and supplement the findings of the external evaluation with respect to Efficacy and Efficiency, IEG reviewed the (nine) Five-Year Portfolio Level Assessment Reports available as of June 2007. IEG performed a portfolio review of the grants financed by CEPF across these nine hotspot areas. In performing the portfolio review, IEG examined the objectives of each grant, levels of financing (including co-financing), and the reported results.

To assess Governance, IEG reviewed and assessed the terms of reference laid out for the Donor Council by the founding members, the agendas and minutes of each Donor Council Meeting, and each “Report on Decisions Taken by the Donor Council” at each prior meeting. IEG reviewed the records of attendance, the frequency and modality of the meetings (face-to-face, teleconference, etc.), and interviewed Working Group Members who interfaced with their respective agency representatives on the Donor Council. IEG did not interview members of the Donor Council itself in view of their seniority and limited availability.

To assess Bank Performance, IEG conducted an extensive data exercise to account for all activities associated with CEPF in the Bank’s management information system (SAP). All costs associated with staff weeks, labor costs, travel and other expenses were analyzed. IEG also analyzed documents that were available in the project file including aide-memoires, Project Supervision Reports, and the December 2006 Supervision Mission to the Philippines.

IEG conducted 25 interviews of stakeholders based in the Washington DC area, including World Bank staff, CI staff, Working Group Members, prior and current Bank task managers, regional operational staff, etc. (Annex B). IEG held a meeting with CEPF management and staff in Washington DC in February 2007. It convened one-on-one portfolio discussions with each CEPF Grant Director (including one teleconference with a Grant Director based outside of Washington DC).

IEG conducted a field-level assessment in the Southern Meso-American Hotspot in February 2007 to expose itself to the program’s field-level operations and specific coordination modalities, understand its monitoring and reporting mechanisms, and hear first-hand from grantees that had implemented CEPF-financed activities. IEG attended the “Close-Out Workshop” for CEPF’s Southern Meso-American Grant Program which provided it with the opportunity to interface with over 60 CEPF grant recipients and associated stakeholders as part of a field mission to Nicaragua and Costa Rica (Annex B).

During this field mission, IEG met with three sets of grantees from Nicaragua, Panama, and Costa Rica in three focus-group settings to discuss the overall strategy of CEPF’s interventions and the efficacy of the portfolio of grant activities. In each focus group, IEG presented the list of grants and their associated objectives, and held discussions with the country-level grantees about the successes and challenges of the various grants implemented by their respective organizations. IEG visited several NGO and CBO offices supported by CEPF and undertook a field visit to Polo Desarrollo — one of the CEPF-financed communities occupying the northern border of the Indo-Maiz Reserve — to speak with community members and leaders, school teachers, the army, and volunteer park guards about the benefits of the CEPF program and future needs.

IEG gratefully acknowledges all those who made time for interviews, in particular CEPF Working Group members, the Executive Director of the CEPF Secretariat, and Secretariat staff. A special thanks goes to Michele Zador and the Southern Meso-American Coordination Unit for facilitating the IEG’s field visit to Nicaragua and Costa Rica.

In addition, IEG engaged in discussions with CEPF management and staff during the review period (see below) in which a range of additional materials were requested and provided across two consecutive drafts of this report. In response to CEPF comments on the first draft,

IEG expressed an interest in obtaining additional qualitative evidence on the program's specific interventions that enhanced protected area management as well as a more rigorous analysis, on a grant-by-grant basis, of CEPF's interventions in production landscapes and the buffer zones that surround protected area systems. In the first instance, aggregate reporting on enhanced protected area management had only been provided (in the annex to the Bank's Implementation Completion Report on CEPF 1) in terms of the number of hectares provided. CEPF management and staff supplemented this original material with a qualitative matrix of gains achieved in protected area management across all hotspots. In the second instance, grant-level reports and the aggregate close-out reports provided insufficient information on how alternative livelihood approaches tested through CEPF grants in production landscapes and/or buffer zones were designed to ensure welfare returns that were equal to or greater than the gains achieved through traditional (non-conservation friendly) livelihood activities — a critical factor in the sustainability of conservation gains. As such, IEG utilized its portfolio review, based on the nine close-out reports, to pose key livelihoods-related questions to CEPF Grant Directors, and CEPF Grant Directors provided IEG with extensive responses to IEG's queries.

Copies of the draft GPR were sent for comments to CEPF Management, to the Bank's global program task manager, to the Bank's Environment Department (which is responsible for the Bank's engagement with CEPF), to the Bank's GEF Coordination Team, to other Bank units that have responsibility for the Bank's involvement with global programs more generally, and to the GEF Evaluation Office on August 8, 2007. The comments that were received from CEPF Management, the Bank's task manager, the GEF Evaluation Office, and the external evaluator were discussed with the Director of the Bank's Environment Department and the Bank's task manager (via teleconference). Following this meeting, CEPF Management provided additional information/documentation (as discussed above) which was taken into account in a revised draft that was sent to CEPF Management on October 19. An initial CEPF Management response dated November 5 raised a final set of issues for IEG consideration. IEG sent the final Global Program Review to CEPF Management on November 7. The Formal Management Response, dated December 3, 2007, can be found in Annex F.



## Executive Summary

### Objectives, Implementation, and Governance

1. The Critical Ecosystem Partnership Fund is a small-grants program housed in Conservation International (CI) in Arlington, Virginia. Its objective is to “provide strategic assistance to nongovernmental organizations (NGOs) and other private sector organizations for the protection of selected vital ecosystems in World Bank member countries that have ratified the Convention on Biological Diversity.” Launched in December 2000 by the World Bank, the Global Environment Facility (GEF) and CI, the program has since enlisted additional support from the John D. and Catherine T. MacArthur Foundation and the Government of Japan in 2001 and 2002, respectively. The French Development Agency joined the program in March 2007.
2. As a small-grants program for biodiversity conservation, CEPF has awarded approximately 1,000 grants to more than 600 NGOs, community groups, and private sector organizations in 33 countries. So far, the majority of the program’s financing has been awarded to international NGOs, including CI. CEPF focuses its interventions on the world’s “hotspots” — geographic areas characterized by exceptional levels of endemism and serious levels of habitat loss. During its first phase, CEPF established programs in 15 regions within 14 hotspots, with spending plans worth more than \$100 million. By June 2007, CEPF had committed a total of \$89.8 million — \$28.9 million to four hotspots in Latin America, \$28.8 million to five in Africa, \$7 million to one in the Caucasus, and \$25.1 million to four hotspots in East Asia. Nine of the 15 grant portfolios are currently closed to new grants.
3. CEPF is governed by a *Donor Council* composed of the World Bank’s President (chair), the CEO of the GEF, the CEO of CI, the President of the MacArthur Foundation, and a representative of the Ministry of Finance of Japan. A *Working Group* of technical experts from each agency provides guidance to a *Secretariat*, located at CI in the Washington, DC area. Washington-based Grant Directors work with *Coordinating Units* (now called Regional Implementation Teams) in the field to build constituencies of civil society groups in each hotspot that can implement activities in a manner that collectively achieves the program’s conservation goals.

### The External Evaluation of CEPF

4. The external evaluation, which was conducted in the fall of 2005, concluded that CEPF had made strong progress during its first five years, although there was some variation in individual hotspot performance. The evaluation found that a coherent planning process — the Ecosystem Profiling Process — had been developed and applied to guide grant making, and that the process had improved significantly since the original profiles were prepared. Overall, the grant portfolios were well aligned with the strategic priorities set out in the Ecosystem Profiles and the projects for each formed a coherent whole. The evaluation concluded that while aggregate early gains from such diverse initiatives were difficult to assess, the overall picture which emerged was that the projects fitted together in a coherent way and that most of the hotspot portfolios were well integrated and of significant strategic value for biodiversity conservation.

5. The evaluation has been extremely useful as a management tool in assessing the strategic orientation of the program after the first five years of operation, and has influenced the strategic design of the program's second phase in several ways. Most notably, CEPF will devolve decision-making for grants equal to or less than \$20,000 to the field. The redesigned process corrects a conflict of interest that was inherent in the initial arrangement: the organizations that comprise CEPF's Regional Implementation Teams, and are therefore eligible for coordination grants, will no longer be eligible for additional grants in the respective hotspot. The evaluation did not recommend specific ways to enhance the efficacy of CEPF's grant-level activities.

6. The process for selecting the evaluation team was competitive, and the conduct and reporting of the evaluation were independent of program management. The evaluation was also funded adequately at a level that made possible field visits to ten hotspots. However, even though the terms of reference instructed the evaluation team to conduct "in-depth analysis" of a minimum of 3–6 of the 15 active regions, the evaluation missed this opportunity to assess, analyze, and report on the effectiveness of the individual grants (or a sample thereof) and to extract lessons related to the outcomes and impacts of the technical approaches employed by the grantees. While it is recognized that the findings from the field visits were aggregated in order to draw conclusions on the "initiative as a whole," the field visit reports were neither annexed to the evaluation nor made available separately. Nor did the final evaluation report provide a list of stakeholders interviewed, despite the fact that much evidence was gathered through interviews.

## **The Effectiveness of CEPF**

### **RELEVANCE**

7. CEPF was conceived as an *additional* financing mechanism to the GEF and other existing sources to help countries implement the Convention on Biodiversity (CBD). Its first phase has demonstrated that there is an unsaturated demand from local grass-roots groups for small grants in support of biodiversity conservation. However, CEPF's activities have proven to be more consistent with traditional biodiversity conservation measures — particularly activities involving the creation and management of protected area systems — than in mainstreaming biodiversity conservation into beneficiary countries' policies, programs, and projects in other sectors, such as agriculture, forests, rural and urban infrastructural and industrial developments.

8. The World Bank has perceived its own comparative advantage in protecting critical ecosystems to be its understanding of economic and financial policy and its access to key governmental policy makers. For the Bank had limited direct experience, at the time of program conception, in delivering biodiversity conservation projects that involved local community participation in the design and implementation of activities. It has regarded CEPF as a program that has enabled the Bank to engage with local-level clients who have traditionally lain below the Bank's normal level of operation, as well as outside the reach of GEF's full- and medium-size projects, for which the Bank is an implementing agency. Today however, there is a growing portfolio of Bank projects and Bank-implemented GEF projects with components that have sizeable small-grants schemes for biodiversity conservation.

9. International support for biodiversity conservation has also been channeled through the GEF small-grants program (SGP) that is implemented by UNDP and executed by the United Nations Office for Project Services (UNOPS). CEPF differs strategically from the SGP in allocating its investments across *biodiversity conservation corridors* (as opposed to species and sites). There has been little synergy between the two funds at the planning stage (the SGP's country program planning processes and CEPF's ecosystem profiling process), between their respective governing bodies (the SGP's voluntary National Steering Committees and National Coordinators, and CEPF's Regional Implementation Teams), or between the programs' grantees.

10. The CEPF approach and the associated biodiversity mapping have been useful tools that have made biodiversity conservation seem achievable. But there is a growing recognition that protected areas alone are not sufficient for biodiversity conservation. Accordingly, the design of CEPF needs to be augmented, particularly from the point of view of the Bank's mission, by building a livelihoods-based approach into the individual grant schemes to address human threats in protected area buffer zones and the encompassing production landscapes. Adding such a poverty dimension to the program will entail altering the manner in which investments are planned through the ecosystem profiling process. But groundbreaking work is under way, for example, at the World Resource Institute and elsewhere that could provide highly relevant inputs to CEPF as it moves in a more poverty-focused direction.

#### **EFFICACY**

11. CEPF grants support various types of activities, including the expansion and enhanced management of protected areas, the promotion of alternative sustainable livelihoods in production landscapes, and environmental education, awareness and capacity building.

12. As of March 2007, CEPF had contributed to the creation or expansion of 9.4 million hectares of protected areas in 15 countries. CEPF has also reported achieving gains in protected area management across more than 21 million hectares in 16 countries within nine hotspots. But an IEG desk review of the achievement of CEPF investments aimed at strengthening protected area management revealed that these gains were achieved mostly at the **input** and **output** levels. Some grants have demonstrated achievements at the **outcome** level, such as the funds which have been set up in cooperation with other partners (KfW, WWF) to support the recurring costs of park management (the Caucasus Protected Areas Fund and the Fiduciary fund established for the Mache Chindul Ecological Reserve). In Bolivia, CEPF also helped to achieve the reversal of a logging concession (the last timber concession inside the Pilon Lajas Biosphere Reserve). The monitoring and reporting of the actual results of CEPF interventions need to be improved.

13. CEPF's investments have been allocated to both production and protection activities. A second desk review of available documentation related to CEPF's activities in the **buffer zones** and **production landscapes** revealed that for the most part, these grants are achieving their environmental objectives. The program has used a decentralized system of technical assistance with the primary aim of strengthening the capacity and engagement of civil society, including local community groups, NGOs, and the private sector. The goal has been to enhance biodiversity conservation, but the efficacy of the program's interventions in

production landscapes is dependent in part on the nature and effectiveness of the technical extension techniques employed by these non-state actors in such fields as agriculture, forestry and agro-forestry, animal husbandry, etc. and the resources available to those providing such assistance to maintain recurrent expenditures.

14. CEPF has also helped to build the capacity of local and national NGOs and to broaden environmental awareness. An IEG field visit to the Southern Meso-American corridor and interviews with CEPF Grant Directors confirmed that building the capacity of local NGOs is a main focus of the program. But capacity strengthening is a *process rather than an impact* which, if sustained, can then lead to the generation of environmental benefits. There is a need to trace through the causal chain between actions to strengthen institutional capacity and subsequent and associated results on the ground in terms of the program's achievements in biodiversity conservation and enhanced livelihood objectives. Having worked with more than 600 civil society groups, CEPF has the potential to contribute to the development of a methodology for monitoring and evaluating how such capacity development can achieve sustainable biodiversity conservation results.

15. There is much anecdotal evidence of effective advocacy by CEPF grantees with respect to infrastructure and other development projects, such as (a) the successful efforts in Armenia and Southern Meso-America to redirect infrastructure away from classified or protected areas, (b) the cancellation of logging concessions in a biosphere reserve in the Tropical Andes, and (c) the proposed establishment of a protected area in Sundaland in Southeast Asia. However, the Bank and CEPF do not appear to have systematically engaged in effective dialogue on mainstreaming environmental concerns in the Bank's projects in and around the hotspot sites while at the same time advancing countries' development aims.

#### **EFFICIENCY**

16. CEPF spent 81 percent of its total expenditures on grants through the end of June 2006, and 19 percent on central program administration, including the preparation of ecosystem profiles and monitoring and evaluation. However, assessing the cost-effectiveness of the CEPF approach and of individual grant schemes would require a thorough review of the operational and implementation costs of each grant award across the portfolios, which would in turn require enhanced results-reporting at the portfolio level — an aim for the second phase of the project. It would also require an examination of other sources of supply across activity types.

17. A technical paper prepared by the GEF Evaluation Office, *Management Costs of the Ongoing Joint Small Grants Program Evaluation*, compared the management costs of the GEF corporate Small Grants Program with several similar small-grants programs, including CEPF. The review found that SGP management costs were in the order of 28–31 percent of total program expenditures, and CEPF costs were slightly higher, between 30–34 percent. The review paid particular attention to one type of grant, the coordination grant, which the review says totaled about \$14 million. The coordination unit (CU), now referred to as the Regional Implementation Team (RIT), is an implementation modality that has been unique to CEPF, and the external evaluation found that CUs provided high-quality local program implementation services. A full assessment of cost-effectiveness would require an assessment of the costs versus benefits derived from the employment of decentralized coordination units versus more centrally designed approaches. Given the nature of CEPF's

work and the need to monitor activities lodged within remote locations, a more decentralized approach incurring higher administration costs might deliver timelier and hence more effective technical assistance. As such, there is a need to critically examine the ratio of supervision and management services being provided by the implementation teams versus specialized technical assistance.

18. IEG has also found that the definition of “operational” versus “management” costs varies across the agencies that implement small-grant schemes of this kind. The most problematic lack of consensus is about how to consider the costs for monitoring ecosystem level outcomes. Considered for the most part by the GEF as a management cost required for project reporting, IEG suggests that monitoring should be imbedded into every grant awarded, and that the costs for monitoring project procurement, management, and accounting should be separated from the costs of monitoring biodiversity-related outcomes. The classification of the costs associated with CEPF’s Ecosystem Profiles, for example, should also take into account the global environmental public goods that are produced through the *new* data collection, mapping, and reporting involved in the process.

19. Further analysis is needed of the cost-effectiveness of CEPF’s various grant award schemes. An IEG examination of all grants awarded across 9 of CEPF’s 15 closed investment portfolios (representing 500 grants) revealed that over half of all grants in the Cape Floristic Region, Sumatra, Southern Meso-America, the Philippines, and the West Guinean Forests were awarded for \$50,000 or less. Another trend worth further examination is the efficiency of the small-grant award schemes that are imbedded in medium-size grant projects, such as those in the Atlantic forest and in the Philippines. CEPF also implemented several matching grant schemes in Bolivia and Peru. The cost-effectiveness of the matching grant schemes could be analyzed against the aforementioned approaches. IEG was unable to undertake a more thorough analysis because the Close-Out Reports provide very little information on the costs and results of the individual grants awarded through these schemes.

## **Governance and Management**

20. The program receives good marks for transparency. The program’s public Web site contains not only the 2005 external evaluation and the 2003 mid-term review, but also individual grant and program completion and assessment reports, the minutes of the Donor Council meetings (including lists of attendees), progress reports concerning decisions of previous Donor Council meetings, financial summaries and spending plans, and periodic updates on how management has responded to specific Donor Council directions. Among the latter is the March 2004 Council request for standardized reporting on the grant portfolio, featuring explicit linkages to poverty reduction, accompanied by the development of a “common statement about CEPF and poverty reduction.”

21. The initial legitimacy for CEPF rested on the reputations of the three founding partners: on that of CI in relation to biodiversity conservation and on those of the World Bank and GEF as membership organizations representing all the donor and beneficiary countries that are parties to the Convention on Biological Diversity. Continued legitimacy would depend on attracting more partners and demonstrating positive results. The lack of beneficiary country participation in CEPF governance should be a particular concern for a multiregional grant vehicle like CEPF since the engagement of multiple governments will be needed to ensure the

sustainability of the benefits once the grants end. To its credit, CEPF is attempting to increase beneficiary country ownership by enhancing the participatory nature of the profiling process at the regional ecosystem level. If it is not practical at this stage to include representatives of beneficiary governments on the Donor Council or Working Group, CEPF 2 might consider institutionalizing the regional advisory councils (which currently exist in the Cape Floristic Region, the Caucasus, the Eastern Himalayas, and the Mountains of Southwest China), more broadly to become a standard feature of the governance and management of the program like, for example, in the Water and Sanitation Program (WSP). For WSP, one representative from their regional advisory committees also sits on the Program Council (the program's governing body) along with all the program's donors.

22. The fact that a large percentage of CEPF finance has been awarded to international, rather than national or local NGOs suggests that a phased approach — using preparatory grants (in a manner similar to the way in which the GEF uses PDF B block grants or the Bank uses PHRD finance) — might have been used more systematically. Such an approach might have resulted in fewer beneficiaries accessing small grants, but could have enhanced prospects for the future sustainability of NGO capacity to maintain a viable presence and influence and to raise the large levels of recurrent funds that will be required for the management of landscape systems.

23. The high level of representation on the Donor Council — in which four of the five partners, including the World Bank, have been represented by their Presidents or CEOs — would appear to have had more costs than benefits. (CEPF is the only global program in which the President represents the Bank on the top-level governing body of the program.) While this has ensured support for the program at the highest level of each donor partner, it has also created a sense of entitlement arising from an exceptional situation. It is unlikely that the members of the Donor Council have sufficient time to ensure that accountability is being adequately defined, accepted, and exercised down the chain of command and control in the program, and when this task necessarily falls to the members of the Working Group, is not made more difficult by the presence of the highest ranking officials of their respective organizations on the Donor Council.

### **World Bank Performance in the CEPF Partnership**

24. The World Bank catalyzed CEPF and was instrumental in securing a broad multi-agency partnership with significant funding. However, it also entered into the partnership without a clear agreement, understanding, or framework — per usual Bank reporting requirements — for exercising oversight over three-fifths of the programmatic contributions (as the implementing agency for the GEF contribution and the trustee of the PHRD grant in addition to the Bank's own DGF contribution). While a handful of Bank staff acting as regional focal points added value by commenting on the Ecosystem Profiles produced by the program to guide its investments in the hotspot regions, Bank program management did not achieve buy-in from key Country Directors and staff working in related sectors such as agriculture, rural development, and infrastructure. Even though the ESSD Vice President eventually provided a budget allocation for oversight, this represented less than 1 percent of the combined DGF, GEF, and PHRD commitments over the six-year implementation period. A review of Bank expenditures associated with this budget allocation revealed a lack of targeted and systematic oversight across hotspots, and with multiple visits made to just a handful of selected hotspots. The Bank should also have questioned the appropriateness, or taken more steps to mitigate, the inherent conflict of interest in the roles of Conservation International as both the manager of the grant award system and a grant recipient.

25. Having disbursed in FY07 the final \$500,000 tranche of its initial \$25 million commitment to the first phase of the CEPF, the Bank has terminated its financial support to CEPF, at least temporarily, which has clear implications for the Bank's role in the governance of the program. The Bank could again provide DGF funding to support CEPF in the future, for example, as part of its overall support for the Global Forest Partnership (GFP). But such funding could only start in FY09 at the earliest, at the beginning of the next DGF cycle.

## Lessons

26. Overall, IEG concludes that CEPF is a relevant program that is worth extending into at least a second phase, if due consideration is given to working through the issues identified in this Global Program Review, many of which mirror the recommendations made in the external evaluation. The following lessons have emerged from the experience of the Bank's partnership with the Critical Ecosystem Partnership Fund:

- ❖ **Global Programs require dedicated funds for adequate oversight.** In the case of CEPF, the Bank's Environment Anchor needs to ensure that this oversight is conducted rigorously and applied methodically across the Bank's regions, and that the results are consistently aggregated for the purpose of tracking overall program performance at mid-term and beyond.
- ❖ **The Donor Council, the Working Group, and CEPF Management need to come to a clear understanding of what oversight of a global program entails — how it is similar to and different from the supervision of a traditional Bank project.** The World Bank needs to ensure that CEPF's approved grants are consistent with the Bank's Country Assistance Strategies and that the technical approaches employed are up-to-date and consistent with the design and lessons emerging from the Bank's existing and pipeline portfolio of operations as well as its economic and sector work.
- ❖ **The governance of CEPF may need revisiting.** Considerations for future governance reform include the current lack of beneficiary country participation in governance, which has hindered the legitimacy of the program.
- ❖ **The seemingly contradictory demands being placed on CEPF by individual donors to enhance its poverty monitoring while at the same time maintaining non-operational expenses at a level at or below 24 percent of total costs will need to be reconciled.** There is a clear need for donor agreement on what cost categories constitute "administrative" versus "operational" costs for the effective delivery of the small grants executed, in the case of CEPF, through the extension of environmental services conducted by Regional Implementation Teams in partnership with the local grantees (national and local development and conservation NGOs).
- ❖ **The Global Environment Facility, in its role as a governing body member and a financing partner of a global program, could consider how to balance evolving standards for global program evaluation against its own project reporting requirements.** Now that IEG's Global Program Review (GPR) instrument has been mainstreamed, the utility of this latter instrument to validate and verify external evaluations could be relied on more heavily, since the GPR assesses the global program as a whole, rather than individual project contributions.



# 1. Program Overview: Objectives, Organization, and Terms of Agreement

1.1 The World Bank, the Global Environment Facility (GEF), and Conservation International (CI) launched the Critical Ecosystem Partnership Fund in 2000. CEPF's objective was to "provide strategic assistance to nongovernmental and other private sector organizations for the protection of selected vital ecosystems in IBRD member countries that have ratified the Convention on Biological Diversity."<sup>1</sup> The John D. and Catherine T. MacArthur Foundation entered as a partner in 2001 and the Government of Japan joined in 2002. (The French Development Agency has joined the program's second phase, beginning in FY07.)

1.2 By design, CEPF is a small grants program for biodiversity conservation. It is housed in Conservation International and awards conservation grants to nongovernmental organizations, community groups, and private sector entities. It specifically targets biodiversity "hotspots."<sup>2</sup> There are currently 34 such "hotspots" whose natural habitats have decreased in size from covering 15.7 percent to 2.3 percent of the Earth's land surface. Combined, these harbor more than 75 percent of the world's most threatened mammals, birds, and amphibians. These critical areas are also often home to the poorest segments of society, who are dependent on healthy ecosystems for their survival.

1.3 CEPF financing priorities are determined through an Ecosystem Profile (EP) process. Ecosystem Profiles describe the biological significance of each region, identify the proximate and underlying causes of biodiversity loss, identify the inventory of conservation investments taking place or planned, and then outline CEPF's "niche" for grant making through an explicit CEPF investment strategy. EPs are submitted to and must be endorsed by CEPF Donor Council and the relevant GEF operational focal points in those countries in which activities are proposed to be carried out.

1.4 CEPF's approach to developing portfolios includes clustering projects of different sizes implemented by organizations with diverse capacities. Each portfolio includes one or more "anchor" projects generally awarded to international or well established organizations

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1. Financing Agreement, December 14, 2000.

2. Norman Myers identified 18 tropical forest "hotspots" in 1988-89. These were characterized by exceptional levels of plant endemism and by serious levels of habitat loss. CI adopted these hotspots in its institutional blueprint in 1989. In 1996, CI decided to reassess the hotspots concept in order to determine if key areas had been overlooked. In 1999, a global review introduced quantitative thresholds for the designation of hotspots: To qualify as a hotspot, a region must contain at least 1,500 species of vascular plants (> 0.5 percent of the world's total) as endemics, and it has to have lost at least 70 percent of its original habitat. In the 1999 analysis 25 biodiversity hotspots were identified. Collectively, these areas held as endemics no less than 44 percent of the world's plants and 35 percent of terrestrial vertebrates in an area that formerly covered only 11.8 percent of the planet's land surface. The habitat extent of this land area had been reduced by 87.8 percent, such that this wealth of biodiversity was now restricted to only 1.4 percent of Earth's land surface. A second major reanalysis was recently undertaken. This updated analysis found 34 biodiversity hotspots, each holding at least 1,500 endemic plant species, and having lost at least 70 percent of its original habitat extent. (Source: <http://www.biodiversityhotspots.org/xp/Hotspots/hotspotsScience/Pages/default.aspx>)

for such purposes as the expansion of protected area systems. Supporting projects are then developed around the anchor project, in alignment with the goals articulated through the Ecosystem Profiling process.

## Implementation Arrangements

1.5 As the CEPF program evolved, the first step routinely taken in implementing a CEPF portfolio in a particular hotspot was the identification of an NGO or group of NGOs to serve as a Regional Implementation Team (RIT; formerly known as a Coordination Unit).<sup>3</sup> During the program's first phase, the grant approval and decision-making processes were largely centralized. However, the RIT was and remains responsible for working with the grant directors at CI to identify and build a constituency of civil society groups able to implement CEPF-financed activities in a manner that collectively achieves the conservation goals outlined in the Ecosystem Profile.<sup>4</sup> Although CEPF grants have been executed by a wide range of stakeholders, including individuals, farmers and community organizations, national NGOs, research institutions, and private sector organizations, the largest share of the grant financing has been awarded to international NGOs — 55 percent of the total as of March 2007.

1.6 CEPF's second phase will decentralize decision making for grants of \$20,000 and less to RITs, although the primary function of the RIT will remain to "lead implementation of the CEPF ecosystem profile in the hotspot and build a broad constituency of civil society groups working across institutional and geographic boundaries toward achieving shared conservation goals."<sup>5</sup> (Wells, 2006)

1.7 During its first phase (December 2000–June 2007), CEPF established programs in 15 regions within 14 hotspots (Figure 1), with spending plans worth more than \$100 million. By March 2007, CEPF had committed a total of \$89.8 million — \$28.9 million to four hotspots in Latin America, \$28.8 million to five in Africa, \$7 million to one in the Caucasus, and \$25.1 million to four hotspots in East Asia. Nine of the 15 grant portfolios are currently closed to new grants.

## Governance and Management

1.8 CEPF Phase 1 has been governed by a **Donor Council** that consists of senior representatives from each donor organization and which reviews and approves each Ecosystem Profile, annual spending plans, and CEPF's Operational Manual which contains

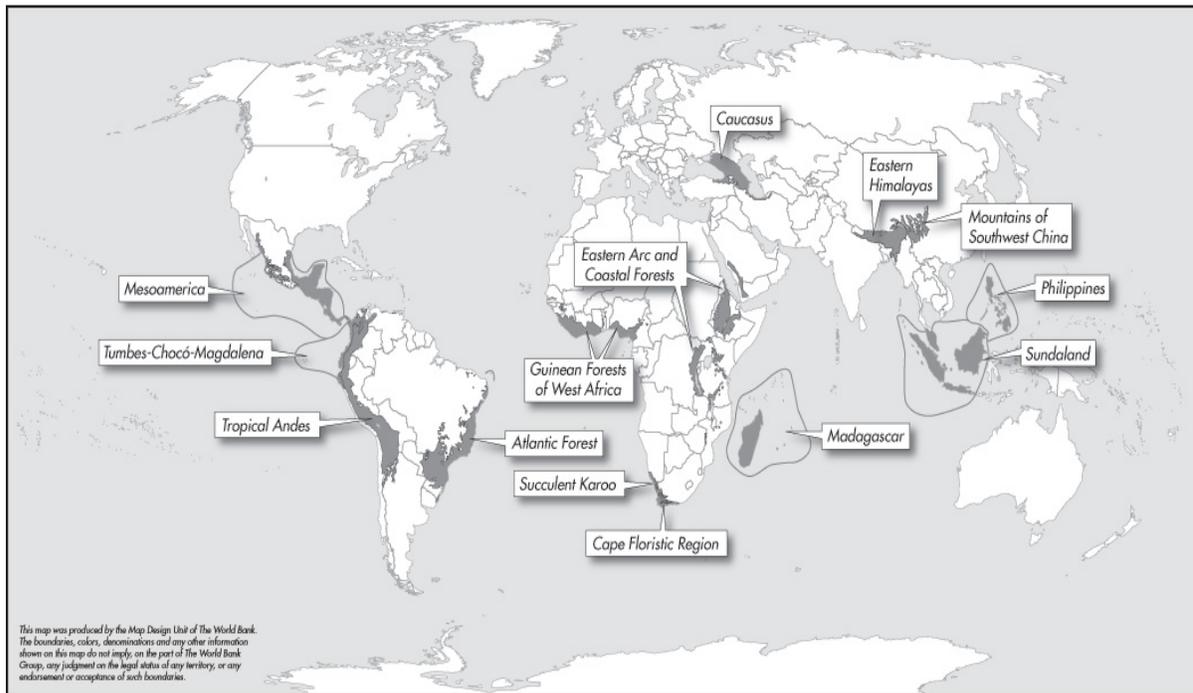
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3. Two of CEPF's initial investment regions — Madagascar and the Guinean Forests — did not have formal Coordination Units.

4. In response to this statement in an earlier version of the GPR, CEPF management has pointed to the part of the CEPF portfolio (12.5% through March 2007) that was directed to create and fund more than 20 small-grant funds managed by partners to assist in implementing specific strategic directions. These partners, many of whom are local organizations, were directly responsible for decision-making and the award of grants. Through March 2007, these partners directly granted \$7.6 million or 8.5% of the total CEPF portfolio. Decision-making processes included a number of field-based CEPF Coordination Units, external reviewers, and advisory bodies directly participating in the decision-making process during the first phase.

5. It should be noted that in April 2007, the Donor Council agreed on a Selection Process and Terms of Reference for the RITs beginning in 2007.

**Figure 1. CEPF Phase 1: Hotspot Investment Regions**



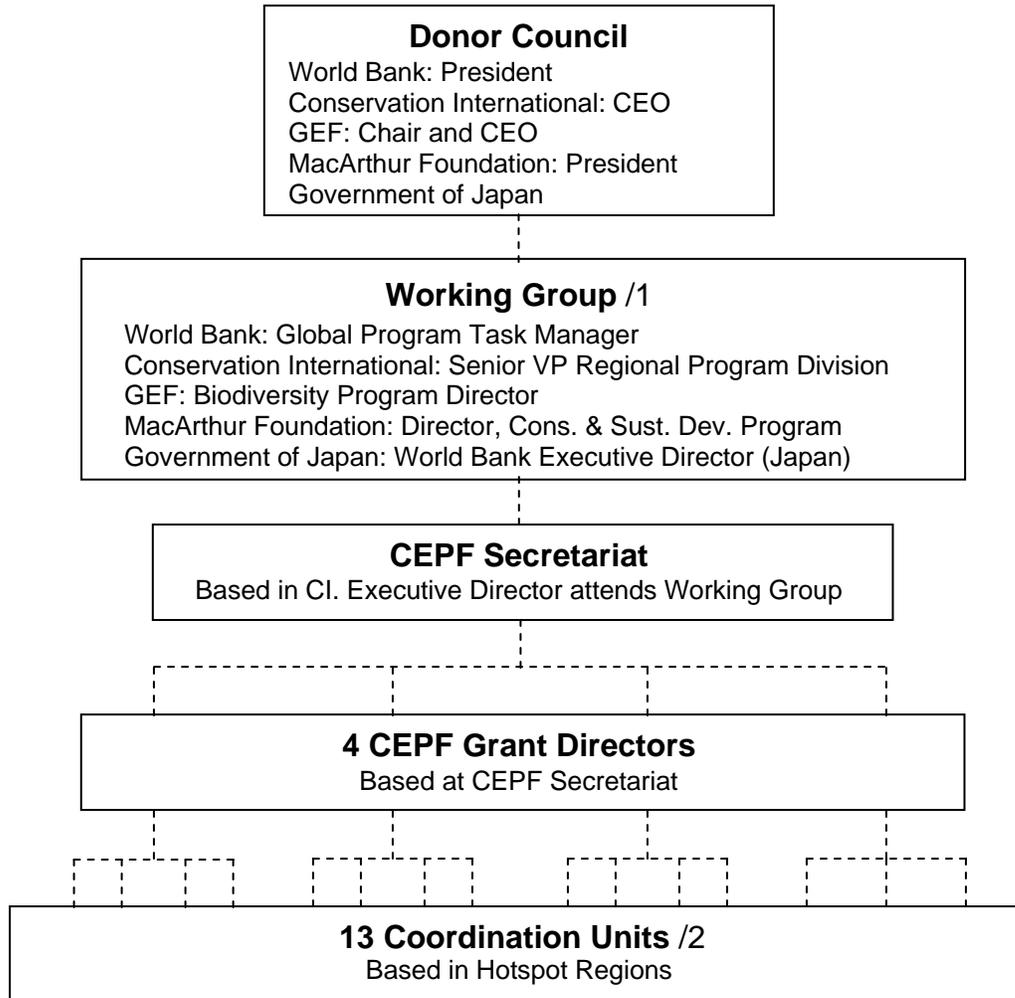
the specific operating policies and procedures of the Fund. Specifically, the Donor Council is comprised of the President of IBRD, CEO and Chair of the GEF, CEO and Chair of CI, a senior IBRD manager appointed by the President of IBRD, the President of the John D. and Catherine T. MacArthur Foundation, and a representative of the Government of Japan. The French Development Agency joined the program in March 2007.

1.9 **A Working Group**, comprised of technical experts from each of the donor organizations, provides guidance to the **CEPF Secretariat** on strategy development, monitoring, and other aspects of implementation. Working Group members also act as advisors to their respective Donor Council representatives and as CEPF focal points for their organizations (Figure 2).

1.10 The **CEPF Secretariat**, which is housed in Conservation International in the Washington D.C. area, consists of an Executive Director (who is also a Senior Vice President of Conservation International), a Senior Managing Director, and 14 support staff, including 4 Regional Grant Directors, a Financial Advisor, external relations staff, and administrative assistance. The Grant Directors, based at CI, work with the Regional Implementation Teams based in their respective NGO offices in the field.

1.11 CEPF activities are guided by an **Operational Manual** and a **Financing Agreement**. The former contains the operating policies of the Fund, including grant application and reporting forms, criteria for grant selection, model grant contracts, as well as the World Bank's Safeguard Policies. According to the Financing Agreement, the World Bank, GEF, and CI each agreed to contribute \$25 million over a five-year period — the Bank's portion being made available from Window 1 of the Development Grant Facility (DGF). The World

**Figure 2. CEPF Phase 1: Organization Chart**



/1 Represents actual attendance on the Working Group as opposed to the officially listed designee. Although the World Bank's Director of the Environment Department is listed as the official Bank representative on the Working Group, the Bank has generally been represented by the global program task manager, who reports to the Environment Department Director. Similarly, although the Deputy Director of the Nature Conservation Bureau of the Japanese Ministry of the Environment is the official Japanese representative, a representative of the Japanese Executive Director's office has attended the Working Group meetings since the meetings have generally been held in Washington, DC. While the French Development Agency joined CEPF in March 2007, it did not participate in the formal governance structure during Phase 1 of CEPF.

/2 These have been reconfigured as Regional Implementation Teams (RITs) during Phase 2.

Bank would also oversee the use of the GEF funds, as the implementing agency for the GEF contribution, as well as the Japanese funds, which were made available from its PHRD grant program.

1.12 CI agreed to “establish and administer the Fund, with due diligence and efficiency.” Furthermore, as the party responsible for the execution of the Fund, CI pledged to “ensure that the projects and activities under the Fund are financed and carried out in compliance with the guidance of the Donor Council and the Operational Manual, in particular the GEF Policies referred to in that manual and the IBRD Safeguard Policies.” According to the

Financing Agreement, CEPF was responsible for the identification, preparation, appraisal, selection, and supervision of projects and activities under each approved Ecosystem Profile.

1.13 CI also agreed to furnish the Donor Council with annual progress reports on the operations of the Fund; the implementation of the Annual Spending Plan; approved Ecosystem Profiles; and the project portfolios. Five such Annual Reports were prepared between 2002 and 2006.

1.14 CI also committed to developing a fund-raising strategy aimed at raising \$75 million from additional donors over the five-year period. The fundraising fell somewhat short of expectations: only an additional \$50 million was raised from the MacArthur Foundation and the Government of Japan between 2000 and 2002.<sup>6</sup>

### **Disengagement/Devolution Strategy**

1.15 The 2000 Agreement between IBRD, CI, and the GEF scheduled its “effective date” as well as its “expiration” — the latter to occur 30 days after the delivery of a final report, then projected for delivery on June 30, 2006.

## **2. The External Evaluation of CEPF**

2.1 During the Seventh Meeting of the CEPF Donor Council on November 1, 2004, the Council Members agreed to participate in a retreat (held in March 2005) to discuss continuation of the CEPF partnership. Consensus was reached at the retreat that a decision to continue support for CEPF should ultimately be guided by an independent external evaluation. The preliminary terms of reference (TOR) for such an evaluation was approved by the Donor Council on March 26, 2005, and was approved by the Working Group on March 31, 2005.

2.2 The external evaluation of the Critical Ecosystem Partnership Fund was conducted by a three-member team during the fall of 2005. CEPF management has indicated that the external evaluation cost approximately \$345,000.

### **Findings, Recommendations, and CEPF Management Response**

2.3 The external evaluation concluded that CEPF had made strong progress over its first five years, though there was some variation in individual hotspot performance. The evaluation found that a coherent planning process — the Ecosystem Profiling Process — had been developed and applied to guide grant making, and that the process had improved significantly since the original profiles were prepared. The evaluation concluded that while aggregate early gains from such diverse initiatives were difficult to assess, the overall picture which emerged was that the projects fitted together in a coherent way and that most of the hotspot portfolios were well integrated and of significant strategic value for biodiversity conservation.

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6. See CEPF/DC1/8. Critical Ecosystem Partnership Fund, First Meeting of the Donor Council, World Bank Headquarters, Washington, DC. (December 14, 2000). Fund Raising Strategy.

2.4 The evaluation identified the program's most significant direct impacts from grant making. These were (a) capacity building of local and national conservation NGOs; (b) contributions to extending and strengthening protected area networks; (c) broadening environmental awareness through effective communications; (d) enabling local, national, and international partnerships to support biodiversity conservation; (e) effective advocacy by grantee organizations in connection with infrastructure and other development projects; and (f) contributions to sustainable financing for conservation.

2.5 According to the evaluation, the Coordination Units (CUs, now called Regional Implementation Teams, or RITs) provided high-quality local program implementation services and were effective in linking smaller grass-roots activities, larger projects, policy initiatives, international collaboration, sustainable financing, and other key elements of comprehensive, vertically integrated conservation portfolios. The CUs had been particularly adept at pursuing constructive partnerships with governments — in some cases multiple governments — while simultaneously supporting civil society organizations, which sometimes had uneasy relations with governments.

2.6 The evaluation found that the CUs had not analyzed the overall performance of their hotspot grant portfolios. Exceptional work had been done in communications, but the overall impacts of the portfolios and progress toward the conservation outcomes had not been systematically compiled and assessed. Monitoring, through site visits by the CUs, was inconsistent across the hotspots. The CUs mainly emphasized conservation actions and the management of grant funds, and did not have a clear perception or understanding of their performance monitoring roles. Overall responsibility for project monitoring, as well as monitoring of progress toward outcomes, required further clarification. While CEPF had developed impressive grant management and grant application software, there was no comparable system for monitoring and evaluation, and no automatic or other compilation of observations from project site visits or of the progress reported by individual projects against the targeted outputs at the portfolio level.

2.7 The evaluation made a mostly positive assessment of the program's governance and management. It found that the Donor Council had made important contributions to fundraising, that it had provided effective and timely oversight and guidance with the support of the Working Group, but that it required continuing efforts to strengthen operational collaboration between CEPF and its donor partners. The evaluation found that CEPF management was responsive and operated efficiently and that the relationship with CI provided substantial benefits to CEPF. However, CI's dual role as manager of the grants program and as a potential grant recipient presented a potential conflict of interest.

2.8 The evaluation found that the strategic orientation of the partnership was sound — CEPF's activities were consistent with and supportive of the poverty mitigation focus of the World Bank and the Government of Japan as well as the sustainable development focus of GEF. But the evaluation pointed to several drawbacks regarding the program's relation to its donors. The evaluation found that there has been little effective operational collaboration between the Bank and CEPF at the field level. CEPF was perceived to be primarily a CI program that was not linked to the Bank's country operations. Consequently, some important opportunities to build linkages and to broaden CEPF's impact were being missed.

2.9 The evaluation noted that the GEF had two funding windows providing resources directly to NGOs for biodiversity conservation — the GEF Small Grants Program (SGP) and the GEF Medium-Sized Projects (MSPs) — but found that interactions between CEPF and the SGP had been surprisingly few. The evaluation found some important complements in the operational models of CEPF and SGP that could have provided the basis for productive collaboration and cross learning. Likewise, the evaluation found that MSPs represented an important opportunity for NGOs to access GEF resources, including opportunities to scale up promising CEPF projects through MSPs. The evaluation found that grants made by the MacArthur Foundation and by CEPF tended to be broadly complementary, but that there was limited information flow between the two, although MacArthur Foundation staff had provided valuable inputs to Ecosystem Profile drafts.

2.10 Regarding the sustainability of the benefits of CEPF’s interventions, the evaluation found that progress had so far been very positive, but that CEPF’s ambitious long-term goals could not be met in one or even a few five-year periods. CEPF worked mainly with and through civil society, and many of the challenges being addressed by CEPF programs would ultimately require major changes in policies and behavior by governments and other actors, none of which could be brought about rapidly or without continued attention. Table 1 summarizes the major recommendations of the evaluation and the CEPF Management response.

## **Impact of the Evaluation**

2.11 Although the external evaluation made no specific recommendations on how to enhance the efficacy of CEPF’s grant-level activities, it has influenced the strategic design of the program’s proposed second phase in several ways. Most notably, in line with the evaluation’s recommendations, during CEPF 2, all proposed grants above \$250,000 will require additional external review, including by regional World Bank staff, as appropriate. Proposed grants to Conservation International will be approved by either the relevant RIT if \$20,000 or less or by the CEPF Working Group for grants of more than \$20,000. Additionally, organizations that comprise the RITs will not be eligible for additional grants in that hotspot.

2.12 The external evaluation recommended that the next phase of CEPF make it a priority to strengthen performance monitoring at the hotspot level, and suggested two ways to do this: (a) by engaging both the Grant Directors and RITs in regular portfolio performance reporting and (b) by complementing the use of conservation outcomes as long-term operational targets with socioeconomic, political, and civil society measures and indicators that would provide more feedback on CEPF interim progress toward these outcomes. Both of these have been incorporated in the proposed second phase of CEPF, which includes a specific objective to expand and improve performance monitoring. CEPF management has also initiated a process to more systematically measure and report performance in achieving conservation outcomes and milestones.<sup>7</sup>

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7. The plan calls for developing standardized tools that aggregate data on results achieved through CEPF from individual grants to ecosystem portfolios to the hotspot level. In addition, new indicators would be developed to track and report results at the program level. Those indicators would complement existing indicators, such as the Convention on Biodiversity indicators and the Tracking Tool used for GEF Biodiversity Focal Area Strategic Priority One, “Catalyzing Sustainability of Protected Areas.” The hotspot-level indicators would also complement the new indicators and specifically track the performance of the region’s investment strategy and priorities. Both Grant Directors and Regional Implementation Teams would be involved in regular performance monitoring and reporting.

**Table 1. Summary of Major Recommendations and CEPF Management Response**

<b>Evaluation Recommendations</b>	<b>CEPF Management Response (2/2006)</b>
Discontinuing support for any region does not seem warranted at this early stage as many of the conservation outcomes require a time frame of more than five years.	Avoid setting a rule to exclude existing hotspots without analysis of CEPF achievement and civil society capacity, or the counterfactual of no funding; support consolidation of existing hotspots and expansion to new ones; review criteria to allow for marine environment projects.
Strengthen performance monitoring at hotspot level: both the Grant Directors and CUs need to be involved in portfolio performance reporting.	A specific objective will be included in Phase 2 to expand and improve performance monitoring. (See impact of the external evaluation below.)
Conservation targets should be complemented by socioeconomic, political, and capacity indicators.	CEPF is working with the Center for Applied Biodiversity Science and the Center for the Study of Civil Society at JHU on measures of civil society growth.
Link performance assessments to EP updates. Test new performance monitoring methods (civil society capacity) to complement conservation targets. Ecosystem Profiles should consider poverty issues, payments for ecosystem services and the value of ecosystem services.	The performance assessments of each of the hotspots represent an important opportunity; a strategic and programmatic approach is needed. The strengthened monitoring system will also include the use of socioeconomic, political and civil society measures and indicators.
The functions of the CUs need to be defined more explicitly, including responsibilities for project monitoring and portfolio performance reporting. The CU selection process should be opened up to consider more national actors; consideration should be given to the use of more open bidding processes for new coordination grants.	CEPF is developing standard TORs for the CUs. CU role will be expanded to include monitoring and project performance reporting. Future CUs will be comprised of an alliance of partners. CEPF will assess existing CUs to determine how new protocols and TORs could be incorporated into their approach and explore how to incorporate these into new regions.
Need to further develop capacities of NGOs and to increase local ownership of conservation programs. A too-rapid wind down by the CU can jeopardize sustainability of outcomes.	CEPF will explore supporting CUs for one or more years with a small but targeted grant beyond the CEPF grant period. This approach could also be part of an exit strategy for particular hotspots.
Strengthen the operational collaboration with donor partners.	CEPF will seek to link work with the Bank's Forest Law Enforcement and Governance program; engage donors in the field with EPs; examine the representation on CEPF advisory boards; Link with the GEF Small Grant Program.
More attention needs to be given to the systematic analysis and documentation of CEPF results and experiences. Need to conduct more balanced analyses of experiences distinct from communicating conservation successes.	Will conduct cross-cutting, cross-regional evaluations on select topics; Phase 2 will include an objective for knowledge sharing and dissemination of lessons and results, including implementation of a focused replication and dissemination strategy. Other activities will include: (a) Documentation and dissemination of lessons learned in managing a global grants program; (b) Develop a joint work program with the World Bank and other partners to measure the impact and value of small-grants programs.
There appear to be opportunities for decision making to be further decentralized once hotspot grant programs have demonstrated their capabilities by successfully progressing beyond their start-up phase, although such delegation should be approached on a case-by-case basis.	Concurs that decentralized authority and responsibility should be approached cautiously on a case-by-case basis.
Multiregional grants to single donors have sometimes provided comparable services to multiple hotspots and taken advantage of cofinancing opportunities. Yet, in some cases the cost-effectiveness of these grants is not evident. Key management information has not always been communicated effectively to CUs who are often unclear about their role in monitoring and supervision; there is a lack of integration with the rest of the portfolio.	Multiregional grants have proven strategic in several cases because some biodiversity conservation problems occur in numerous places. They have enabled greater ease in administration. However, we intend to make fewer Multiregional grants and to address quite explicitly the way they fit with the EPs. This practice will include the clear identification of the responsibilities of the CUs for multiregional grants that occur in their region.

## The Independence and Quality of the Evaluation

2.13 ***The process for selecting the evaluation team was competitive and independent from management.*** The CEPF Working Group hired an external consultant to steer the selection of evaluators. That consultant, with guidance from CEPF management, contacted an array of individuals and firms with expertise in evaluation and biodiversity conservation.<sup>8</sup> Special attention was paid to directing the search away from candidates that had prior professional affiliation with CEPF or Conservation International. Individuals and firms contacted were asked to submit curriculum vitae for themselves and prospective team members, and to provide a statement of interest (rather than a full proposal). A quantitative rating system was devised to score candidates based on criteria such as depth of sectoral experience and evaluation experience. The external consultant reported to IEG that though the system was independent, the members of the team chosen were not necessarily those individuals that scored the highest ratings. Rather, overall reputation became a deciding factor in the final round. The leader of the evaluation team was selected based, in part, on his previous review of the UNDP-administered GEF Small Grants Program.

2.14 According to the TOR, the draft evaluation was to be submitted to the CEPF Working Group and Management Team simultaneously, accompanied by an in-person debriefing. The evaluation team leader indicated to IEG that the draft reporting process was carried out in a way that did not interfere with the independence of the review's conclusions and recommendations.

2.15 ***The evaluation was well funded and its TOR provided adequate reach, but the scope of the exercise was limited by a lack of assessment of individual project outcomes.*** The cost of the evaluation was equal to about 1.7 percent of total annual expenditures, well within the recommended level of 1-3 percent for global program evaluations. The evaluation team (with the assistance of consultants) was able to conduct 10 site visits, for approximately 7–10 days each, to 10 of the 15 active funding regions. But the scope of the evaluation was limited by the TOR's instructions to assess the "initiative as a whole, not the effectiveness of the respective field programs." While the TOR instructed the team to conduct "in-depth analysis" of a minimum of 3 to 6 of the 15 active regions, it also instructed the team "not to assess the effectiveness of independent projects." Moreover, whereas CEPF investments are designed to be implemented over a five-year period, 10 of the 15 regional portfolios had been under implementation for only 3 to 4 years (three portfolios had been under implementation for 4.5 years).

2.16 IEG's limited but direct exposure to 15 CEPF grantees in Nicaragua and Costa Rica revealed that a discussion of project-level outputs and outcomes was not only plausible but even highly relevant for grantees not involved with national policy-making or program strategy-setting. Grantees are also uniquely placed to provide information on the sustainability of the benefits derived from the outcomes of their grant interventions. The instruction to only provide an assessment of the "strategic orientation" of the portfolios is akin to requiring an evaluation to assess the relevance of project design, without requiring analysis of either efficacy or efficiency. It is also unclear how an evaluation can comment on

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8. Interview with external consultant hired to steer the selection of evaluators, March 2007.

the sustainability of the benefits derived from the grant operations without first weighing the relative effectiveness of the projects that make up the portfolios.

2.17 ***The evaluation included a desk review, interviews, and field-level visits, but basic field-level information was lacking from the final report.*** The evaluation reviewed external and internal CEPF documents, including the Memorandum of Understanding and Financing Agreement, project design documents, supervision reports, the Ecosystem Profiles and Working Group reviews of those profiles, Working Group documents, Donor Council reporting documents, annual plans and spending plans, and CEPF grantee reports as well as information available through the CEPF grants database. Consultations were held with the CEPF Management Team, Coordination Units, grantees, external partners, and members of the Working Group. Individual team members conducted field visits to ten hotspots and consultants were hired to conduct site visits and produce detailed reports for four more sites. However, none of the site visit reports nor the detailed reports prepared by the consultant members of the evaluation team were included as annexes to the evaluation nor have they been made publicly available. In addition, the evaluation report does not include a list of persons consulted.

2.18 The evaluation addressed six major themes: (a) the ecosystem profiling process, (b) the composition of the grant portfolios, (c) the effectiveness of local Coordination Units, (d) performance monitoring (or lack thereof), (e) relationship with CI and (f) governance and management, including donor coordination. Some observations about a few of the themes follow.

2.19 ***Interviews with participants in the Ecosystem Profile process revealed the value of the process but might have been more forthcoming about negative experiences.*** Interviews with participants in the process revealed that, across all hotspots, the process offered an opportunity, often the first of its kind, for civil society to engage with the government on issues pertaining to land-use planning and ecosystem services. Smaller NGOs found it especially useful to identify opportunities to integrate their activities into the larger context. The evaluation recognized that the Ecosystem Profile process had evolved, from a mainly CI-led process in the program's first three regions of activity to a more participatory and transparent process that increasingly incorporated the expertise of CI's Center for Applied Biodiversity Sciences (through the use of geographical information system tools, remote sensing, etc.). The evaluation also pointed to the expanding costs of the profile process (\$90,000 for the first phase; \$150,000 for the second; and \$250,000 for Phases 3–5).

2.20 The external evaluation cited notable positive examples of cooperation around the ecosystem profiling process. However, interviews for this GPR found both positive as well as and negative experiences, the latter occurring as a result of a personality conflict with WWF officials in Colombia. The external evaluation should have noted where the process did not work, in addition to reporting on successful cases. One issue which was raised during an early Bank supervision mission was the tension which existed between writing the early Ecosystem Profiles in a "politically correct manner" and writing them as honestly as possible (as requested by the Bank). But it is not clear how the Bank's recommendation in its supervision report to utilize a simplified ecosystem profile for GEF focal point endorsement succeeded in striking a balance in this matter.

2.21 *The assessment of the effectiveness of the program's governance structure was substantively weak.* While the external evaluation noted that the Donor Council had fulfilled its "assigned role," the evaluation also pointed out "some uncertainty over the exact role of the Donor Council in supervising and being responsible for CEPF-funded activities in the context of CI's fiduciary role, the supervision responsibility of CI's Board of Directors and the World Bank's oversight role." While this suggests a need to revisit and clarify these roles, the evaluation did not offer any specific recommendations to enhance the accountability or effectiveness of either of these bodies. The evaluation also took place during the early months of Mr. Wolfowitz's presidency, making it difficult to analyze the effectiveness of the Donor Council during this transition period.

### 3. The Effectiveness of CEPF

#### Relevance

##### INTERNATIONAL CONSENSUS FOR THE PROGRAM

3.1 CEPF was conceived as an *additional* grant-financing mechanism to help World Bank client countries implement the Convention on Biodiversity (CBD). There are 190 countries that are party to the CBD, all but a select few of which are also Bank client countries. The principal financing mechanism for the CBD is the Global Environment Facility, for which the World Bank is an implementing agency, and biodiversity conservation has been a key priority of the GEF. The GEF has approved nearly \$7.6 billion in grants and cofinancing for biodiversity conservation in developing countries since 1991. But the preamble of the CBD also acknowledges that "substantial investments are required to conserve biological diversity and that there is the expectation of a broad range of environmental, economic & social benefits from those investments."

3.2 At the 1994 Conference of the Parties, the World Bank presented a strategic position paper for World Bank assistance for the implementation of the CBD.<sup>9</sup> This pointed out that the Bank's support for national efforts to implement the provisions of the Convention and to preserve biodiversity had "hitherto focused on traditional biodiversity conservation initiatives such as the establishment and management of protected areas." While acknowledging that this remained an important and necessary aspect of convention implementation, the Bank now contended that the "conservation of biodiversity depends in large measures on how well policies in the economic sectors manage to address biodiversity." Hence, the challenge from the mid-nineties forward would be to help its clients mainstream biodiversity conservation in environmentally sustainable development.

3.3 CEPF's objective has been to "provide strategic assistance to nongovernmental and other private sector organizations for the protection of selected vital ecosystems in IBRD member countries that have ratified the Convention on Biological Diversity." CEPF has demonstrated that there is an essentially unsaturated demand from local grass-roots groups

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9. See World Bank 1995, *Mainstreaming Biodiversity in Development: A World Bank Assistance Strategy for Implementing the Convention on Biological Diversity*. Environment Department. Global Environment Division. Land, Water and Natural Habitats.

for small grants to support investment activities in biodiversity conservation. However, CEPF's objectives have proven to be more in line with the ongoing need for the Bank to assist its client countries with traditional biodiversity conservation measures, particularly activities involving the creation and management of protected area system, then in mechanizing, on a large scale, integration of biodiversity into countries' policies, programs and projects in other sectors, such as agriculture, forests, rural and urban infrastructural and industrial developments.

3.4 Like many other global programs, CEPF is rarely mentioned in Bank Country Assistance Strategies or in countries' Poverty Reduction Strategies. However, as the ecosystem profiling process is required to be endorsed by staff of the relevant GEF focal point, CEPF is more often linked to national Biodiversity Action Plans and GEF country programmatic frameworks. The World Bank's 2002 Environment Strategy, *Making Sustainable Commitments*, does not detail how the CEPF program could assist the Bank implementing its newly launched poverty-focused environmental agenda. The CEPF program is only mentioned once in the strategy, in a reference to the Bank's corporate partnerships, in which CEPF is expected to "provide leverage in a cost-effective manner" (p.164).

#### **SUBSIDIARITY**

3.5 Subsidiarity concerns whether the activities of a program are being carried out at the most appropriate level — global, regional, national, or local — in terms of efficiency and responsiveness to the needs of beneficiaries. World Bank Management has posited this issue for global programs as "whether an activity should be carried out by a global program rather than, as the preferred option, implemented through country operations."

3.6 By program inception in 1999, the World Bank had approved more than 200 projects worldwide for more than \$2.6 billion worth of funding to promote biodiversity conservation in 85 countries and 10 regional settings (World Bank 2000a). A subsequent review found that lending for protected area biodiversity projects between 1988 and 2003 was equivalent to \$1.8 billion (with an additional \$1.4 billion in cofinancing).<sup>10</sup> Approximately 51 percent of this portfolio consisted of projects either partly or fully funded by the GEF — which provided 25 percent of the total portfolio investment. The largest amount of funding went to projects that included expansion and strengthening of protected areas, including activities in park buffer zones. The Bank took the position, as part of this review, to continue to support investments for protected areas but to increasingly seek opportunities to link such support to sectoral development programs.

3.7 According to early proposals for CEPF (Box 1), the Bank perceived its comparative advantage in protecting critical ecosystems to be its understanding of economic and financial policy and its access to key governmental policymakers, and acknowledged a drawback to be its limited experience with and access to grass-roots organizations. Paradoxically, the Bank saw a global program like the CEPF program as an instrument that would allow the Bank to engage with local-level clients who traditionally lay below the Bank's normal level of operation.

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10. World Bank, 2000a, *A Review of World Bank Assistance for Protected Areas, 1988-2003*.

### **Box 1. A Brief Synopsis of CEPF History: The Role of the Bank**

The Bank's Environment Department (ENV) conceptualized a "Critical Ecosystem Partnership Fund" between 1996–1998, under various proposed arrangements. The Bank sought to tap its growing experience in implementing projects with biodiversity components (much of which arose out of GEF project implementation) and to assume a greater leadership role in this area. ENV staff pointed to a need for larger financial and policy organizations to play a more central role in biodiversity conservation due to: (a) the large economic value of biodiversity and ecosystem functions for agricultural management, watershed protection and coral reefs; (b) the value of biodiversity for a wide range of economic and social services, especially for poor populations living in and adjacent to vital ecosystems; (c) an evolving understanding that the underlying causes of natural habitat loss had to be tackled, the roots of which were typically rooted in market failures, sub-optimal policies and investment practices in "other" economic sectors; and (d) the prevalence of non-market barriers related to knowledge and information. As an implementing agency of the GEF, the Bank perceived the GEF as a platform for expansion and growth into the global environment, rather than a limiting framework. It envisioned CEPF as providing a "strong policy platform for the Bank to demonstrate its full commitment to the protection of the world's most important ecosystems as well as a strong strategic basis for the Bank to organize its natural resource operational work in the context of its CASs and to set priorities for action. *Mainstreaming the global environment into Bank operations had become a significant corporate objective.*

The Bank's Environment Department (ENV) prepared a draft CEPF proposal in July 1996 for submission to the Development Grant Facility (DGF). After discussions with the DGF, ENV revised the proposal in the light of comments received and resubmitted it for approval in January 1998. The original proposal foresaw the establishment of a living laboratory for expeditious programming of modest resources to help frontload Bank group work (including the IFC) in CEPF countries and add value to the quality of the Bank's assistance. While the Bank perceived its comparative advantage in protecting critical ecosystems to be its understanding of economic and financial policy and its access to key governmental policymakers, it acknowledged a drawback to be its limited experience with and access to grass-roots organizations. The Bank viewed CEPF as a potential risk assessment and management tool to enhance environmental assessment of its projects within fragile ecosystems. CEPF could also act as an emergency response system, able to deploy modest funds quickly to deal with monitoring or practical actions with regard to immediate emergency needs. While the Bank perceived a clear separation between CEPF and the GEF, strategic emphasis was placed on establishing strong complementarity between the two mechanisms. Although both funds explicitly support the Convention on Biodiversity, the Bank sought a "smaller-scale" more agile funding mechanism in CEPF to respond to "emergency threats" and to allow for fuller engagement of local community groups, civil society and NGOs to design, implement and deliver low-cost biodiversity interventions. The fact that the GEF would eventually become a contributing governing partner of CEPF is testimony to the fact that there was a clear perception that services would be complementary as opposed to duplicative.

This original proposal was rejected by the DGF in January 1998 since it did not meet all of the DGF eligibility requirements, including: identification of grant recipients, cofinancing, an exit strategy, and a firm arrangement for partnership linkages with Bank operations. Hence, the DGF put forth a list of proposed actions for future consideration, including: the need to clarify how CEPF would complement GEF's work programs within the World Bank and the need for arm's length governance arrangements. The proposal that was accepted by the DGF in 2000 — the proposal which constitutes the program under implementation today — introduced CI as the 'fund manager,' relegating the Bank's position to an advisory role, albeit in the form of the Chair of the Governing Body. The Bank contributed \$1.5 million from the President's Contingency Fund for preparation.

3.8 At the time of program conception, the Bank had limited direct experience in delivering biodiversity conservation projects that involved local community participation in the design and implementation of activities. But the Bank has had access since 1997 to the GEF-financed medium-sized grant program (MSP) — an instrument that has been integral in allowing a rapid expansion of the biodiversity portfolio in the Bank. By 2003, there were 44 approved MSPs, the majority being in the Latin America and Caribbean region. According to the Bank, MSPs have provided an opportunity for innovation in conservation, including

innovative management models for protected area management. The Bank has also had a significant CDD portfolio. By 2003, 25 percent of the Bank's portfolio involved projects with CDD/CBD components (IEG 2005).

### ALTERNATIVE SOURCES OF SUPPLY

3.9 Support for biodiversity conservation has also been channeled through the GEF corporate Small Grants Program. The SGP was launched in 1992 to provide support for community-level initiatives that contribute to conserving global biodiversity, mitigating climate change, protecting international waters, reducing impacts of persistent organic pollutants, and preventing land degradation while generating sustainable livelihoods. SGP complements GEF full- and medium-sized project funding by providing a window for the direct participation of NGOs, local communities, and other grass-roots organizations. CEPF was also designed to complement GEF full- and medium-sized project funding; however, the two funds are governed and implemented in very different ways. CEPF differs strategically from the SGP in allocating its investments across *biodiversity conservation corridors* (as opposed to species and sites). These corridors are determined as part of a process to identify globally threatened and geographically concentrated species — the sites most critical for their survival — and the matrix of biodiversity-friendly land use around these sites necessary for the maintenance of natural ecological processes.<sup>11</sup> As a result, CEPF grant making includes a sizeable “anchor” grant in each hotspot, often valued around \$1 million and awarded to an international NGO, which is generally designated for direct conservation action, such as working with government and local communities to expand a protected area, or for coordinating multiple grant activities.<sup>12</sup> The SGP, on the other hand, awards grants primarily for “sites and species” while setting a maximum grant award per project of \$50,000 (though grants average around \$20,000).

3.10 The SGP is implemented by the United Nations Development Program (UNDP) and executed by the United Nations Office for Project Services (UNOPS). There has been little synergy between the two funds at the planning stage (the SGP's country program planning processes and CEPF's ecosystem profiling process), between their respective governing bodies (SGP's voluntary National Steering Committees and National Coordinators, and CEPF's RITs), or between grantees. The SGP works in 95 countries with 81 country offices, two regional offices, and two subregional offices. During its first phase, CEPF had thirteen coordination units covering thirty-three countries that geographically overlapped the work of the SGP National Steering Committees and Coordinators. Of the more than 7,000 grants awarded to date, valued at \$490 million, about 60 percent of the SGP grant portfolio has been comprised of projects designed to achieve biodiversity conservation.

3.11 Both SGP and CEPF can help groom worthy pilot activities into candidates eligible to be scaled up and to receive funding either through the GEF MSP program or as Bank

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11. In some naturally fragmented and relatively small hotspots, such as the Eastern Arc Mountains and Coastal Forests of Tanzania and Kenya, a corridor approach is not feasible. In these instances, only species and sites have been identified as outcomes.

12. There have been some exceptions, as pointed out by CEPF management in response to an earlier draft of this review, where anchor projects have been led by local or national NGOs, such as in South Africa. Also in Mesoamerica and Choco, many of the anchor grants have been implemented by local groups.

projects. But the Bank has more potential opportunities to replicate and scale up CEPF grants than SGP grants, as the implementing agency for the GEF contribution to CEPF, and as a member of the governing body of CEPF exercising oversight on behalf of three donors. This potential has so far been untapped.

### RELEVANCE OF THE DESIGN

3.12 CEPF was designed to finance investments in biodiversity conservation hotspots. The present review recognizes that the approach, and the associated biodiversity mapping, has been an “incredible tool” that has made biodiversity conservation “seem achievable” (Owens as reported in *Nature* 2005). But the most poignant issue in relation to the Bank’s mission concerns the desirability of laying economic factors over the maps of “hotspot” priority areas in order to place appropriate emphasis on people and ecosystem services. As suggested by Possingham et al. (2005) of the University of Queensland, adding additional investment selection criteria through the use of *decision theory* (a tool widely used by financial advisors and engineers to discern how funds can be best appropriated) could perhaps enhance the efficiency of the approach. Applying decision theory in conservation by conducting cost-benefit analysis would include accounting for factor costs — such as land prices and population density — to algorithmically determine an effective strategy for grant-making. WWF’s Chief Scientist, for example, has developed a new scheme, in line with the need to attach greater priority to ecosystem services, called “hydrosheds” that intends to use climate and hydrological models to identify sites from where people draw water in order to produce a series of maps that can be presented to governments to discuss the importance of conserving economically important watersheds.<sup>13</sup>

3.13 In any event, the CEPF program is being increasingly asked by its donor members to report on its impact on poverty. This is an appropriate expectation of the program from the point of view of the Bank’s mandate and its 2002 Environment Strategy. However, a revision of the program’s objectives to include poverty alleviation would require a revision of the program’s strategic approach to grant-making. CEPF targets its support spatially — to “biodiversity hotspots” or eco-regions that have been identified as collectively harboring more than 75 percent of the most threatened mammals, birds, and amphibians globally. These “hotspots” have also been targeted due to their level of threat: the hotspots have already lost 86 percent of their original habitat. Adding a poverty dimension would entail altering the manner by which investments are planned through the ecosystem profiling process. But groundbreaking work is under way, for example, at the World Resource Institute that, if tapped, could provide highly relevant inputs to CEPF were it to move in a more poverty-focused direction. WRI has produced an atlas for Kenya that overlays geo-referenced statistical information on population and household expenditures with spatial data on ecosystems and their services (water availability, wood supply, wildlife populations, and the like) to yield a picture of how land, people, and prosperity are related. This information is now being used by the Kenyan Ministry of Planning to develop poverty-reduction programs and to design policies for water-resources management, agricultural production, biodiversity preservation, charcoal production, and other purposes.

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13. For a full encapsulation of the debate, see “Dollars and Sense” in *Nature*, Volume 437/29 September 2005 pp. 614-616.

3.14 CEPF project documentation maintains that its support for conservation is underpinned by the need for healthy ecosystems which are in turn essential for development aims in agriculture, water supply, fisheries, and other areas. CEPF grants span several areas of investment, including but not limited to the expansion and enhanced management of protected areas, promotion of alternative sustainable livelihoods in production landscapes, and environmental education and awareness. An important question that has arisen during this review is the extent to which the Bank dialogues with CEPF on issues surrounding the poverty-conservation nexus that require redress when specific ecosystem threats are identified by the program's ecosystem profiling process. Common threats identified by the process include logging, intensification and expansion of agriculture, road construction, construction of hydroelectric dams, infrastructure, urbanization, livestock grazing, mining, tourism, ranching, and collection of plants for medicinal use.

3.15 The reporting that have been made through the ecosystem-level Close-Out Reports and the poverty assessments has so far provided inadequate evidence on how alternative livelihood approaches tested through CEPF grants can be sustained with returns that are equal to or greater than the gains achieved through traditional, or non-conservation friendly livelihood activities. Since the program uses an decentralized system of technical assistance with the primary aim of engaging and strengthening the capacity of civil society, including local community groups, NGOs and the private sector to enhance biodiversity conservation efforts, the program's relevance is highly dependent on the feasibility of the approaches employed at the subgrant level by non-state actors, and their coherence with the country's overall development strategy.<sup>14</sup>

3.16 The newly approved DGF-funded global program — Communities, Conservation and Markets (CCM) — is a World Bank partnership with the EcoAgriculture Partners and the Katoomba Group. It is designed to work across sectors and landscapes to develop and disseminate the knowledge base for integrating biodiversity conservation into agricultural landscapes and to mobilize actors from key sectors to develop and expand markets and payments from ecosystem services such as biodiversity conservation, watershed conservation, and carbon sequestration. There is great potential to establish synergy between the technical assistance, studies, and workshops that will be funded by this program and the work that CEPF Regional Implementation Teams will administer in production landscapes.

3.17 The relevance of the design of CEPF's grant-making approach has also been called into question in two other related areas: (a) on the conflict of interest that was inherent in the original Bank agreement concerning Conservation International's role as a grantee, and (b) the significant amount of grant financing that has been directed toward international NGOs, including CI, as opposed to local and national NGOs.

3.18 The conflict of interest issue has been extensively covered by the mid-term review, the external evaluation, and the Bank's Implementation Completion Report and has received

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14. IEG's GPR mission to Costa Rica posed several queries about the extension approach that was being employed by grantees working within the national payment for environmental services program (PSA). Based on IEG's most recent Implementation Completion Report Review of the Bank's Ecomarkets project, the GPR team encouraged the program to engage more fully in dialogue with Bank staff engaged in the follow-on IBRD/GEF project, Mainstreaming Market-Based Instruments for Environmental Management, which has been designed to address the gaps in the PSA system that were revealed under the Ecomarkets project.

continual attention from the Donor Council, the CEPF Working Group and CEPF management. To recap, CI's dual role as manager of the grants program and as a potential grantee has presented a conflict of interest. As pointed out by the external evaluation, CI is the largest grantee of CEPF and by June 2005 had received a total of \$29 million in hotspot coordination grants, project implementation grants, and management fees. The cap that was originally put in place by the Bank and CI in the Financing Agreement, which limited grants to CI to 50 percent of the total available, placed too much attention on developing CI spending plans that "equaled" 50 percent of the available resources allocated to the first three hotspots, rather than developing a transparent rationale for CI involvement, based on detailed, project-specific proposal information. According to the external evaluation, there was considerable pressure on CEPF staff to support funding for relatively large CI proposals, particularly during the first few years of CEPF. Meanwhile, the share of CEPF grants to CI fell from the initial 50 percent level to a cumulative 35 percent by June 30, 2005, and has continued to decline, due to CEPF's expansion into new areas where CI does not have experience or a comparative advantage, and the consequent need to engage with and support new partners and Regional Implementation Teams.

## **Efficacy**

3.19 The external evaluation covered CEPF grant-making through June 30, 2005, by which time grantees had received half of the available grant funds and completed projects had amounted to slightly less than \$20 million (20 percent of the total grant funds).

3.20 Two years later, when the present review was conducted, CEPF had completed Close-Out Reports for nine of its hotspot investment portfolios, which report on the implementation of the activities of CEPF's grants against the strategic directions set out in the Ecosystem Profile process agreed to at the outset of the interventions in each hotspot. The assessment reports have been written by the Grant Directors, with information provided by final project reports produced by the grantees, and have been discussed in participatory workshops held in the countries. Most of the Close-Out Assessments report against a Five Year Logical Framework and also against the "Standard World Bank Biodiversity Indicators" matrix.

3.21 A major focus of CEPF interventions was the creation or expansion, consolidation, and improved planning and management of protected area networks. In the aggregate, as of March 2007, CEPF had contributed to the creation or expansion of 9.4 million hectares of protected areas in 15 countries (Box 2). CEPF has reported achieving gains in protected area management across more than 21 million hectares in 16 countries within nine hotspots. A desk review of the achievement of CEPF investments aimed at strengthening protected area management revealed gains were achieved mostly at the **input** and **output** levels. Examples include:

- (a) The establishment of a tiger database in Bukit Tigapuluh National Park in Indonesia;
- (b) Mapping of vegetation cover in the Serra de Mantiqueira landscape, the creation of an Operating Management Council in the Serra do Papagaio State Park, and research on payment for environmental services options in Brazil;
- (c) Support for park staff salaries and training in the West Guinean Forest

**Box 2. New or Expanded Protected Areas Attributable to CEPF Investment (through March 2007): Total Hectares — 9.4 million**

**Atlantic Forest:** 370 hectares for 8 Private Natural Heritage Reserves created by landowners; 100,000 hectares as part of the Canavieras Extractive Reserve.

**Cape Floristic Region:** 23,827 hectares to expand the Baviaanskloof Mega Reserve; 2.5 hectares in the Tokai Forest; 5,600 hectares for the St. Francis Conservancy; 1,000 hectares for the Blaauwberg Conservation Area; 1.3 hectares for the Die Oog; 52,821 hectares for the Baviaans Conservancy; 45,000 Cape winelands set aside for conservation; 76,361 hectares to establish the Garden Route protected areas.

**Guinean Forests of West Africa:** 72,700 hectares — Sapou National Park expanded from 107,300 to 180,000 hectares; 13,568 hectares — Nimba Nature Reserve declared from former Nimba East National Forest; 100,000 hectares upgraded to globally significant biodiversity areas.

**Madagascar:** 350,000 hectares for the Makira Forest; 475,000 hectares for the Ankenihy-Zahamena Corridor; 50,000 hectares for Anjozorobe; 72,000 for Loky-Manambato Forest Station; 70,837 Dairana Multiple Use Forest Station; 129,042.74 for Sahamalaza; 276,000 for the Mahavavy-Kinkony Wetlands Complex; and 125,000 for Menabe Central Forest.

**Meso-America:** 54,000 hectares for the Maquenque National Wildlife Reserve; 24,089 for the Damani Wetland; 6,000 for the Todos Santos de Cuchumatanes.

**Mountains of Southwest China** 40,000 hectares for two new protected areas in Sichuan.

**Philippines:** 206,875 hectares for the Quirino Protected Landscape declared; 113,972 hectares for the Peñablanca Protected Landscape and Seascape; 32 hectares for the Wildlife Sanctuary established in San Mariano, Isabela; 60 hectares in the Municipality of Puerto Princesa, Palawan; 7000 hectares for the Mati Philippine Eagle Sanctuary; 1,954 hectares for the Municipal Reserve in the Municipality of Rizal, Patawan.

**Succulent Karoo:** 2.6 million hectares — Sperrgebiet National Park declared; 30,000 hectares for the Namaqua National Park; 24,000 hectares for area in the Bushmanland Conservation Initiative; 43,979 for Knersvlakte.

**Sundaland:** 108,000 hectares for the Batang Gadis National Park; 38,576 hectares for the Tesso Nilo National Park.

**Tropical Andes (Vilcabamba-Amboro Corridor):** 183,000 hectares for the Manu National Park; 402,336 hectares for the Amarakaeri Communal Reserve declared; 2.7 million hectares for the Alto Purus Restricted Zone declared; 709,400 hectares for the Ashaninka and Matsiguenga Communal Reserves and the Oitishi National Park.

**Tumbes-Chocó Magdalena (Chocó-Manabí Corridor):** 61,284 hectares): 7,000 hectares — El Pangan Bird Reserve declared; 3,000 hectares — Declaration of Civil Society reserves in Bahia Malaga; 2,260 hectares — Private Reserves in mangrove ecosystems of Bahia Malaga; 13,000 hectares set aside for conservation in Tumaco; 2,000 hectares conserved as part of the community councils of the Pacific (RECONPAS); 2000 hectares as private reserves; 1,200 hectares as private reserves connecting the Tatama National Park and Serrania de Los Paraguas; 8,624 hectares for the establishment of the Awacachi Biological Corridor connecting the Cotacachi Cayapas Ecological Reserve with the Awa Indigenous Territories; 7,200 hectares to establish a communal reserve, Gran Reserva Chachi; and 15,000 hectares establishing Awa indigenous territories demarcated as part of the Awa Communal Reserve.

*CEPF investments have also helped prompted governments to make important commitments to create new protected areas.* These include 142,000 hectares in the Caucasus Hotspot: 10,000 hectares — Arevik National Park, Armenia; 10,000 hectares — Zangezur Nature Reserve, Armenia; and 50,000 hectares — Tlyratinsky Nature Reserve (based on an existing sanctuary), Russia; 12,000 hectares — Expansion of Borjomi-Kharagauli National Park, Georgia; 60,000 hectares — Expansion of Erzi Strict Nature Reserve, Russia. Also, 4.3 million hectares — tripling the protected area network in Madagascar from 1.7 million hectares to 6 million hectares. The protection of Daraina forest (detailed above) was the first step toward implementing this commitment.

*Source: Protected Areas Created or Expanded with CEPF Support as of March 2007, provided by CEPF.*

- (d) Technical support for Madagascar's Protected Area Association (ANGAP)
- (e) Support for park guards and equipment in the Corcovado National Park
- (f) Support for the formation of fire brigades around La Amistad National Park in Costa Rica
- (g) Technical assistance to support the creation of management plans for the Mache Chindul Ecological Reserve and the Golondrinas Protective Forest in Ecuador.
- (h) A Cultural and Environmental Management Plan for the Awa People's Indigenous Territory in Colombia
- (i) Studies on land use and mining concessions, the establishment of an information management and monitoring system, and support for management committees in Bolivia.

3.22 Other CEPF grants have demonstrated achievements at the outcome level, such as the funds that have been set up, in cooperation with other partners (KfW, WWF) to support the recurring costs of park management (the Caucasus Protected Areas Fund and the Fiduciary fund established for the Mache Chindul Ecological Reserve). In Bolivia, CEPF helped to achieve the reversal of a logging concession (the last timber concession inside the Pilon Lajas Biosphere Reserve).

3.23 CEPF Close-Out Reports also discussed the program's support for environmental education; however the focus of the reporting rests more on the inputs (the education provided) rather than the outcomes. There is no discussion of whether a methodology was established to measure a baseline understanding of issues relating to biodiversity conservation and sustainable use and then to gauge how awareness led to enhanced conservation outcomes. The external evaluation provided a select list of positive outcomes in the area of Environmental Advocacy (Box 3), although the evaluation did not include a discussion of some of the short-term trade-offs that may have been required to achieve these gains.

3.24 As discussed in the section on Relevance above, CEPF's investments have been allocated to both production and protection activities. A desk review of available documentation related to CEPF's activities in the **buffer zones** and **production landscapes**, reveals that for the most part, these grants are achieving their environmental objectives. However, a review of the individual grant objectives reveals that, as acknowledged by the program, these grants often lacked a livelihood-based approach with targets and indicators to measure and report on results related to welfare. A thorough review is needed of the efficacy of CEPF's programmatic approaches to biodiversity conservation in production landscapes. A good example of an alternative livelihoods that focused on raising farmers incomes is found in Brazil (Box 4).

3.25 Engaging the private sector was and remains a key goal of the program. At least five Ecosystem Profiles have included strategic directions that specifically target the private sector (Atlantic Forest, Cape Floristic Region, Madagascar, Succulent Karoo, and Sundaland), with several of these achieving significant conservation contributions from national and international companies in the mining, agribusiness, wine production, logging, and ecotourism.

3.26 CEPF has also targeted support to indigenous territories and communities. This support has heavily focused on territorial land management and administration with the longer-term goal of promoting sustainable development and conservation by encouraging (and sometimes financing) the maintenance of traditional land-use practices.

### Box 3. External Evaluation Examples of CEPF Impact in the Area of Environmental Advocacy

According to the external evaluation, CEPF grantees have made a number of significant contributions to influencing major development or infrastructure plans to take account of biodiversity conservation. The evaluation cited several key outcomes that can be attributed to CEPF interventions, including the following:

In **Armenia**, a coalition of groups resulted in the government's 2005 decision to redirect part of a transnational highway originally planned to cut through the Shikahogh Reserve.

In the **Eastern Arc and Coastal Forests of Tanzania and Kenya**, an assessment of the illegal logging of the coastal forests of southern Tanzania since the opening of the Mkapa Bridge over the Rufiji River helped lead to a national indigenous hard wood harvest ban, various harvest and trade restrictions, additional forest staff employed, budgetary allocations and confiscation of illegal timber.

In the **Guinean Forests of West Africa**, an extensive forest reassessment effort in Liberia by local and international partners led to the reform of national protected area management legislation and policies, and helped the government to begin correcting a historical imbalance toward forest overexploitation. In addition, three major international private sector mining partners expanded their capacities in biodiversity conservation.

In **Southern Meso-America**, a coalition of more than 15 Panamanian NGOs helped convince government officials to shelve plans for constructing a highway through Volcán Barú National Park, which forms part of La Amistad Biosphere Reserve.

In the **Mountains of Southwest China**, a grantee's photographic exhibition helped convince the government to postpone plans to build dams along the Nujiang River that would have threatened one of the last free-running rivers in the hotspot and a World Heritage Site containing old-growth forests, 7,000 plant species, and 80 rare or endangered animal species.

In **Sundaland**, local communities in Sumatra won cancellation of logging plans for nearly 50,000 hectares in the northwest of Bukit Tigapuluh National Park, capping a six-month effort led by a local foundation to help traditional forest-dwelling communities advocate against the logging. Following NGO pressure one of the world's largest pulp and paper producers stopped logging in 2002 in the proposed Tesso Nilo protected area.

In the **Tropical Andes**, a logging company agreed to give up the last remaining logging concession in the Pilon Lajas Biosphere Reserve and Indigenous Territory.

A grant to the Conservation Strategy Fund in Northern and Southern Meso-America has yielded a comprehensive inventory and mapping of existing and planned infrastructure projects (road construction and networks, electricity generation and transmission, etc.) in the region, providing an invaluable tool for conservation planning, policy, and advocacy.

3.27 In Panama (Southern Meso-America), for example, CEPF funding helped the Ngöbe-Bugle indigenous people to better manage more than 420,000 hectares of land in and around the Amistad Biosphere Reserve. In the Philippines hotspot, CEPF funded the Livelihood Enhancement in Agro-forestry Foundation to help the small Monobo Indigenous Peoples organization work with local government officials to develop a co-management plan to promote sustainable watershed management based on traditional practices of land tenure. A review of these grants alongside the World Bank's land administration projects suggests that there has been little coordination between the different efforts (Annex C).

3.28 There are a few examples provided by the World Bank's ICR of changes in sectoral policies, laws, regulations, and their application; and changes in institutional arrangements, responsibilities, and effectiveness to improve biodiversity conservation and sustainable use. The ICR refers to Tumbes-Chocó-Magdalena region, where the Government of Colombia integrated the corridor concept into policies of the Department of National Parks, the Ministry of Foreign Affairs, and the Ministry of Transportation, Mining, and Energy. In the Philippines, the National

#### **Box 4. Alternative Livelihoods Approach Reported Raising Farmers' Income in Southern Bahia**

CEPF's work in southern Bahia, Brazil focused on farmer incomes in the Itacare/Serra Grande Environmental Protection Area (Area de Protecao Ambiental -- APA). CEPF-financed activities included a diagnostic study of rural producers in this APA. As in the case of all such officially designated areas in Brazil, productive activities are allowed but there are legal restrictions in terms of the types of activities that can be carried out (i.e., they must be environmentally friendly). As the "diagnostico" indicates, the main agricultural sources of income in the APA are coconut production, small poultry raising, mainly for eggs that are sold to local hotels, banana production, and rubber tapping. However, the project has sought to increase producer incomes and diversify their income sources through promotion of non-traditional activities including agro-forestry systems, sale of seedlings, establishment of ecotourism trails, fisheries, handicrafts, etc. According to the report, which covers four small communities that have participated in an IDB-financed program for the "formalization and integration of micro-enterprises in the tourism productive chain in southern Bahia," average producer incomes increased substantially from R\$ 90 (roughly US\$ 45) per month in 2001 to R\$ 528 (US\$ 264) per month five years later. The more detailed socio-economic "diagnostico" also indicates a positive correlation between small producers who received technical assistance from the project (versus those that did not) in terms of production levels, diversification of productive activities, organizational life (i.e., participation in associations and training courses), and resource conservation practices.

Economic Development Authority incorporated biodiversity conservation priorities into the newly updated 30-year Regional Physical Framework Plan for a key region of the country.

### **Efficiency**

3.29 The CEPF Secretariat is located in Conservation International, which is the program's administrative partner. Contributing partners allocate 12.5 percent of total resources toward the global management of the program — for the administrative, staff, and operational costs of running the program out of CI. CEPF has a slim management team, consisting of an Executive Director (who is also a Senior Vice President of Conservation International) — who is responsible for creating regional investment strategies, developing regional grant portfolios, financial management, communications, and monitoring and evaluation — and four Grant Directors responsible for portfolio management.

### **SOURCES AND USES OF FUNDS**

3.30 CEPF donor partners (CI, the Bank, GEF, MacArthur Foundation) each contributed \$25 million during the program's first phase (Table 2 and Annex D). The Government of Japan also made a commitment of \$25 million, although it had contributed only \$10 million of this total commitment through March 2007. During that time, CEPF established grant programs in 15 regions within 14 of the original hotspots,<sup>15</sup> with spending plans authorized for more than \$100 million. By the end of March 2007, CEPF had committed \$89.8 million in grants to more than 600 civil society groups in 33 countries — \$28.9 million to four hotspots in South and Central America, \$28.8 million to five hotspots in Africa and Madagascar, \$7 million to one hotspot in the Caucasus, and \$25.1 million to four hotspots in East Asia. Nine of CEPF's original 15 portfolios are currently closed to new grants (Annex D).

15. The active hotspots are: Atlantic Forest, Cape Floristic Region, Caucasus, Choco-Darién-Western Ecuador, Eastern Arc Mountains and Coastal Forests of Tanzania and Kenya, Guinean Forests of West Africa, Madagascar and Indian Ocean Islands, Mesoamerica, Mountains of Southwest China, Philippines, Succulent Karoo, Sundaland, and Tropical Andes.

**Table 2. CEPF: Sources of Funds (U.S. dollars, fiscal years ending June 30)**

	2002 /1	2003	2004	2005	2006	Total
Revenue						
Funds received	20,000,000	14,500,000	11,352,547	29,452,947	16,808,537	92,114,031
Pledges receivable due as of June 30		18,500,000	6,147,453	-1,452,947	-4,308,537	18,885,969
Interest earned	284,256	126,381	95,717	197,175	445,296	1,148,825
Total revenue	20,284,256	33,126,381	17,595,717	28,197,175	12,945,296	112,148,825
Of which: From World Bank DGF /2	10,000,000	4,000,000	4,000,000	4,000,000	2,500,000	24,500,000

/1 For the first 18 months of the program from January 2001 to June 2002

/2 A final DGF payment of US\$500,000 was awarded in FY07.

### COFINANCING

3.31 CEPF does not have a “mandatory” cofinancing requirement for grant applicants, unlike the GEF Small Grants Program administered by the UNDP, which features a required cofinancing ratio of 50:50. In the aggregate, CEPF grants raised an additional \$68 million in cofinancing (Table 4) across all hotspots, equivalent to \$0.84 for every \$1.00 committed.<sup>16</sup> However, at the hotspot level, fund-raising efforts were uneven.

### COST-EFFECTIVENESS

3.32 CEPF spent 81 percent of its total expenditures on grants through the end of June 2006, and 19 percent on central program administration, including the preparation of ecosystem profiles and monitoring and evaluation (Table 4). Assessing the cost-effectiveness of the CEPF approach and of individual grant schemes would require a thorough review of the operational and implementation costs of each grant award across the portfolios. A review of the grants awarded just across 9 of the 15 closed programs — representing some 500 grants valued at \$55 million — reveals a set of trends that could be further explored. For example, the cost effectiveness of the program’s small-grant awards should be further examined considering that over half of all the grants awarded in the Cape Floristic Region, Sumatra, Southern Meso-America, the Philippines, and the West Guinean Forests were awarded at a level of \$50,000 or less.

3.33 Another trend worth further examination is the efficiency of the small-grant award schemes that are imbedded in medium-size grant projects, such as the three small-grant award programs, valued collectively at \$1.3 million, that were implemented through three medium-size projects in the Atlantic forest and the \$1 million small-grants scheme for threatened species in the Philippines. CEPF also implemented several matching grant schemes, valued at over \$1 million in the Vilcambamba-Amboro Corridor (with Fundacion Puma in Bolivia, the Fund for Americas in Peru, and CI’s Center for Biodiversity

16. CEPF provided IEG with data on cofinancing and leveraged funds as of March 200. IEG was not able to verify the leveraged funds data, since there was insufficient information or evidence concerning the attribution of the leveraged funds that are claimed to have been catalyzed specifically by the CEPF investments. Therefore, these data are not reported in Table 4.

**Table 3. CEPF Grant Cofinancing**

<i>Region</i>	<i>Funds Committed</i>	<i>Project Level Cofinancing</i>
Multi-Regional Grants		\$6,352,380
Atlantic Forest (Brazil)	\$8,000,000	\$4,276,424
Cape Floristic Region	\$6,133,169	\$2,739,326
Caucasus	\$6,976,538	\$11,561,560
Eastern Arc Mountains and Coastal Forests of Tanzania and Kenya	\$6,383,268	\$841,619
Eastern Himalayas Region	\$1,343,360	\$757,000
Guinean Forests of West Africa	\$6,205,565	\$3,434,930
Madagascar and Indian Ocean Islands	\$4,249,840	\$4,295,701
Mountains of Southwest China	\$6,331,223	\$2,745,204
Northern Meso-America	\$4,234,173	\$3,095,460
The Philippines	\$7,000,000	\$1,858,639
Southern Meso-America	\$5,483,329	\$13,988,575
Succulent Karoo	\$5,788,689	\$1,157,509
Sundaland (Sumatra)	\$9,990,069	\$6,100,162
Tropical Andes (Vilcabamba-Amboró Corridor)	\$6,133,510	\$1,447,179
Tumbes-Chocó-Magdalena	\$7,000,000	\$3,384,601
<b>Total</b>	<b>\$81,262,664</b>	<b>\$68,036,269</b>

Conservation in the Andes). The cost-effectiveness of the matching grant schemes could be analyzed against the aforementioned approaches. However, for the purpose of this review, the Close-Out Report provides very little information on the costs and/or results of the individual grants awarded through the schemes.

3.34 The external evaluation pointed to a sizeable cluster of grants in the \$50–300,000 range, noting that grants in this range fall between the GEF Small Grants Program and the

**Table 4. CEPF: Uses of Funds /1**

<b>CEPF Phase 1: Expenses and committed funding</b>	<b>Expenses</b>	<b>Percentage of Total Expenses</b>
Total grants /2	\$83,054,111	81.0 %
Ecosystem profile preparation	6,535,494	6.4 %
External evaluation	344,653	0.3 %
Business development, grant-making, M&E, and knowledge management	12,986,295	12.6 %
<b>Total expenses</b>	<b>\$102,920,551</b>	<b>100.0 %</b>

/1 Conservation International Foundation (CI) was incorporated in the state of California on January 26, 1987, as a nonprofit charitable organization. Per the Financing Agreement, an independent audit report including both a review of CEPF Funds as well as a certified copy of CI's audited financial statements are routinely submitted by CEPF management to the World Bank. The audits are conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

/2 The total grant expenses include new grants approved in each fiscal year as well as financial amendments to grants committed in previous years.

GEF medium-sized grants, which are usually close to their \$1 million ceiling. (This range does overlap with the smaller grants of the MacArthur Foundation). However the evaluation did not comment on the efficiency of grants of this cluster.

3.35 An assessment of the cost-effectiveness of the schemes would require enhanced results-reporting at the portfolio level — an aim for the second phase of the project. It would also require an examination of other sources of supply across activity types. In fact, deeper work in this area could benefit the larger biodiversity community, and fulfill the original aims of this partnership in detailing, for example, how least-cost methods, through increased real participation could achieve cost-effective biodiversity conservation gains.

3.36 The cost-effectiveness of small-grant programs and small-grant project components for biodiversity conservation has been the subject of much study and debate over the past year. The topic is central to the ongoing *GEF-UNDP Joint Evaluation of the GEF Small Grants Program* as well as the World Bank's draft study entitled *The Role of Small Grants Programs in Biodiversity Conservation: An Evaluation of World Bank-GEF Experience*.

3.37 Cost-effectiveness has been a pivot point of debate within the GEF Council discussions concerning GEF support for a second phase of CEPF (Fall 2006–Spring 2007). The GEF Council has pinned CEO endorsement of the upcoming second phase of the project on capping operational costs at 24 percent, and program management costs for subgrantees at 13 percent, while retaining total CEPF Secretariat costs at 12.5 percent of total donor contributions. The GEF will also supplement project administration costs through an agreed-upon 9 percent Bank implementation fee.

3.38 A technical paper on *Management Costs of the Ongoing Joint Small Grants Program Evaluation* prepared by the GEF Evaluation Office compared the management costs of the GEF corporate Small Grants Program with several similar small-grants programs, including CEPF. The review found that whereas SGP management costs were in the order of 28–31 percent of total program expenditures, CEPF costs were slightly higher, between 30–34 percent. These costs excluded the agency fees. The GEF paper reviewed CEPF's grant portfolio, which as of February 2007 had allocated \$89 million toward ecosystem grants. The review paid particular attention to one type of grant, the coordination grants, which totaled about \$14 million according to the review. The review also found that about 2 percent of the grants were allocated for projects that were primarily aimed at addressing project management issues. These findings are consistent with those of the external evaluation, which found that \$13.2 million of the program's first 500 grants (\$68 million in value) had been awarded for coordination grants, and that another \$10 million had been awarded for project implementation.

3.39 One topic of discussion that has arisen between the GEF Evaluation Office and IEG during the present review has been the categorization of the Ecosystem Profiles as pure "management" costs. CEPF allocated approximately 6 percent of its funds to the participatory preparation of these profiles. The methodological approach that CEPF used to prepare these profiles has advanced significantly. If the profiles include newly gathered landscape and land-use data, wildlife, and population data, or if satellite technology or GIS systems have been used to provide landscape information, then the EPs should be considered a public good and provided to the Ministry of Environment, rather than simply a planning document for investment purposes.

3.40 This review has also found that there is currently a lack of a common definition of “operational” versus “management” costs across agencies for grant-making schemes of this type. The most problematic lack of consensus exists around how to consider the costs for monitoring biodiversity related outcomes. Considered for the most part by the GEF as a management cost required for project reporting, IEG suggests instead that monitoring should be imbedded in every grant awarded, and the costs for monitoring project procurement, management, and accounting should be separated from the costs of monitoring biodiversity related outcomes, particularly as some of these costs are associated with assisting countries fulfill their obligations under the Convention on Biodiversity.

## 4. Governance and Management

### Authorizing Environment

4.1 The World Bank-CEPF Partnership is governed by a *Financing Agreement* between CI, the World Bank, and the GEF (dated December 14, 2000), whereby the Bank pledged to mobilize \$25 million of its own funds, over five years, in support of CEPF. The partnership is also guided by a *Memorandum of Understanding (MOU)*, signed at the First Meeting of the Donor Council (also dated December 14, 2000). This statement of cooperation was not revised to detail the roles and responsibilities of the additional members that joined later.<sup>17</sup>

4.2 CEPF is governed by a Donor Council, whose membership is described in Article II of the MOU. The membership of the Council consists of the President of the IBRD or a designee; the CEO and Chair of the GEF, or a designee; the CEO and Chair of CI, or a designee; a senior IBRD manager appointed by the President of the IBRD; and a representative of each additional donor (Japan and MacArthur). The Powers and Duties of the Donor Council (Box 5) are very limited, and therefore provide a very limited role for the Donor Council in overseeing Fund operations.

#### Box 5. The Powers and Duties of the Donor Council per the MOU

- Provide general guidance to CI on the operations of the Fund.
- Review and approve each Annual Spending Plan of the Fund.
- Review and approve a priority list proposed in accordance of Ecosystems Profiles to be prepared.
- Review and approve each Ecosystem Profile.
- Review and approve amendments to the Operational Manual.
- Review and approve the procedures for procurement of goods and services, above the threshold amounts set forth in paragraph 9 and 10 of Schedule III.
- Create and approve the conditions under which new donors may be invited to take part in the Fund and approve additional members of the Donor Council.
- Review and approve the fund-raising strategy.
- Elect the chairperson of the Donor Council.

17. According to comments provided by CEPF on an earlier draft of this review, the Government of Japan also signed the Financing Agreement when it joined the partnership in 2002.

4.3 The Council’s duties are limited in part because of the high level of the partners’ representatives — a membership that carries clout and has the potential to attract additional partners and funds.<sup>18</sup> At its first meeting (on December 14, 2000) the Donor Council decided to establish a permanent Working Group “charged with discussing Ecosystem Profiles and providing input to their respective organizations before their submittal to the Donor Council and with coordinating other CEPF matters at working level.” One year later, at its second meeting (December 11, 2001) the Donor Council approved a specific terms of reference for the Working Group (Box 6) and clarified its purpose as “to serve as a resource to CEPF for consultation on CEPF matters such as maximizing the potential to leverage donor organization resources and expertise, and development of Ecosystem Profiles, to provide input and guidance on certain operational issues and addressing obstacles and challenges to biodiversity conservation success.”

**Box 6. Specific Tasks of the Working Group**

- Support the mission and objectives of CEPF and leverage CEPF investment by identifying the technical and financial resources that member organizations can contribute in specific geographic regions.
- Represent and communicate the CEPF mission, objectives, and investment strategy within respective donor organizations to help leverage and amplify CEPF investment.
- Provide support to CEPF in the preparation of the Ecosystem Profiles by representing Donor Council members in reviewing the draft profile, discussing geographic priorities, providing additional information and constructive input, and assisting in identifying current investment, threats to biodiversity, leveraging opportunities, and gaps that CEPF funding might address.
- Provide input and guidance on certain operational matters, such as modifications to the Operational Manual, and monitor and assist in implementation of Council decisions, and other issues as necessary.
- Provide support to CEPF and Donor Council members in preparing for meetings of the Donor Council by reviewing documents and recommended actions, resolving any issues, reflecting the position of respective organizations, and briefing Donor Council members.

4.4 The Working Group includes technical staff from each of the partner organizations: the Director of the World Bank’s Environment Department; a Senior Vice President of Conservation International; the Director of Conservation and Sustainable Development at the John D. and Catherine T. MacArthur Foundation; a Program Manager in the Biodiversity Focal Area of the GEF; and a Special Policy Coordinator, Biodiversity Policy Division, Nature Conservation Bureau, Ministry of the Environment, Government of Japan. It meets three times a year and functions like an Executive Committee for the Donor Council. The CEPF Executive Director serves as the Working Group Chair and reports directly to the Donor Council. Invited observers from other NGOs, multilateral and bilateral organizations, and government agencies are allowed to participate as guests as determined by the consensus of the CEPF Working Group members.

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18. “The Donor Council may have the capacity to approve strategies but cannot engage itself in the day-to-day work on CEPF,” according to one Council member, in specific reference to one of the body’s assigned areas of oversight—reviewing and approving each Ecosystem Profile.” (Minutes of the Donor Council Meeting, December 14, 2000)

4.5 There are several elements that could be added to the Working Group's terms of reference in revising this for CEPF 2. One would be to **periodically conduct a strategic review of the grant portfolio**, in consultation with the Grant Directors and the Regional Implementation Units. Such a function could assess the approach taken relative to the strategic priorities assigned through the Ecosystem Profiling process to combat the region's most pressing threats. An assessment could be made based on (a) the implementation performance of individual grants, (b) whether CEPF has demonstrated a niche advantage in the area, (c) whether pilot interventions have created demonstration effects, (d) which grant types have attracted significant cofinancing, and (e) which grant types have attracted private sector finance. Members of the Working Group could also consider the relevance of the grant investments from the perspective of each of their respective organization's country assistance strategies, and the complementarity with parallel investments and activities being undertaken by their respective organizations.

4.6 The World Bank and the GEF members of the Working Group could work with the Bank's task manager to **bring forward lessons learned from the World Bank and GEF project portfolios** to help strengthen the design and implementation of CEPF's small-grants portfolio. Lessons throughout project implementation could be gleaned and shared from supervision missions and mid-term reviews, as well as ex post from the implementation completion reporting and IEG's Project Performance Assessment Reviews.

4.7 The Working Group members could convene briefings with relevant staff to **present lessons learned from CEPF's small-grant portfolio within their respective organizations**. The Bank, for example, could provide its country offices to host a videoconference with the Regional Implementation Teams as well as grantees.

4.8 The Working Group meeting that was held in April 2007 discussed four scenarios concerning which hotspots should be priorities for future investment. Yet the debate was devoid of analysis of the cost-effectiveness and efficacy of the individual grant-level approaches that were administered across eco-regions during the first phase.<sup>19</sup> The political economy of the World Bank's pipeline of regional portfolios (in EAP, for example) and the implications of the use of GEF finance in relation to the opportunities and challenges presented by GEF's new Resource Allocation Framework were more significant factors in this discussion.

4.9 An additional element could involve **oversight of program management**. This function could include an expectation that all costs earmarked for supervision are accounted for, that supervision missions conducted by the Bank are formally recorded and shared with program partners, and that oversight during CEPF 2 contributes to the program's need to conduct ecosystem-level monitoring, through GEF's recently introduced biodiversity tracking tools.

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19. Interview with members of the Working Group, April 2007.

## Assessment of CEPF's Governance and Management

4.10 Global programs employ a diverse range of governance models associated with the history and culture of each program. Therefore, following the approach adopted by the OECD Principles of Corporate Governance (1999 and 2003), this assessment is based on compliance with seven generally accepted principles of good governance: *legitimacy, accountability, responsibility, fairness, transparency, efficiency, and probity*.<sup>20</sup>

### LEGITIMACY

4.11 The initial legitimacy for CEPF rested on the reputations of the three founding partners: on that of CI in relation to biodiversity conservation and on those of the World Bank and GEF as membership organizations representing all the donor and beneficiary countries that are parties to the Convention on Biological Diversity. The program's continued legitimacy would depend on its ability to interest other partners in joining, and its ability to produce and demonstrate positive results.

4.12 The goal of CEPF's Fund Raising Strategy, approved by the Donor Council during its first year of operation, was to "grow the partnership" in order to raise or exceed a total of \$150 million over five years by securing the participation of a minimum of six organizations as equal donors to the initiative. Seeking balanced geographical representation, the strategy specifically suggested bringing Japanese and European bilateral agencies into the initiative. The strategy also planned to target major private foundations that concentrated their investments on biodiversity conservation and social causes. CEPF succeeded in attracting additional support from the MacArthur Foundation in 2001 and the Government of Japan in 2002, but the strategy fell one party and \$25 million short of its funding goal. (CEPF eventually enlisted the support of the French Development Agency for its second phase beginning in FY08.)

4.13 The program has adopted a pure shareholder model of governance in which membership on the Donor Council and Working Group is limited to financial contributors to the program, as opposed to a stakeholder model in which membership also includes non-contributors. The lack of beneficiary country participation in the governance of the program is especially problematic at the ecosystem or regional level. Ensuring cooperation among nations to achieve satisfactory outcomes for multiregional grant vehicles is not only important in and of itself, but commitment from multiple governments is also needed to ensure the sustainability and integrity of the system once a regional program is closed.<sup>21</sup>

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20. See Independent Evaluation Group, *Sourcebook for Evaluating Global and Regional Partnership Programs*, pages 75-78, for a discussion of each of these principles.

21. A recently completed IEG evaluation of the Bank's support to regional programs found that regional programs offer substantial potential to achieve results on development issues that affect adjacent countries, such as biodiversity conservation. But this requires paying attention to the political economy of relations among countries to gain their acceptance of the obligations involved in acting cooperatively. The scope of program objectives needs to match national and regional capacities in order to deal effectively with the complex coordination challenges in the implementation of the activities. Accountable governance arrangements take time to establish, but are essential to gaining country ownership. Clear delineation and coordination of the roles of national and regional institutions is also crucial to the implementation of program activities and the sustainability of outcomes. Countries need to plan well in advance to absorb the costs of sustaining the

4.14 To its credit, CEPF is attempting to increase ownership by beneficiary countries by enhancing the participatory nature of the profiling process at the ecosystem or regional level. CEPF has also established regional advisory councils to work with the coordination units in the Cape Floristic Region, the Caucasus, the Eastern Himalayas, and the Mountains of Southwest China, which provide an avenue for beneficiaries to exercise their voice regarding the design and implementation of program activities. CEPF might consider institutionalizing such advisory councils more broadly to become a standard feature of the governance and management of the program like, for example, the Water and Sanitation Program (WSP), has done.<sup>22</sup>

#### TRANSPARENCY

4.15 The program receives good marks for transparency. The program's public Web site not only includes both the external evaluation (2005) and its mid-term review (2003), but also features individual project completion reports reviewed summarily through Five-Year Assessments of CEPF's Investment in the hotspots (currently under delivery). The Web site also includes the minutes of each CEPF Donor Council meeting (including lists of attendees); progress reports concerning decisions of previous Donor Council meetings; financial summaries and spending plans; and periodic updates on how management has responded to specific Donor Council directions. Among the latter is the March 2004 Council request for standardized reporting on the grant portfolio, featuring explicit linkages to poverty reduction, accompanied by the development of a "common statement about CEPF and poverty reduction." One deficiency is that the program has not posted its governing articles, Financing Agreement, Memorandum of Understanding, or its revised Operational Manual. The decentralized nature of the revised grant-making procedures in CEPF 2 should also heighten the transparency of small-grant awards, but these will only apply to grants equal to or less than \$20,000.

#### FAIRNESS

4.16 CEPF is guided by an **Operational Manual** that includes grant application and reporting forms, criteria for grant selection, model grant contracts, and IBRD Safeguard Policies. The program has a two-part application process. Applicants must first submit a letter of inquiry. They may then be invited to complete a more detailed proposal. Applications are taken on a rolling basis, that is, there are no specific deadlines for applications. However, CEPF stops accepting proposals for a particular hotspot area or strategic direction once the designated funds are fully committed. There is no specific limit to the level of funding an applicant can request. However, CEPF aims to diversify its portfolio of grantees and projects to best meet its conservation objectives and help strengthen the involvement of civil society in conservation. CEPF project funding may be provided for a maximum duration of five years. Before beginning the application process, applicants are advised to consult the CEPF investment strategy — the Ecosystem Profile — for the region where they propose to work,

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outcomes of regional programs after external support ends. See IEG 2007, *The Development Potential of Regional Programs: An Evaluation of World Bank Support of Multicountry Operations*.

22. The Water and Sanitation Program is currently organized into four regional teams — for Africa, East Asia and the Pacific, Latin America and the Caribbean, and South Asia. The four regional team leaders work with National and Regional Advisory Committees in each region, and one representative from the Regional Advisory Committees sits on the Program Council (the program's governing body) along with all the program's donors.

which explains and guides the Fund’s investments. Each project must be linked to one of the *strategic directions* in the Ecosystem Profile to be eligible for funding.

4.17 The fact that a large percentage of CEPF finance has been awarded to international NGOs rather than to local and national organizations suggests that a phased approach — using preparatory grants (in a manner similar to the way in which the GEF uses PDF B block grants or the Bank uses PHRD finance) — might have been used more systematically. Such an approach might have resulted in fewer beneficiaries accessing small grants, but could have enhanced prospects for the future sustainability of NGO capacity to maintain a viable presence and influence and to raise the large levels of recurrent funds that will be required for the management of landscape systems.

#### **ACCOUNTABILITY**

4.18 This concerns the extent to which accountability is defined, accepted, and exercised along the chain of command and control within a program, in the case of CEPF from the Donor Council at the top and going down to the Working Group, the Executive Director, the Grant Directors, the Regional Implementation Teams and grantees.

#### ***The Governance Structure of CEPF***

4.19 CEPF is the only global program in which the World Bank is involved with such high level representation on the top-level governing body of the program. (It is common for Network Vice Presidents to represent the Bank on global programs, but not the President.) CEPF is also the only case of which IEG is aware in which the World Bank has been designated the chair of the governing body of a program in which the secretariat is not located inside the World Bank. (The World Bank commonly chairs programs that are located inside the Bank.)

4.20 The high level of representation on the Donor Council would appear to have had more costs than benefits. This has ensured support for the program at the highest level of each donor partner, but it has also created a sense of entitlement among Bank staff (and perhaps also within the other partner organizations) arising from an exceptional situation. It is unlikely that the members of the Donor Council have sufficient time to ensure that the program has adequate policies in place to ensure accountability, and that these policies are being followed. And when these tasks necessarily fall to the members of the Working Group, it is unlikely that that their tasks — to objectively assess the outcomes of the program and to oversee improvements — are not made more difficult by the presence of the highest ranking officials of their respective organizations on the Donor Council.

#### ***Performance Management: Monitoring and Evaluation***

4.21 The original Financing Agreement stipulated that the partners would make an initial contribution of \$5 million to the Fund for the first year and that subsequent contributions would be contingent upon a Donor Council review of the financial management, administrative arrangements, and **operational performance of the projects and activities financed under the Fund**. However, this contingency was based primarily on financial risk management, per provisions in the Financing Agreement, and limited to eligible claims for a withdrawal or refund of Fund contributions (such as ineligible expenditures, or Fund dissolution). Further allocations of the matching contributions of the partners are based on

approved Annual Spending Plans and submission by CI of satisfactory quarterly Program Management Reports, which report primarily on administrative matters. Thus, while the agreement provided guidance for financial oversight, and the Program Management Reports allow for administrative reporting, the Financing Agreement does not contain provisions (or articles) that articulate the criteria against which the **operational performance** — the satisfactory performance of the Fund’s “subgrants” and “activities” — were to be assessed or reported by the Donor Council to their respective institutions and organizations. Indeed, it does not appear that annual contributions to the Fund have been based on the operational performance of the activities.

4.22 CEPF assesses performance on three levels: the individual grant level, the ecosystem or hotspot level, and the global program level. The external evaluation noted that CEPF’s approach to performance monitoring had evolved and improved since the program was launched in 2000, but it was nonetheless highly critical of the program’s performance monitoring overall.

4.23 The Operational Manual outlines CEPF’s “Project Cycle Management,” noting that its system of monitoring and evaluation deviates from traditional reporting requirements by introducing an “active and effective management tool for grantees” that “creates a powerful, adaptive approach... a learning system for all involved” (OM 3.1 Rev. 1). This M&E approach is based on an automated grant application system that posts project designs and implementation plans, including logframes. The applicant produces a logframe by filling out such fields as objectives, outputs, and indicators.

4.24 The external evaluation recommended strengthening performance monitoring at a hotspot level in two ways: (a) involving both the Grant Directors based at the Secretariat and the locally based RITs in ecosystem-level analysis and reporting on a regular basis, and (b) complementing the use of conservation outcomes as long-term operational targets with the development and adoption of socioeconomic, political, and civil society measures and indicators to assess interim progress toward the outcomes. The proposed CEPF 2 incorporates both recommendations.

4.25 During Phase 2 each Ecosystem Profile will set baseline and conservation targets against which progress will be monitored at the hotspot/ecosystem level. The CEPF Secretariat and the RITs will collaborate closely with other conservation partners to develop simple indicators to better monitor the biodiversity impact of CEPF investments at the project and program level. Priorities for a second phase of CEPF include: (a) ensuring that conservation targets and indicators are defined in all regions that receive CEPF funding; (b) improved outcomes monitoring at the ecosystem level in all critical ecosystems receiving funding; and (c) sharing the results widely to demonstrate biodiversity impact and enable adaptive management. Individual projects will use the GEF Monitoring Tools, including the protected area management effectiveness tool and SP tracking tools to assess the biodiversity impact of CEPF investments. At the ecosystem level, the RIT and other local partners will lead the monitoring in order to strengthen ownership and capacity so that results will feed into follow-up actions. The results of monitoring at site and ecosystem levels will contribute to the assessment of progress in achieving the 2010 targets set by the CBD. This information will be calibrated against data on biodiversity status drawn from the Biodiversity Early

Warning System developed by the Center for Applied Biodiversity Science as well as data from other regional programs involving CI and other NGOs.

### ***Risk Analysis and Management***

4.26 The CEPF Secretariat uses a Risk Assessment Tool developed in collaboration with CI to assess whether a project is low, medium, or high risk so that appropriate monitoring and audit procedures can be put in place.<sup>23</sup> The assessment is in two parts: the programmatic assessment, which is conducted by the RITs (and previously by the Coordination Units), and the financial assessment, which is conducted by a CI finance staff member. The programmatic risk assessment evaluates the quality of the project design and external conditions that could affect the recipient organization's ability to complete its grant responsibilities. Considerations include the organization's experience and capacity, the proposed project's link to the Ecosystem Profile, the quality of the project design, safeguard issues, and the political climate in the region in which the grant funds will be distributed. The financial assessment provides CEPF with the information it needs to assess the adequacy of the financial and accounting system of a prospective grantee and to assess the need for assistance to ensure accountability if a grant is awarded.

4.27 These assessments pose questions related to the quality of the project design, the environment in which the recipient organization works, the organization's internal financial control structures, and prior reporting capabilities (if the organization has had a prior CI grant). In both assessments, the reviewer assigns a numerical value to some items. These values are summed for each assessment to determine an overall risk ranking to be used in determining what monitoring steps will be required to mitigate both the programmatic and financial risk. A Risk Ranking Summary Worksheet is compiled to show the total risk rating for each part of the assessment. This then classifies a given project as low, medium, or high risk on both a programmatic basis as well as a financial basis. Depending upon the recipient organization's risk ranking total, the reviewers will recommend specific steps to adequately monitor the organization during project implementation and to determine appropriate audit requirements.

### ***Mid-Term Review***

4.28 CEPF management commissioned an external consultant to conduct a mid-term review of the program for the period January 2001 to May 2003. The consultant was charged with evaluating the effectiveness of the program based on the objectives set forth in the Memorandum of Understanding signed by the World Bank, the GEF, and Conservation International. According to the terms of reference, the review's "most immediate aim [was] to provide a progress report to the DGF to inform its deliberations.... it [was] also intended to help define the focus of a number of field evaluations of CEPF programs that [would be] undertaken in the near future."

4.29 The report on the review was submitted to the World Bank's DGF Board in June 2003. The review made several recommendations relating to the management of the program, its strategic focus, and the grant-making process (Annex F). CEPF management presented a

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23. Applicable to all grants of more than \$20,000.

report on its progress in responding to those recommendations to the Donor Council Meeting in March 2004. Given the lack of a separate supervision budget at the time, the World Bank's Programmatic Task Manager viewed the mid-term review as "an effective supervision tool."<sup>24</sup>

## **5. Bank Performance**

5.1 The World Bank has played a number of roles in CEPF: founding partner, financial contributor (through the Development Grant Facility), chair of the Donor Council, member of the Working Group, and implementing agency for the GEF and Japanese financial contributions to the program. Following the guidelines that have been developed for IEG global reviews (Annex A), this review examines five aspects of Bank performance: (a) contributing its comparative advantage at the global level, (b) using its comparative advantage at the country level, (c) exercising effective oversight of its involvement with the program, (d) identifying and managing risks, and (e) formulating an appropriate disengagement strategy.

### **Bank's Contributions at the Global Level**

5.2 The World Bank catalyzed CEPF by using \$1.5 million from the President's Contingency Fund in 2000 to help CI develop the goals and objectives of the partnership; establish its initial organizational structure, information systems, and operating procedures; recruit staff; design an initial monitoring and evaluation system; prepare promotional materials; and develop strategies, plans, and budgets for its initial operations (Mid-term Review, 2003). The Bank also helped engage the support of GEF and was instrumental in securing funding from the Japanese government.

### **Linkages with the Bank's Country Operations**

5.3 The Bank set up a system of "unfunded" regional focal points consisting of a handful of staff who voluntarily agreed to comment on the Ecosystem Profiles for their regions and to work with the global program task manager should the need arise in their region. For example, Bank staff comments on the Ecosystem Profiling process in Northern Meso-America and China highlighted the need for CEPF to clearly articulate its niche given the size of the hotspot in which it is operating (particularly in China). The comments also noted the modest size of available funding, and in both cases, the availability of substantial amounts of donor assistance for investment in biodiversity. In China, the Bank's comments, provided by a Lead Ecologist based in Beijing and a Senior Biodiversity Specialist, added value to the process by informing CEPF of ongoing government conservation policies and planning documents (including the national Biodiversity Conservation Action Plan, the State Forest Administration's 10-Year Nature Reserve Investment Plan, as well as provincial investment guides). The Bank also engaged the Government of China in discussion of

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24. See the World Bank's Partnership Approval and Tracking System Form for the Critical Ecosystem Partnership Fund (P092281: Critical Ecosystem Partnership Fund).

ongoing Bank/GEF project implementation in the hotspot.<sup>25</sup> Comments provided on the Sumatra EP pointed to the limits of merely “listing” ongoing parallel investments without conducting a thorough analysis of strengths and gaps — a portion of the EP that should help build the case for CEPF investment.

5.4 Still, program-country linkages overall have generally been weak. This review’s mission to Nicaragua, for example, found a missed opportunity to bridge the analytical work conducted by the Bank on land and tenure policy in Nicaragua and the associated lending operation (PRODEP) dealing with demarcation of Nicaragua’s north Atlantic coastal reserve areas with CEPF’s support of demarcation for the indigenous Rama lands in the south. The lack of a cohesive donor strategy for land demarcation and titling, particularly considering the many varying local land-use interests along the Atlantic Coastal region of Nicaragua, runs the risk of working at cross-purposes as well as duplicating efforts.

5.5 Efforts were made during the latter part of Phase 1 to enhance linkages with World Bank country operations, through a series of Workshops held in Brazil, South Africa and Indonesia in 2005. Sponsored by the Bank’s Development Grant Facility (DGF) and its Environment Department, the workshops were convened to expose CEPF and Bank staff to each others’ work and explore linkages. Although recommendations on how to enhance country-linkages were posed by the workshop members, many of them have remained unimplemented.<sup>26</sup>

## Oversight

5.6 The *oversight* of the program by its governing bodies (the Donor Council and the Working Group) is distinguished from the *supervision* of program activities by the CEPF Secretariat located in CI. In the case of CEPF, the supervision entails administering and monitoring the implementation of individual program activities, and includes contracting with grantees to implement individual activities and ensuring that they are reporting their progress in a timely way to the CEPF Grant Directors.

5.7 In the CEPF, the World Bank exercised the oversight function, not only on its own behalf, as a member of CEPF’s governing bodies, but also on behalf of the GEF (as an implementing agency of the GEF grant) and of the Government of Japan (as the manager of the PHRD grant). The originating global program documentation did not detail how the World Bank would perform these oversight responsibilities, nor who would perform them — the Bank’s President (who was the chair of the Donor Council), or the Director of Environment or the World Bank’s global program task manager (who served on the Working Group).

5.8 The Bank entered into the CEPF partnership without having reached a clear agreement or understanding on how its oversight would be financed and administered. This particular agreement, to implement a GEF project without an agreed-upon supervision fee, deviated from the traditional modality of Bank-implemented GEF projects that charge GEF a

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25. IEG just completed a Project Performance Assessment Report of the China Nature Reserve Management Project and it would be appropriate for the current Bank task manager to bring those lessons forward to the program.

26. Interview with Luiz Gabriel Azevedo, August 21, 2007.

“fee” of less than 10 percent. Dedicated funding for oversight was eventually made available from the ESSD Vice President’s administrative budget.

5.9 This review has found that 80 staff weeks were used for oversight of CEPF. The total costs mapped to the Bank oversight of CEPF — including staff labor and consultant fees, travel, as well as “other” costs including communications and logistics — amounted to approximately \$602,000 and represented less than 1 percent of the combined DGF, GEF, PHRD commitments over the six-year implementation period.

5.10 A review of Bank budget expenditures associated with the oversight of CEPF, reveals a lack of strategic vision for using the Bank budget funds allocated for oversight.<sup>27</sup> While multiple missions were conducted to oversee CEPF investments in a handful of sites, including the Brazil’s Atlantic Forest and the Vilcambamba-Aboro, the South African hotspots, and Sumatra, there is no evidence of Bank staff or consultant travel to oversee progress made in many of CEPF’s earliest programs in the Guinean forests, Madagascar, or Southern Meso-America. Although the Bank’s task manager employed Bank staff and consultants as “regional coordinators” to conduct oversight missions, these trips do not “add up” to a strategy that could have provided a thorough review of programmatic results, particularly since much of the Bank budgetary expenditures occurred more than half way through the program’s first phase.

5.11 The first two years of Bank oversight involved meetings convened with the program Secretariat only, in Washington, D.C., mainly to discuss program development and management. Early Bank oversight reporting details progress achieved over the first year of CEPF implementation, indicating that the main outputs after its first year were: (a) the staffing of CEPF; (b) preparation of eco-system profiles; (c) raised awareness of the program; (d) the operational launch of the grant-making system; and (e) evidence of strong demand for this grant-making system.

5.12 Meanwhile, a preliminary oversight mission to Lima, conducted by two of the former program task managers during the first year of program implementation (of the Vilcambamba-Aboro) produced an insightful aide mémoire for the government and the program that addressed both strategic as well as grant-level issues. It is discouraging that this is the first and only critical piece of reporting from all of the Bank’s site-level missions. The oversight mission received information on the 40 grants under proposal at the time of the visit and issued recommendations on how to enhance the effectiveness of both the strategic orientation of the program and the grant portfolio. The mission observed that there was limited government knowledge of the CEPF instrument; a need for “big picture” dialogue with local offices; a perhaps overly ambitious agenda in areas that were highly dependent on the implementation of non-CEPF initiatives; and the need for greater technical and

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27. IEG conducted an extensive SAP data exercise to account for costs associated with CEPF (P073195 and/or Loan /Credit no. 24879) and DGF File 10305 and GEF TF053876). Eighteen Bank staff were mapped to different cost center codes. All costs associated with staff weeks, labor costs, travel and other expenses were analyzed. IEG analyzed a total of US\$601,781.00 mapped to these cost centers. All documents that were available in the project file were reviewed: aide-memoires (11/29-30/2001, 7/23/2002); PSRs (11/28/2001, 12/21/2001, 6/19/2002, 10/17/2003, 01/07/2005); as well as the Dec. 2006 Supervision Mission to the Philippines) available through both IRIS and the project portal.

programmatic supervision of grant implementation to ensure that CEPF grants in a region are achieving results. This last observation was coupled with a key observation made by the team after reviewing the Vilcambamba-Aboro portfolio — that there was a demonstrated need to develop regional [ecosystem-level] monitoring procedures.

5.13 IEG conducted a similar exercise during its field-visit to the Southern Meso-America Corridor. The IEG mission met with 15 sets of grantees (and conducted site visits in one of the three corridor countries) to discuss the outcomes and sustainability of the results of 74 grant activities (see Annex C).

5.14 It is not clear to IEG from the existing evidence whether the Bank’s budgetary resources were intended to be used for building strategic country operational linkages with the program or for traditional project supervision. In practice, Bank budgetary resources were used by program task management to liaise with potential partners, such as Birdlife International, to build support among donors, and in some cases, to attend GEF council meetings where CEPF was being discussed.

5.15 The Bank will charge GEF a 9 percent oversight fee to conduct semiannual supervision missions to assess progress and provide input to overall project activities under CEPF 2. The Bank has indicated that explicit mechanisms will be put in place to ensure greater involvement in project operations — including appraisal and supervision — of Bank staff from headquarters and country offices. In addition, the Bank will conduct a mid-term evaluation of project execution no later than three years after the first project distribution. A final independent evaluation will be conducted in the last semester of project execution.

## **Risk Identification and Management**

5.16 The original CEPF proposal enumerated a number of risks that warranted management during program implementation. Among these were (a) the possibility that CEPF funds would not be enough to make a difference; (b) that CI/CEPF does not adequately enforce Bank safeguard policies; (c) the conflict of interest inherent in CI implementing CEPF’s grants; (d) the Ecosystem Profiling Process would not be adequately inclusive of all major stakeholders; and (e) an inadequate demand for grants.

5.17 There is a significant risk to maintaining the outcomes achieved thus far through CEPF investments, although this varies across hotspots. CEPF has candidly reported, through its Close-Out Reports, that there is a need for continued consolidation of its efforts and increased focus by civil society, government, and the donor community on long-term financing mechanisms to sustain gains achieved thus far.<sup>28</sup>

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28. In the Philippines while the gains have been impressive, the assessment team reported that “CEPF’s impact, particularly the results involving protected areas, is fragile and the gains secured may not be sustained and that resources for the continued consolidation efforts are needed and increased focus by civil society, government, and the donor community on a long-term financing mechanism for protected areas is essential.” In Southern MesoAmerica, the Close-Out Report indicates that “while CEPF results are plentiful and impressive, much work remains in Southern MesoAmerica. CEPF strengthened conservation capacity ... and played an important role in stabilizing the region from hunting, colonization, and forest fires, but it would be foolhardy to believe that Southern MesoAmerica’s conservation capacity has been consolidated and that chronic threats have been permanently contained.” In the Choco-Manabi Corridor — efforts are constrained by a lack of dialogue between

5.18 Some risks, such as attention to safeguards, were mitigated early on during implementation. Others, such as the conflict of interest, would not be adequately managed until planning for a second phase was underway. To mitigate the risk on the safeguard issue, the head of the Bank's Operations Services Quality Assurance & Compliance (OPCQC) Unit provided safeguard training to CI field staff and managers in Washington, D.C., during the second year of program implementation. Bank supervision missions then monitored and rated the program's compliance with the Bank's safeguard policies. The program has acknowledged that the ecosystem profiling process was less than optimally participatory during the first wave of profiles, but over time the participation in the process has become increasingly meaningful. The demand risk does not appear to have materialized as the program has continued to grow. On the risk related to the size of CEPF grants, CEPF will need to augment its performance monitoring system to measure impacts attributable to biodiversity conservation.

### **Disengagement Strategy**

5.19 While FY07 was the last year of DGF funding for CEPF under the original Phase 1 agreement, CEPF could be supported in the future, for example, as part of overall support for the Global Forest Partnership (GFP). Yet funding for CEPF under the GFP could only occur, at the earliest, beginning in FY09 per the next DGF cycle. Currently, the Bank is the only founding member to have, at least temporarily, interrupted its funding.

5.20 As one of the governing body members and financial contributors of CEPF 1, the GEF Council approved the project proposal for CEPF 2 in September 2006, on the condition that it "put in place a clear exit strategy and indicate that it will not seek further support from the GEF Trust Fund." A clear message emerged from GEF's management during the approval of CEPF 2: that GEF support for funds such as CEPF "should be limited to a one-time effort to catalyze their creation and provide initial funding, but with no further funding commitments." Yet this articulation of the desirability of a disengagement strategy seems more appropriate for devolving individual activities supported by the program than for withdrawing from the entire program itself so long as the program is meeting the need for a small-grants delivery mechanism for biodiversity conservation.

5.21 For example, the GEF maintains its support for the Small Grants Program (SGP) — a corporate GEF program implemented by the UNDP. Whereas the SGP has been instructed to devolve some of its assistance in countries where it has been operating for some time in order to respond to increased demand from other countries, the same "rule of exit" does not apply to the SGP as a whole. The World Bank's Small Grants Program, funded by the Development Grant Facility, has also been operating since 1983 — directly supporting civil

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the Colombian and Ecuadorian governments and the presence of conflict in Colombia — this was an obstacle in the Bank's Sierra Nevada project just evaluated by IEG. According to the Close-Out Report, "long-term sustainability of the corridor...will require a more systematized effort to develop a sustainable development vision for this vast landscape to leverage additional resources, develop joint actions towards sustainable land management goals, and to identify market solutions — and this vision must be incorporated in the development strategies of both governments." As recognized in the Close-Out-Report for Madagascar, "the challenge for the future remains enormous. Projected donors allocations to PE3 are substantial, yet they are not expected to cover what is needed to fully protect Madagascar's fragile and threatened biodiversity, nor are they expected to be able to make the full range of on-the-ground links with communities such as benefits accrue to local people."

society organizations in an effort to strengthen the voice and influence of poor and marginalized groups in the development processes.

5.22 The Donor Council agreed in July 2007 that all 13 CEPF hotspots that complete their 5-year investment period by July 2008 will be eligible for consolidation. (The final two hotspots do not close until 2009 and 2010). And investment strategies for three new critical ecosystems (Polynesia-Micronesia, Indochina, and the Western Ghats), developed during Phase 1, will be the first to be implemented under Phase 2. However, interviews conducted for the present review suggest that there are varying political factors present in relation to the program's planned expansion. There is little or no evidence that the overall allocation of Phase 2 resources will be made on the basis of a strategic review of intervention and activity types, on the possibility of scaling up successful pilot approaches, or the introduction of graduated MSP programs, or the possibility of replicability, or complementarities with like grant activities (GEF SGP activities, or a MSP under implementation in the area), the Bank's pipeline project portfolio, or the upcoming environment sector update.

### **Need for a Strategic Vision for Global Environment Programs**

5.23 The Bank is currently involved in 177 global and regional programs, 55 institutional collaborations, 23 programmatic trust funds, and 3 institutional grant programs according to the most recent inventory of GRPPs. The Environment Sector Board has oversight of at least nine such partnerships directly involved in the environment, as well as several carbon finance programs. For FY08 DGF funding, ENV put forward a set of existing programs — PROFISH, CCM and TerrAfrica (which are shared with ARD) — and three new programs, the Global Partnership for Environmental Governance/Principle 10, the Partnership for Environmental Assessment in Africa, and a program entitled, Developing the 2015 Global Forest Partnership Governance Model — a program which proposes to bring under one umbrella all the existing forest-partnership programs in which the Bank is currently involved.<sup>29</sup>

5.24 Preserving global environmental commons has been one of the five global public goods priorities for the World Bank since the Development Committee Communiqué in September 2000 and remains a key priority in the most recent Development Committee paper (September 2007). Yet there does not appear to be a strategic vision guiding the Bank's approach to global environmental programs at present. The lack of such a strategic vision may be a growing constraint on further DGF financing for global environmental programs, particularly through Window 1. CEPF has been the only Window 1 environmental program that has received DGF grants for a period of more than three years. Total DGF allocations for global environment programs was \$41 million from FY01-07, more than half of which (\$25 million) went to CEPF.

5.25 One of the roles of the Environment Sector Board is to ensure that due diligence is applied in screening DGF proposals. According to minutes of the latest ENV Sector Board meeting, environmental proposals are not faring well because the DGF Council "felt that the Environment's submissions seemed to lack a unifying strategy and that the proposals were not linked with country-based and other global programs."

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29. There are also a handful of regional environment programs like the TerrAfrica program (mentioned in text), the Africa Stockpiles program, and the Mediterranean Environmental Technical Assistance Program.

## 6. Lessons

6.1 Overall, IEG concludes that CEPF is a relevant program that is worth extending into at least a second phase, if due consideration is given to working through the issues identified in this Global Program Review, many of which mirror the recommendations made in the external evaluation. The following lessons have emerged from the experience with the Bank's partnership with the Critical Ecosystem Partnership Fund:

- ❖ **Global Programs require dedicated funds for adequate oversight.** The opportunity for the Bank to charge a 9 percent fee during Phase 2 represents the availability of approximately US\$1.8 million worth of supervision, or oversight, over a five-year period — three times more than was available during Phase 1. The Bank's Environment Anchor needs to ensure that this oversight is conducted rigorously and applied methodologically, and that results are consistently aggregated for the purpose of tracking overall program performance at mid-term and beyond. The oversight funds could enhance the program's monitoring efforts — by designing oversight missions that work directly with the Regional Implementation Teams to monitor and report on results on the ground. Since CEPF activities are multi-country and occur across the Bank's regions, oversight would benefit from an equitable distribution of the funds across regions and from a consistent application of oversight tools specifically geared to measure performance across the hotspots. Reinvigorating the focal point system with funding could be ideal for this purpose. Bank focal points, trained in the use of the GEF tracking tool could provide excellent guidance to the Regional Implementation Teams, ultimately responsible for providing activity level results to CEPF management.
- ❖ **The Donor Council, the Working Group, and CEPF Management need to come to a clear understanding of what oversight of a global program entails — how it is similar to and different from the supervision of a traditional Bank project.** The World Bank could enhance its oversight by periodically reviewing CEPF's approved grants to ensure that these are complementary to the Bank's Country Assistance Strategies and its existing and pipeline portfolios of operations. It could proactively make the CEPF Management Team and Grant Directors aware of the pipeline of relevant economic and sector work and it could host brown-bag lunches, including video-conferencing with relevant country offices, to better inform the Bank's country operations of CEPF activities and lessons emerging from the field. At a technical level, the Bank could also review CEPF's approach to the extension of sustainable agricultural and agro-forestry conservation technologies and practices in the buffer zones surrounding the protected areas, and make Bank project lessons available for ongoing grant activities in similar areas of assistance.
- ❖ **The governance of CEPF may need revisiting.** Considerations for future governance reform include the current lack of beneficiary country participation in governance, which has hindered the legitimacy of the program. The founding governing documents, including the terms of reference for the Donor Council and the Working Group also need to require revision to adequately reflect the program's true chains of accountability and responsibilities. Working Group members need to have

equal voice across the respective agencies. Meetings could be rotated to allow for enhanced participation from Japan's Ministry of Finance, with at least one meeting annually held near a CEPF program site, for example.

- ❖ **The seemingly contradictory demands being placed on CEPF by individual donors to enhance its poverty monitoring while at the same time maintaining non-operational expenses at a level at or below 24 percent of total costs will need to be reconciled.** While both expectations can enhance the relevance and cost-effectiveness of the program, an enhanced poverty focus will require resources and/or increased transaction costs to work with partners on the ground to better target beneficiaries, collect baseline data, and monitor livelihoods *in addition to* continuing to enhance the program's systematic monitoring and reporting of global environmental benefits. Since non-operational costs, as they are currently defined by the GEF, include categories such as monitoring and aggregation and dissemination of lessons learned, the program will be hard-pressed to meet these disparate demands. There is a clear need for donor agreement on what cost categories constitute "administrative" versus "operational" costs for the effective delivery of the small grants executed, in effect, through the extension of environmental services conducted by the Regional Implementation Teams in partnership with the local grantees (national and local development and conservation NGOs).
- ❖ **The Global Environment Facility, in its role as a governing body member and a financing partner of a global program, could consider how to balance evolving standards for global program evaluation against its own project reporting requirements.** Even though CEPF underwent a well-financed, independent external evaluation, the GEF Council relied on the World Bank's standard Implementation Completion Reporting process and a satisfactory rating by IEG as tools for future funding decisions. Now that IEG's Global Program Review (GPR) instrument has been mainstreamed, the utility of this latter instrument to validate and verify external evaluations could be relied on more heavily, since the GPR assesses the global program as a whole, rather than individual project contributions.

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## Annex A. Evaluation Framework for Global Program Reviews

Note: This evaluation framework is a general framework that has been designed to cover the wide range of such programs in which the World Bank is involved, encompassing policy and knowledge networks, technical assistance programs, and investment programs. It is not expected that every global program review will cover every question in this table in detail.

**Annex Table 1. Assessing the Independence and Quality of the Evaluation**

Evaluation Questions		
<p><b>1. Evaluation process</b></p> <p>To what extent was the GRPP evaluation independent of the management of the program, according to the following criteria:</p> <ul style="list-style-type: none"> <li>• Organizational independence?</li> <li>• Behavioral independence and protection from interference?</li> <li>• Avoidance of conflicts of interest?</li> </ul> <p>Factors to take into account in answering these questions include:</p> <ul style="list-style-type: none"> <li>• Who commissioned and managed the evaluation?</li> <li>• Who approved the terms of reference and selected the evaluation team?</li> <li>• To whom the evaluation team reported, and how the evaluation was reviewed?</li> <li>• Any other factors that hindered the independence of the evaluation such as an inadequate budget, or restrictions on access to information, travel, sampling, etc.?</li> </ul>		
<p><b>2. Monitoring and evaluation framework of the program</b></p> <p>To what extent was the evaluation based on an effective M&amp;E framework of the program with:</p> <ul style="list-style-type: none"> <li>• Clear and coherent objectives and strategies that give focus and direction to the program?</li> <li>• An expected results chain or logical framework?</li> <li>• Measurable indicators that meet the monitoring and reporting needs of the governing body and management of the program?</li> <li>• Systematic and regular processes for collecting and managing data?</li> </ul>		
<p><b>3. Evaluation approach and scope</b></p> <p>To what extent was the evaluation objectives-based and evidence-based?</p> <p>To what extent did the evaluation use a results-based framework — constructed either by the program or by the evaluators?</p> <p>To what extent did the evaluation address:</p> <table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• Relevance</li> <li>• Efficacy</li> <li>• Efficiency or cost-effectiveness</li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• Governance and management</li> <li>• Resource mobilization and financial management</li> <li>• Sustainability, risk, and strategy for devolution or exit</li> </ul> </td> </tr> </table>	<ul style="list-style-type: none"> <li>• Relevance</li> <li>• Efficacy</li> <li>• Efficiency or cost-effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Governance and management</li> <li>• Resource mobilization and financial management</li> <li>• Sustainability, risk, and strategy for devolution or exit</li> </ul>
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<p><b>4. Evaluation instruments</b></p> <p>To what extent did the evaluation utilize the following instruments:</p> <table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• Desk and document review</li> <li>• Literature review</li> <li>• Site visits and for what purpose: for interviewing implementers/beneficiaries, or for observing activities being implemented or completed</li> <li>• Case studies</li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• Consultations/interviews and with whom</li> <li>• Structured surveys and of whom</li> <li>• Other</li> </ul> </td> </tr> </table>	<ul style="list-style-type: none"> <li>• Desk and document review</li> <li>• Literature review</li> <li>• Site visits and for what purpose: for interviewing implementers/beneficiaries, or for observing activities being implemented or completed</li> <li>• Case studies</li> </ul>	<ul style="list-style-type: none"> <li>• Consultations/interviews and with whom</li> <li>• Structured surveys and of whom</li> <li>• Other</li> </ul>
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Evaluation Questions
<p>5. <b>Evaluation feedback</b></p> <p>To what extent have the findings of the evaluation been reflected in:</p> <ul style="list-style-type: none"> <li>• The objectives, strategies, design, or scale of the program?</li> <li>• The governance, management, and financing of the program?</li> <li>• The monitoring and evaluation framework of the program?</li> </ul>

### Annex Table 2. Providing an Independent Opinion on the Effectiveness of the Program

Every review is expected to cover the first four criteria in the following table: (a) relevance, (b) efficacy, (c) efficiency, and (d) governance and management. A review may also cover (e) resource mobilization and financial management and (f) sustainability, risk, and strategies for devolution or exit if the latter are important issues for the program at the time of GPR, and if there is sufficient information available on which to base an independent opinion.

Evaluation Criteria and Questions
<p><b>Relevance:</b> The extent to which the objectives and design of the program are consistent with (a) current global/regional challenges and concerns in a particular development sector and (b) the needs and priorities of beneficiary countries and groups.</p>
<p>1. <b>Supply-side relevance — the existence of an international consensus that global/regional collective action is required.</b></p> <p>To what extent does the program reflect an international consensus on the need for action, on the definition of the problem being addressed, on priorities, and on strategies for action?</p> <p>Is the original consensus that led to the creation of the program still present? Is the program still needed to address specific global/regional public concerns?</p> <p>Take into account the origin of the program in answering these questions:</p> <ul style="list-style-type: none"> <li>• Is the program formally responsible for implementing an international convention?</li> <li>• Did the program arise out of an international conference?</li> <li>• Is the program facilitating the implementation of formal standards and approaches?</li> <li>• Is the program primarily donor-driven? Did donors establish the program with little consultation with developing countries?</li> <li>• Is the program primarily Bank-driven? Did the World Bank found the program and then seek other partners?</li> </ul>
<p>2. <b>Demand-side relevance — alignment with beneficiary needs, priorities, and strategies.</b></p> <p>To what extent are the objectives consistent with the needs, priorities, and strategies of beneficiary countries as articulated in the countries' own PRSPs, and in donors' strategies such as the World Bank CASs, and the UN Development Assistance Frameworks?</p> <p>To what extent has the voice of developing and transition countries been expressed in the international consensus underlying the program?</p>
<p>3. <b>Vertical relevance — consistency with the subsidiarity principle.</b></p> <p>To what extent are the activities of the program being carried out at the most appropriate level — global, regional, national, or local — in terms of efficiency and responsiveness to the needs of beneficiaries?</p> <p>To what extent are the activities of the program competing with or substituting for activities that individual donors or countries could do more efficiently by themselves?</p> <p>Pay particular attention to those programs that, on the face of it, are primarily supporting the provision of national or local public goods.</p>

Evaluation Criteria and Questions	
<b>4. Horizontal relevance — the absence of alternative sources of supply.</b>	<p>What is the comparative advantage, value added, or core competency of the program relative to other GRPPs with similar or complementary objectives? To what extent is the program providing additional funding, advocacy, or technical capacity that is otherwise unavailable to meet the program's objectives?</p> <p>To what extent are the good and services being provided by the program in the nature of public goods? Are there alternative ways of providing these goods and services, such as by the private sector under regular market conditions?</p>
<b>5. Relevance of the design of the program</b>	<p>To what extent are the strategies and priority activities of the program appropriate for achieving its objectives?</p> <p>What are the major activities of the program:</p> <ul style="list-style-type: none"> <li>• Policy and knowledge networking?</li> <li>• Financing country and local-level technical assistance?</li> <li>• Financing investments to deliver national, regional, or global public goods?</li> </ul> <p>Has the program articulated an expected results chain or logical framework, along with assumptions that relate the progress of activities with the achievement of the objectives? Does the results chain identify the extent to which the achievement of the objectives depends on the effective functioning of bureaucracies, markets, or collectivities? If so, to what extent are these assumptions valid?</p> <p>For programs providing global or regional public goods, is the design of the program consistent with the way in which the individual efforts of the partners contribute to the collective outcome for the program as a whole — whether “best shot”, “summation”, or “weakest link?”</p>
<b>Efficacy: The extent to which the program has achieved, or is expected to achieve, its objectives, taking into account their relative importance.</b>	
<b>6. Achievement of objectives</b>	<p>To what extent have the stated objectives of the program been achieved, or has satisfactory progress been made towards achieving these objectives?</p> <p>To what extent are there implicit objectives that are well understood and agreed upon by the partners and to which the program should also be held accountable?</p> <p>To what extent are there any positive, unintended outcomes of the program that have been convincingly documented?</p> <p>To what extent have these assessments by the program or the evaluation been evidence-based?</p>
<b>7. Progress of activities, outputs, and outcomes.</b>	<p>To what extent has the program or the evaluation measured the progress of activities, outputs, and outcomes?</p> <p>How did the program or the evaluation aggregate its outputs and outcomes at all levels — global, regional, national, and local — to provide an overall summary of its results?</p> <p>To what extent have factors such as changes in the location of the program, its legal structure, or governance processes affected the outputs and outcomes of the program?</p> <p>To what extent have there been outcomes that can be uniquely attributed to the partnership itself — such as the scale of or joint activities made possible by its organizational setup as a GRPP, or its institutional linkages to a host organization?</p>
<b>8. Linkages to country or local-level activities.</b>	<p>To what extent has the program established effective operational linkages with country-level activities, taking into account that:</p> <ul style="list-style-type: none"> <li>• The desired nature of these linkages will vary according to the objectives, design, and implementation of each program?</li> <li>• Positive outcomes at the country or local level are generally a joint product of both global/regional and county-level activities?</li> </ul>

Evaluation Criteria and Questions
<p><b>Efficiency or cost-effectiveness:</b></p> <p><b>Efficiency</b> — the extent to which the program has converted or is expected to convert its resources/inputs (such as funds, expertise, time, etc.) economically into results.</p> <p><b>Cost-effectiveness</b> — the extent to which the program has achieved or is expected to achieve its results at a lower cost compared with alternatives.</p>
<p><b>9. Efficiency</b></p> <p>To what extent is it possible to place a monetary value on the benefits arising from the activities of the program?</p> <p>To what extent has the program or the evaluation conducted impact evaluations of representative program activities?</p> <p>To what extent has the program or the evaluation analyzed the program's costs in broad categories (such as overhead vs. activity costs), and categorized the program's activities and associated benefits, even if these cannot be valued in monetary terms?</p>
<p><b>10. Cost-effectiveness</b></p> <p>To what extent is the program measuring up against its own business plans:</p> <ul style="list-style-type: none"> <li>• Has the program cost more or less than planned? How did it measure up against its own costing schedule?</li> <li>• Have there been any obvious cases of inefficiency or wasted resources?</li> </ul> <p>To what extent is the program delivering its activities cost-effectively in comparison with alternatives:</p> <ul style="list-style-type: none"> <li>• How do actual costs compare with benchmarks from similar programs or activities?</li> <li>• Are the overhead costs of governing and managing the program reasonable and appropriate in relation to the objectives and activities of the program?</li> </ul> <p>How does the program compare with traditional development assistance programs:</p> <ul style="list-style-type: none"> <li>• For beneficiary countries, has receiving the development assistance through the GRPP increased the transactions costs compared with traditional development assistance programs?</li> <li>• For donors, has delivering the development assistance through the GRPP reduced donor costs by harmonizing efforts among donors or by reducing overlapping work (such as through joint supervision, monitoring and evaluation)?</li> </ul>
<p><b>Governance and management:</b></p> <p><b>Governance</b> — the structures, functions, processes, and organizational traditions that have been put in place within the context of a program's authorizing environment to ensure that the program is run in such a way that it achieves its objectives in an effective and transparent manner.</p> <p><b>Management</b> — the day-to-day operation of the program within the context of the strategies, policies, processes, and procedures that have been established by the governing body. Whereas governance is concerned with "doing the right thing," management is concerned with "doing things right."</p>
<p><b>11. Compliance with generally accepted principles of good governance.</b></p> <p>To what extent are the governance and management structures and processes well articulated and working well to bring about legitimate and effective governance and management?</p> <p>To what extent do governance and management practices comply with the following seven principles:</p> <ul style="list-style-type: none"> <li>• <b>Legitimacy</b> — the way in which governmental and managerial authority is exercised in relation to those with a legitimate interest in the program — including shareholders, other stakeholders, implementers, beneficiaries, and the community at large?</li> <li>• <b>Accountability</b> — the extent to which accountability is defined, accepted, and exercised along the chain of command and control within a program, starting with the annual general meeting of the members or parties at the top and going down to the executive board, the chief executive officer, task team leaders, implementers, and in some cases, to the beneficiaries of the program?</li> <li>• <b>Responsibility</b> — the extent to which the program accepts and exercises responsibility to stakeholders who are not directly involved in the governance of the program and who are not part of the direct chain of accountability in the implementation of the program?</li> <li>• <b>Fairness</b> — the extent to which partners and participants, similarly situated, have equal opportunity to influence</li> </ul>

Evaluation Criteria and Questions
<p>the program and to receive benefits from the program?</p> <ul style="list-style-type: none"> <li>• Transparency — the extent to which a program’s decision making, reporting, and evaluation processes are open and freely available to the general public?</li> <li>• Efficiency — the extent to which the governance and management structures enhance efficiency or cost-effectiveness in the allocation and use of the program’s resources?</li> <li>• Probity — the adherence by all persons in leadership positions to high standards of ethics and professional conduct over and above compliance with the rules and regulations governing the operation of the program?</li> </ul>
<p><b>12. Partnerships and participation</b></p> <p>To what extent has the program identified a complete list of stakeholders, or “stakeholder map”, including the agreed-upon or perceived roles and responsibilities of the categories of stakeholders identified? To what extent is this a routine programmatic function, updated regularly, and transparently available?</p> <p>Has the program adopted primarily a shareholder model of governance (in which membership on the governing body is limited to financial and other contributors), or a stakeholder model (in which membership also includes non-contributors)?</p> <p>To what extent, if any, is the program’s legitimacy being sacrificed in order to achieve greater efficiency, or vice-versa?</p>
<p><b>13. Programs located in host organizations</b></p> <p>To what extent is the location of the program in the Bank or other partner organization adversely affecting the governance, management, or other aspects of the program, such as compliance with the principles of transparency and fairness?</p> <p>For which functions is the program manager accountable to the host organization and the governing body of the program, respectively? Are conflicts of interest being managed appropriately?</p> <p>To what extent does the host organization play such a dominant role in the program, thereby reducing the incentives of other partners to participate effectively, or reducing the ability of the host organization to look at the weaknesses of the program objectively?</p>
<p><b>Resource mobilization and financial management:</b></p> <p><b>Resource mobilization</b> — the processes by which resources are solicited by a program and provided by donors and partners.</p> <p><b>Financial management</b> — the processes that govern the recording and use of funds, including allocation processes, crediting and debiting of accounts, controls that restrict use, accounting, and periodic financial reporting systems. In cases where funds accumulate over time, this would also include the management of the cash and investment portfolio.</p>
<p><b>14. Resource mobilization</b></p> <p>To what extent has the program succeeded in raising financial resources commensurate with its objectives? And from what sources — the Bank, bilateral donors, foundations, etc.?</p> <p>To what extent has the program succeeded in diversifying its funding beyond a small number of donors?</p> <p>To what extent are the sources of funding for the program (including donor restrictions on the use of resources) affecting, positively or negatively:</p> <ul style="list-style-type: none"> <li>• The strategic focus of the program?</li> <li>• The outputs and outcomes of the program?</li> <li>• The governance and management of the program?</li> <li>• The sustainability of the program?</li> </ul>
<p><b>15. Financial management</b></p> <p>Are there any issues that have emerged during the course of the review in relation to:</p> <ul style="list-style-type: none"> <li>• The quality of financial management and accounting?</li> <li>• The methods, criteria, and processes for allocating funds among different activities of the program?</li> <li>• Financial management during the early stages of the program?</li> </ul>

Evaluation Criteria and Questions
<p><b>Sustainability, risk, and strategy for devolution or exit:</b></p> <p><b>Sustainability</b> — When applied to the <b>activities of a program</b>, the extent to which the benefits arising from these activities are likely to continue after the activities have been completed. When applied to a <b>program</b> itself, the extent to which the organization or program is likely to continue its operational activities over time.</p> <p><b>Devolution or exit strategy</b> — a proactive strategy to change the design of a program, to devolve some of its implementation responsibilities, to reduce dependency on external funding, or to phase out the program on the grounds that it has achieved its objectives or that its current design is no longer the best way to sustain the results which the program has achieved.</p>
<p><b>16. Sustainability of the benefits of the program's activities</b></p> <p>What is the risk, at the time of evaluation, that the development outcomes (or expected outcomes) of the program will not be maintained (or realized)? This depends on (a) the likelihood that some changes may occur that are detrimental to maintaining or realizing the expected outcomes, and (b) the affect on the expected outcomes if some or all of these changes actually materialize?</p>
<p><b>17. Sustainability of the program</b></p> <p>This will depend on a number of factors, such as the continued legitimacy of the program, its financial stability, its continuity of effective management, and its ability to withstand changing market or other conditions.</p> <p>To what extent is there still a sufficient convergence or accommodation of interests among the major partners to sustain the program financially? To what extent has the program developed institutional capacity such as performance-based management, personnel policies, learning programs, and knowledge management that help to sustain a program?</p> <p>In what areas could the program improve in order to enhance its sustainability, such as better marketing of the program's achievements in order to sustain its reputation?</p>
<p><b>18. Prospects for continuation and strategies for devolution or exit</b></p> <p>To what extent should the program be sustained?</p> <p>Is the continuation of the program the best way of sustaining the results achieved?</p> <p>Should the design of the program be modified as a result of changed circumstances, either positive or negative?</p> <p>What other alternatives should be considered to sustain the program's results more cost-effectively, in the light of the previous evaluation findings with respect to relevance, efficacy, efficiency, and sustainability:</p> <ul style="list-style-type: none"> <li>• Reinventing the program with the same governance?</li> <li>• Phasing out the program?</li> <li>• Continuing country or local-level activities with or without devolution of implementation?</li> <li>• Seeking alternative financing arrangements, such as revenue-generation, or self-financing to reduce dependency on external sources?</li> <li>• "Spinning off" from the host organization?</li> </ul>

**Annex Table 3. Assessing the Bank's Performance as a Partner in the Program**

Evaluation Questions
<p><b>1. Comparative advantage at the global/regional level.</b>            To what extent is the Bank playing up to its comparative advantages at the global/regional level — its global mandate and reach and convening power?            To what extent is the Bank's presence as a partner in the program catalyzing other resources and partners for the program?</p>
<p><b>2. Comparative advantage at the country level.</b>            To what extent is the Bank contributing multi-sector capacity, analytical expertise, and country-level knowledge to the program?            To what extent has the Bank's country operations established linkages to the GRPP, where appropriate, to enhance the effectiveness of both?</p>
<p><b>3. Oversight.</b>            To what extent is the Bank exercising effective and independent oversight of its involvement in the program, as appropriate, whether the program is housed in the Bank or externally managed?            To what extent is the Bank's oversight independent of the management of the program?            To what extent does the Bank's representative on the governing body have a clear terms of reference?</p>
<p><b>4. Risks and risk management.</b> To what extent have the risks associated with the program been identified and are being effectively managed?            For example, IEG identified the following risks in its global review:</p> <ul style="list-style-type: none"> <li>• Bank bears a disproportionate share of responsibility for governing and managing in-house programs?</li> <li>• Confusion at the country level between global program activities, Bank activities, and Borrower activities?</li> <li>• Representation of NGOs and the commercial private sector on program governing bodies?</li> <li>• Unclear role and application of Bank's safeguards?</li> <li>• Trust-funded consultants and seconded staff representing the Bank on some program governing bodies?</li> </ul>
<p><b>5. Disengagement strategy.</b>            To what extent is the Bank engaged at the appropriate level in relation to the Bank's new strategic framework:</p> <ul style="list-style-type: none"> <li>• Watching brief?</li> <li>• Research and knowledge exchange?</li> <li>• Policy or advocacy network?</li> <li>• Operational platform?</li> </ul> <p>To what extent is the Bank facilitating an effective, flexible, and transparent disengagement strategy for the program, in relation to the Bank's objectives for its involvement in the program:</p> <ul style="list-style-type: none"> <li>• The program declares "mission accomplished" and closes?</li> <li>• The program continues and the Bank withdraws from all aspects of its participation?</li> <li>• The program continues and the Bank remains engaged, but the degree of the Bank's engagement in some or all aspects (such as financing) declines over time?</li> </ul>

## Annex B. List of People Consulted

### List of Persons Met During the IEG Mission to Nicaragua and Costa Rica, February 2007

NAME	ORGANIZATION
Alejandro Alvarez	Conservacion Internacional, Costa Rica
Alajandra Monge	Fundacion Corcovado Loon Willing Ramsey Junior, Costa Rica
Amy Connolly	Asociacion de Desarrollo y Promocion Humana de la Costa Atlantica (ADEPHCA), Nicaragua
Ausencia Palacios	Gobernador Comarca Ngobe Panama
Carlos Espinoza	Fundacion Salvermos al Matati de Costa Rica
Carlos Leon	Fundacion Neotropica, Costa Rica
Carlos Manuel Rodríguez	Centro para la Conservación de la Biodiversidad para Mexoco y Centroamérica Conservación Internacional, Costa Rica
Carlos Rodríguez	Programa Mesoamerica Norte Conservación Internacional, Guatemala
Dan Martin	Senior Managing Director Critical Ecosystem Partnership Fund (CEPF), Estados Unidos de Norteamérica
David Morales	Fundacion Neotropica, Costa Rica
Edgar Hodgson	Fundacion para el Desarrollo Sostenible (FUNDESO), Nicaragua
Eladio Beitia	Organización para el Desarrollo Sostenible Ecoturistica Naso (OEDSEN), Panama
Elvia Requena	Modelo de Comunidad Ecologica Los Valles (MOCELVA), Panama
Ernesto Ponce	Asociación Nacional para la Conservación de la Naturaleza (ANCON), Panama
Francis Castro	Bluefields Indian & Carribbean University (BICU), Nicaragua
Gravin Villegas	Area de Conservación La Amistad – Pacifico Ministerio de Ambiente y Energia, Costa Rica
Ingrid Arias	Conservación Internacional, Guatemala
Ivana Mejia Badilla	Centro Cientifico Tropical (CCT), Costa Rica
Jaime Garcia-Moreno	Conservación Internacional, Costa Rica
Jim Barborak	Conservación Internacional, Costa Rica
Jorge Pitty	Fundacion para el Desarrollo Sostenible de Panama (FUNDESPA), Panama
Karen Luz	The World Bank Estados Unidos de Norteamérica
Kherson Ruiz	Asociación de Profesionales y Tecnicos Ngobe-Bugle (APROTENGB), Panama
Kirkman Roe	Instituto de Recursos Naturales Medio Ambiente y Desarrollo Sostenible (IREMADES) de la Universad de las Regiones Autonomas de la Costa Caribe Nicaragüense (URACCAN) Nicaragua
Luis Murillo	Conservación Internacional, Costa Rica
Manuel Ramirez	Programa Mesoamerica Sur Conservación Internacional, Costa Rica
Maribel del Socorro Chamorro	Fundacion Amigos del Rio San Juan (FUNDAR), Nicaragua
Marvin Gonzalez Obando	Sustainable Harvest

<b>NAME</b>	<b>ORGANIZATION</b>
Michele Zador	Directora de Proyectos, Mesoamerica Critical Ecosystem Partnership Fund (CEPPF) Estados Unidos de Norteamerica
Monica G. Morales Mendoza	Conservacion Internacional, Guatemala
Norvin Torres	FUNGAR
Maribel del Socorro Chamorro	
Nuria Bolanos	Rainforest Alliance, Costa Rica
Mauricio Molina	Technical Advisor, MARENA
Jose Luis Galeano	Director, SERBSEN
Yoon Ortega	
Diala Lopez	Universidad de las Regiones Autonomas de la Costa Caribe Nicaraguense, Recinto de Bluefields – Raas (URACCAN)
Luciano Garcia	Asociación de Desarrollo y Promocion Humana de la Costa Atlantica (ADEPHCA)
Luis Gaitan Hodgson	Environment Director for the Municipality of Bluefields
Vilma Obando	Inbio
Rosa Bustillos	Asociacion de Organizaciones del Corredor Biologico Talamanca Caribe
Maribel Cubillo	Fundacion Parques Nacionales
Eduardo Mata	UNDP – CI Office
Ed Bresnyan	World Bank – Costa Rica
Randall Garcia	
Jory Collado Placaola	
Peral Marie Watson	
Narda Wilson	
Sebastián McCrean Ruiz	President Territorial del pueblo Rama
Zarfish Bolanos Oraccan	
Diala Sopes	URACCAN ILEMADES
Luis Astillo	
Wilfredo Machmou B.	ADEPHCA Organization
Dominga Lopez	ADEPHCA Organization
Marco Vinicio Onaya B.	Gerente ASP SIWAC
Ing. Gladis De Marco Gonzalez	Area de Conservación La Amistad Pacifico
Jacques Quillery	
Oscar Sanchez Chaves	Coordinator Servicios Ambientales Fondo Nacional de Financiamiento Forestal (FONAFIFO)
Maribel Cubilo Flores	Directora Financiera-Administrativa Fundacion de Parques Nacionales, Costa Rica

NAME	ORGANIZATION
Alexandra Sawnz F.	Coordinadora Area Gestion Recursos FONAFIFO
Dr. David Morales Hidalgo	Director de Proyectos Funaciaon Neotropica
Guisselle Monge Arias & Olivier Chassot	Corredor Biologico San Jaan-La Selva

### List of Persons Met in (or Interviewed from) Washington DC, February – August 2007

NAME	ORGANIZATION
Walter Arensberg	Consultant, Independent Evaluation Group
Luiz Gabriel Azevedo	WWF
Ed Bresnyan	Senior Rural Development Economist, Tegucigalpa, Honduras
Michael Carroll	Lead Natural Resources Management Specialist, LAC, World Bank
Lisa Dean	Senior Director for Finance and Information Management
Warren Evans	Director, Environment Department, World Bank
Delphin Ganapin	
Christopher Holtz	Grant Director, CEPF
Toru Kajiwara (for Wataru Suzuki)	Special Policy Coordinator, Biodiversity Policy Division, Nature Conservation Bureau, Ministry of the Environment, Government of Japan
Bobbie Jo Kelso	Senior Director for External Affairs, CEPF
Rohit Khanna	Senior Operations Officer, Environment Department, GEF Coordination Team
Sybille Klezendorf	World Wildlife Fund
Karen Luz	Senior Biodiversity Specialist, Environment Department
Kathy Mackinnon	Task Manager, CEPF and Lead Biodiversity Specialist, Environment Dept.
Nina Marshall	Grant Director, CEPF
Dan Martin	(Former) Senior Managing Director, CEPF
Marie Claire Paiz	The Nature Conservancy
Ramesh Ramankutty	Head of Operations and Business Strategy, GEF
Jorgen Thomsen	Executive Director, Critical Ecosystem Partnership Fund Senior Vice President, Conservation International
Meg Symington	Priority Leader for the Amazon World Wildlife Fund-US
John Watkin	Grant Director, CEPF
Michael Wells	External Evaluation Team
Yoko Watanabe	Program Manager, Biodiversity, Global Environment Facility
Michele Zador	Grant Director
Aaron Zazueta	Senior Evaluation Officer, Global Environmental Facility

## Annex C. GPR Field Visit to the Southern Meso-American Corridor

As input into the Global Program Review (GPR) of the Critical Ecosystems Partnership Fund, Colin Rees and Lauren Kelly traveled to Nicaragua and Costa Rica between Feb 1–8, 2007 to attend the Close-Out Workshop of CEPF's Southern Meso-American Grant Program.<sup>31</sup> The purpose of the mission was to meet CEPF grantees in the southern Meso-American Region and to undertake a field visit to a remote protected area included in the CEPF's first phase. The IEG mission was hosted by Michele Zador, Grant Director of the Meso-American CEPF Portfolio. Karen Luz, of the World Bank's Environment Department, participated in the Workshop in her capacity as the author of the ICR of the first phase.

The IEG mission held discussions with CEPF's counterparts in Managua, including the Ministry of the Environment (MARENA), and FUNBAR, conservation NGO, and traveled to Bluefields to confer with grantees working in the southern Atlantic Coastal Region of Nicaragua. Grantees visited include several NGOs, including the Association for the Human Development and Promotion of the Atlantic Coast (ADEPHCA), the Foundation for Sustainable Development (FUNDESO), members of the Rama Indigenous Governing Council, the Bluefields Indian and Caribbean University (BICU), the University of the Autonomous Regions of the Caribbean Coast of Nicaragua (URACCAN), members of the Association of Community Park Guards of Mahogany. While in Bluefields, the IEG mission also met with the Environment Director for the Municipality of Bluefields.

This was especially useful in understanding first-hand the viability and sustainability of the organizational and financial arrangements supported (in part) over the past five years by CEPF. The IEG mission also took the opportunity to visit Polo Desarrollo — one of the CEPF-financed communities occupying the northern border of the Indo-Maiz Reserve and spoke with community members and leaders, school teachers, the army, and volunteer park guards about the benefits of the CEPF program and future needs.

The IEG mission spent two and half days in San Jose, Costa Rica to attend the CEPF Close-Out Workshop held to discuss grantee assessments of CEPF's Portfolio-Level impacts and to share lessons learned across countries. It used the opportunity to meet with Panamanian and Costa Rican grantees in lieu of traveling to their respective country offices. The Panamanian Grantees included representatives from the Los Valles Model Ecological Community (MOCELVA), the Ngobe Bugle Indigenous Reserve, the Organization for the Sustainable Development of the Naso People (ODESEN), the National Association for the Conservation of Nature (ANCON), and the Foundation for Sustainable Development for Panama (FUNDESPA). The IEG mission also met with the Coordinating Units (CUs of both the southern and northern Meso-American corridors. at the local Conservation International (CI) Office; consultations were held with the former Minister of the Environment, government

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31. The CEPF investment strategy for Southern Mesoamerica targets three priority areas: the Cerro Silva-Indio Maiz-La Selva corridor between Nicaragua and Costa Rica; the southern Talamanca region connecting with the Osa Peninsula in Costa Rica; and the northern Talamanca-Bocas del Toro corridor between Costa Rica and Panama.

officials from FONAFIFO, staff of Inbio, and representatives from SINAC, the National Park Foundation, the Save the Manatee Foundation, the Tropical Science Center, and the Associations of Biological Corridor Organizations. A meeting was also held with the UNDP Small Grants Program Coordinator in Costa Rica to learn about alternate sources of finance in the region.

### **Issues Considered from the Southern Meso-American Corridor Visit**

The IEG mission benefited greatly from meeting directly with grantees and beneficiaries. It allowed the GPR an opportunity to increase the specificity of its review questions, better assess the external evaluation, and utilize and report on beneficiaries' first-hand accounts of the efficacy of the program's work on the ground, as compared to other sources of supply, including the Bank's operations. The mission generated several issues for consideration across other active regions. These issues that have been treated in the GPR are summarized in greater detail below.

#### ***Strengthening key conservation alliances and networks within integral corridors***

It appears that considerable traction has been made in this priority area: the Close-Out Workshop discussed the benefits of the alignment of three well-established conservation alliances — the Osa Coalition, the San Juan-La Selva Biological Corridor, and the Association of Organizations of the Talamanca Caribbean Biological Corridor. This was a contribution by CEPF which attempted to facilitate greater partnership for results in the region. CEPF also supported ADATA, an alliance of 14 groups that formed independently in response to plans to construct the Volcan Baru highway in Panama.

The conservation alliances that CEPF has supported are at very different stages of history and capacity: For example, COCBIO in Nicaragua which was just established versus the Osa Coalition which is comprised of mature NGOs that have experience working together for many years (currently, TNC is providing support to the alliance). In regard to the former, CEPF helped establish the alliance by supporting capacity building workshops in such areas as project design, monitoring, and fund raising. The Association has developed a strategic plan that it is currently embarking on fund raising for from other donors. As part of its sustainability plan, such international NGOs as TNC, CI, Rainforest Alliance, as well as Spanish and Dutch bilateral donor agencies, are in active discussions on supporting the Association.

In Nicaragua, the IEG mission visited FUNDESO, a fledgling NGO that CEPF helped to “get off the ground” and has since accessed much larger amounts of financing from other programs, such as the Meso-American Biological Corridor (GEF), DANIDA etc.

In Panama, CEPF supported an association of community and national conservation groups participate in decision-making about a controversial road project through Volcán Barú National Park. CEPF has also helped to facilitated a small number of private-public alliances, for example, an agreement between Delicafe S.A. (a coffee marketing firm in Costa Rica), Fundación Neotropica, and Conservation International.

### ***Connecting critical areas through economic alternatives***

This activity mainly deals with CEPF's interventions in buffer zones and depends on the extension of technical assistance to enhance the sustainability of agricultural systems in fragile areas, the promotion of agroforestry for greater connectivity, negotiating land use with cattle ranchers, coffee growers, etc. From this point of view, it appears that there have been insufficient linkages between CEPF, the Ministries of Agriculture in the three countries, and the donor agencies who are participating in CEPF, namely the Bank and JICA (the development finance arm of Japan). Ironically, CEPF has been able to establish better linkages with other donors, such as DANIDA and GTZ, for example in the development of a zoning plan for the buffer zones around Indio Maiz than with Bank's rural development and land administration activities in the region. CEPF might also want to consider how to apply and adapt the basic agricultural and land management research generated through the CGIAR system (partly funded by the Bank) in its work in the buffer zones. None of the CGIAR system centers appear as research partners as far as the GPR could tell from the project Close-Out Reports. Meanwhile, the "poverty" linkages of this program are being discussed at length by some donors and this is the one component of the four strategies supported by CEPF that could underpin a poverty-conservation approach.

### ***Promoting awareness and conservation of flagship species***

While only 9% of Southern Meso-American commitments were dedicated to grants that specifically financed increase awareness and conservation of flagship species, many species activities were embedded in broader conservation grants to achieve better integrated projects at specific sites, rather than having many separate and stand alone grants dedicated solely to species. Several grants that were not coded as "species" grants per se still contained species-oriented activities, particularly for research, conservation, and environmental education. Examples include CEPF grants to control hunting in the Corcovado National Park (which was classified as a protected areas grant), but contained activities to protect jaguars, monkeys, peccaries, and other wildlife. Similarly the declaration of Maquenque Wildlife Refugee protected green macaw nesting sites. A grant to ANCON and Fundación para el Desarrollo Integral del Corregimiento de Cerro Punta on behalf of a community-based coalition of NGOs stopped road construction through the Volcán Barú National Park, which contains high densities of quetzal nesting sites.

The IEG mission was briefed about the "RARE" project that targeted the municipality of San Carlos in Nicaragua, located in Indio Maiz's western zone. A bi-national grant to FUNDAR in Nicaragua and the Fundación Salvemos al Manatí de Costa Rica, the grant supported a bi-national environmental education campaign in alliance with Spanish bilateral cooperation and other NGOs to achieve collaboration between municipalities in Nicaragua and Costa Rica. At least 1,500 people in the region participated in an outreach effort, which has helped to increase awareness of protecting coastal wetlands. Ninety-five percent of local hotel owners, guides, and boat operators received training in manatee conservation. The project was also featured in a popular nationwide news program equivalent to 60 Minutes, reported to be viewed by at least 200,000 people.

### ***Support improved management of protected areas***

There are initiatives underway to support Forest Guards in all three Southern Meso-American countries. However, since these programs mainly rely on volunteerism, there is a need for

expanded discussion about compensating for the livelihood activities forfeited when the guards (or “keepers”) to occupy these posts in an official capacity. CEPF is highly aware that more needs to be done to address the sustainability of these efforts, and to consider how resources currently being spent to supply forest guards with the necessary equipment, gasoline, food and medicine will be sustained beyond the life of the projects. One notable effort is CEPF’s work in La Amistad (Costa Rica and Panama), where the respective environmental ministries are assuming responsibility for covering the cost of operations and salary for park guards after CEPF support concludes. Also, in the Osa Peninsula, a grant from the Moore Foundation is covering such operating costs. And in Mahogany Wetlands, income generation from ecotourism helps cover some operational expenses and a grant is laying out opportunities to achieve greater financial sustainability for park conservation, including for the park guards.

Yet ultimately there are too few forest guards to properly enforce PA boundaries in the region, and volunteer forest guards seem to have little support from national militaries to enforce environmental laws on site — the use of formal “denouncements” is a good start, but it is more of a bureaucratic response than one that tackles the root policy causes of agricultural encroachment, road construction, illegal logging, and poaching.

### ***Indigenous peoples***

CEPF has given high importance to working with indigenous and Afro-Caribbean communities throughout Southern Meso-America by channeling \$1.2 million through 22 grants that directly supported indigenous peoples. These grants focused on enhancing land management and supporting traditional livelihoods. The IEG mission found that the work related to land administration in the southeast had little linkages both with the Bank’s PRODEP project despite the fact, that according to CEPF, a local representative from the World Bank’s PRODEP project attended CEPF grant preparation meetings. PRODEP project sites do not coincide with CEPF’s corridor in the Southeast which raised several questions for the IEG mission, in terms of the way the Bank project targeted its beneficiaries.

Information gathered during the comment period of this review revealed that the Bank’s PRODEP project financed meetings with non-Rama community members in the Southeast to engage them in the demarcation process. Further analysis of these arrangements is necessary to understand the impacts of donor approaches in the area of land administration nationwide.

### ***Results-based management***

A review of the CEPF portfolio in Southern Meso-America occurred at periodic junctures. CEPF hosted a two-day meeting in San Jose in March 2004 for some 50 grantees and stakeholders to share information on their projects, discuss lessons learned, and build further alliances and relationships. Based on these discussions, the CEPF team decided to support smaller and less expensive exchanges within individual corridors, countries, and thematic areas. The CU sponsored technical exchanges between projects working in conservation coffee in Costa Rica and Panama, between projects working in other productive landscape projects and environmental education, and between park guards in Nicaragua, etc. These exchanges led to several projects picking up new activities to which they were exposed. Results of the southern Meso-American portfolio of grants (74 in total) were then assessed in November 2006 to prepare the Close-Out Report for the region. The CU conducted project

and corridor-level monitoring frequently. The two Corridor Directors spent at least one-to-two weeks each month in their respective corridors visiting projects, facilitating partnerships, providing technical assistance, etc. The CU monitored the performance of projects, using the performance tracker for each project and quarterly progress reports to assess progress. IEG used quantitative scorecards to capture project performance every six months for each grant. Yet, although a system was in place to conduct performance monitoring of individual grants, there are no examples of grants in the Southern Meso-American Close-Out Reports that underperformed or lessons on how the approach in this case may have been advanced to achieved more satisfactory results. Additionally, there is not a clear link between the grant level conservation achievements and the status of the landscape oriented conservation goals laid out in the Ecosystem Profile.

***Sustainability of the program and the risks to the benefits achieved by CEPF 1***

On the former issue, IEG understands that under the CEPF 2 proposal GEF financing is pending the completion of the ICR; however, it is unclear how or if Bank funding will become available for the second phase. IEG has been unable to ascertain the rationale behind the decision not to submit CEPF 2 to the DGF for financing. On risks to benefits, IEG is concerned with the lack of visible mechanisms (primarily financial) in place to sustain the benefits over the course of CEPF 1. Although there are exceptions, it is not clear how many of the putative NGOs whose capacity has been very much enabled by this grant financing, will continue to deliver conservation services.

## Annex D. CEPF: Sources and Uses of Funds

Annex Table 4. CEPF: Sources and Use of Funds (Fiscal years ending June 30)

	2002 /1	2003	2004	2005	2006	Total
Revenue						
Funds received	20,000,000	14,500,000	11,352,547	29,452,947	16,808,537	92,114,031
Pledges receivable due as of June 30		18,500,000	6,147,453	-1,452,947	-4,308,537	18,885,969
Interest earned	284,256	126,381	95,717	197,175	445,296	1,148,825
Total revenue	20,024,256	33,126,381	17,595,717	28,197,175	12,945,296	112,148,825
Of which: From World Bank DGF	10,000,000	4,000,000	4,000,000	4,000,000	2,500,000	
Expenses and committed funding						
Total grants /2	11,119,187	17,770,521	15,596,629	23,335,700	15,232,074	83,054,111
Ecosystem profile preparation	2,137,810	1,780,344	1,675,995	772,413	168,932	6,535,494
External evaluation					344,653	344,653
Business development, grantmaking, M&E, and knowledge management	1,752,106	2,237,702	2,941,429	2,987,584	3,067,474	12,986,295
Total expenses	15,009,103	21,788,565	20,214,053	27,095,697	18,813,133	102,920,551
Excess of revenue over expenses	5,275,153	11,337,816	-2,618,336	1,101,478	-5,867,837	9,228,274
						<b>Average</b>
Fund balance at end of the period	5,275,153	16,612,969	13,994,633	15,096,111	9,228,273	12,041,428
Cash	12,920,814	12,203,198	5,103,339	13,184,739	10,885,700	10,859,558
Pledges receivable	-2,164,052	18,500,000	24,647,453	23,194,506	18,913,283	16,618,238
Grants payable (balance due on awarded grants)	-5,481,609	-14,090,229	-15,756,159	-21,283,134	-20,570,710	-15,436,368

/1 For the first 18 months of the program from January 2001 to June 30, 2002.

/2 The total grant expenses include new grants approved in each fiscal year as well as financial amendments to grants committed in previous years.

**Annex Table 5. CEPF: Grants by Funding Region and Hotspots (Fiscal years ending June 30)**

	2002 /1	2003	2004	2005	2006 /2	Total
<b>Africa</b>						
Cape Floristic Region	582,883	2,872,254	1,198,518	382,780	428,790	5,465,225
Eastern Arc Mountains & Coastal Forests of Tanzania & Kenya			769,896	3,094,919	1,799,022	5,663,837
Guinean Forests of West Africa	3,731,765	1,322,628	264,903	394,338	491,365	6,204,999
Madagascar and Indian Ocean Islands	2,819,111	585,894	695,429	-201,306 /3	350,712	4,249,840
Succulent Karoo		312,856	1,476,444	1,839,160	2,123,019	5,751,479
<b>Total</b>	<b>7,133,759</b>	<b>5,093,632</b>	<b>4,405,190</b>	<b>5,509,891</b>	<b>5,192,908</b>	<b>27,335,380</b>
<b>Asia</b>						
Caucasus			10,347	2,688,891	2,312,619	5,011,857
Eastern Himalayas Region				500,000	843,360	1,343,360
Mountains of Southwest China		515,586	2,371,686	2,677,404	503,361	6,068,037
Philippines	535,706	1,938,746	991,483	2,602,472	587,971	6,656,378
Sundaland	405,996	2,450,375	3,638,300	2,872,033	363,403	9,730,107
<b>Total</b>	<b>941,702</b>	<b>4,904,707</b>	<b>7,011,816</b>	<b>11,340,800</b>	<b>4,610,714</b>	<b>28,809,739</b>
<b>Latin America</b>						
Atlantic Forest	62,050	2,369,749	1,473,768	2,381,356	1,684,528	7,971,451
Meso-America (Northern)				1,980,938	1,201,630	3,182,568
Meso-America (Southern)	24,182	1,640,044	1,585,281	823,731	807,299	4,880,537
Tropical Andes	2,889,517	1,459,317	206,426	303,596	1,274,654	6,133,510
Tumbes-Chocó-Magdalena	67,977	2,303,072	914,148	995,388	460,341	4,740,926
<b>Total</b>	<b>3,043,726</b>	<b>7,772,182</b>	<b>4,179,623</b>	<b>6,485,009</b>	<b>5,428,452</b>	<b>26,908,992</b>
<b>Total grants</b>	<b>11,119,187</b>	<b>17,770,521</b>	<b>15,596,629</b>	<b>23,335,700</b>	<b>15,232,074</b>	<b>83,054,111</b>

/1 For the first 18 months of the program from January 2001 to June 30, 2002.

/2 CEPF also committed \$1 million in the Polynesia-Micronesia Hotspot in fiscal year 2006 with support from the Australian government's Regional Natural Heritage Program.

/3 Negative amounts represent the return of unspent grant funds.

## Annex E. Mid-Term Review Recommendations and CEPF Management Response

Mid-Term Recommendation (2003)	Management Progress Report (2004)
<p>Management should carefully assesses the grant making and supervision process to clarify the roles of Grant Directors and Coordinating Units in order to strengthen the capacity of the Coordinating Units to support the Grant Directors in grantee orientation and training, proposal development, and supervision while maintaining the Grant Directors ultimate authority for grant review and approval. A greater degree of decentralization would be desirable to relieve the workload of Grant Directors and focus Coordinating Units on the coherence and strategic impact of the grant portfolios in country. Undertake an analysis of the operational structure, efficiencies, advantages and disadvantages of existing coordination mechanisms and provide recommendations on how each mechanism can ensure programmatic and operational value. Coordinate additional discussions with Grant Directors and existing coordination mechanisms to define or clarify roles and responsibilities and expand those for the mechanisms, where necessary. Continue implementing and exploring new ways to ensure best coordination. Consider bringing together CEPF Grant Directors and coordination teams to share lessons learned and best practices. Create additional informational tools to help our partners and grantees understand CEPF coordination mechanisms and how they complement the larger initiative.</p>	<p>CEPF Management agrees that decentralizing more responsibility to field-based coordination mechanisms will relieve the workload of the Grant Directors and at the same time increase the coherence and strategic impact of the grant portfolios. Decentralization will also help ensure maximum economy of scale and reduce the overall cost of grant-making efforts as well as help deepen relationships with local partners.</p>
<p>Further efforts need to be made to define the role CI in CEPF more clearly. It is important to adhere strictly to the requirement that CI not be given special consideration in the grant process or exercise inappropriate influence over the grant-making and approval procedure. Continue to communicate and define the role of CI and external organizations in the coordination process for grantmaking. Continue to document decision-making processes, as they relate to both CI and external organizations. Review the CEPF Operational Manual to determine whether publicly sharing further parts or the full manual would help address this issue.</p>	<p>The disclosure policy for CI's intended projects, as originally requested by the Donor Council, requested that CI disclose, upon submission and approval of the first three EPs, their intended projects and the amount of the budget this would require. In the first three instances, this equaled 50% of the available grant resources and resulted in a perception of entitlement. After consulting with the Working Group and requesting approval from the Donor Council, Management modified the policy to request that CI submit a description of their "intended role" in the regions where a) CI operates and b) where CI intended to apply for grants. This new process has worked better and has helped eliminate the perception of entitlement. At the same time, it has also required CI to undertake a much more rigorous project design process. Nonetheless, this disclosure policy, as mandated by the Donor Council,</p>

Mid-Term Recommendation (2003)	Management Progress Report (2004)
	<p>resulted in a perception that has taken many CEPF grant cycles to eliminate from popular misinterpretation. As CI regional programs play a vital coordination role in several hotspots, steps outlined in response to No. 1 above have also been taken related to CI coordination mechanisms, including increasing internal and external awareness of the purpose of the coordination mechanisms, better defining the specific roles and functions that each should/could play and communicating these to civil society partners. The sharp shift in balance has occurred in Cycle 4 where CI largely does not have a comparative advantage and thus has not taken a lead role in the preparation phase or the coordination mechanisms now being designed is a case in point. It still leaves us with the overarching challenge to ensure transparency and clarity in defining and communicating the role of any organization or multiple organizations coordinating CEPF implementation on the ground.</p>
<p>The scope of future evaluations conducted by the Fund or other partners should focus particular attention on the linkages between CEPF Strategic Priorities and the cumulative effect of grants in working toward meeting those priorities. Is there coherence and synergy among the various recipients of grants and how can it be strengthened? Finalize portfolio reviews and develop strategic approaches to communicate the findings and lessons learned from them to relevant parties. Conduct occasional timely analyses on subjects of importance to the strategic implementation of our project portfolio. Continue to explore how best to contribute to, and benefit from, evaluation efforts initiated by our partners.</p>	<p>The Fund is entering a period of its existence where closer attention to its impact is both necessary and desired. With three years of implementation experience, 13 active funding regions, and over 200 funded projects, the Fund is generating a significant amount of experience and is committed to learning from and sharing these results with all of its partners. A fundamental objective of CEPF's monitoring and evaluation team is to assess how CEPF as an initiative is meeting its objectives and to provide feedback to all parties to facilitate adaptation in order to improve individual as well as collective performance. To this end, a major product of the team is a series of portfolio reviews to be conducted around the halfway point of funding in each region. Internally, review findings will examine the mechanisms and tools CEPF has put in place in an effort to increase efficiency in the grant-making process and assess how each project contributes to the broader conservation strategy as laid out in the ecosystem profiles. External audiences will also gain insight into how CEPF-funded activities relate to the goals and objectives of our strategic partners. CEPF has responded in a timely and proactive manner to requests from our partners seeking to assess our performance and effectiveness. We understand these issues of mutual concern and are engaging our partners to find ways to collectively answer these questions where appropriate. The inclusion of an external evaluator on the CEPF portfolio reviews is one</p>

Mid-Term Recommendation (2003)	Management Progress Report (2004)
	<p>way of assuring greater objectivity in our assessment of strategic implementation.</p> <p>As outlined in our response to recommendation number 1 and below, CEPF continues to strengthen the links between development of the investment strategy during profiling, implementation of the strategy during grant-making and the assessment of the strategic relevance of funded projects through the monitoring and evaluation function.</p>
<p>Review the experience that each ecosystem profiling process has had with moving from strategic priority setting to program implementation in order to design a process that tightens the linkages between them and leads to more effective implementation of integrated programs. The process followed for the Succulent Karoo, among others, may offer useful lessons.</p> <p>Put a strategy in place with each of the coordination mechanisms for how to most strategically seize the grant-making opportunity. This could take a number of forms, including workshops for grantees, but will be designed in consultation with the coordination mechanism in order to accommodate the specific needs/cultural differences per region.</p> <p>Visualize coordination mechanisms prior to approval of the profiles, to ensure a smoother transition.</p> <p>Solicit concept papers for coordination mechanisms prior to profile approval to ensure that the roles and responsibilities are clearly understood.</p> <p>Undertake training sessions with the Grant Directors to ensure that the outcomes and other relevant tools are being used synergistically with the ecosystem profile to inform the grant-making process.</p>	<p>CEPF has been exploring options for strengthening the transition phase between profile development and grant-making. We have also already taken a few major steps to tighten the linkage between the two phases, including integrating the Grant Director into the process at an earlier stage, transitioning the management of the network of relationships from the Senior Director for Program Management to the “grant team” at an interim phase in the process, designing the coordination mechanism during this interim phase. All of these management changes are being implemented during cycle 4 of CEPF (the current Ecosystem Profile cycle). At the same time, we also agree that there should be a more formalized process/methodology for “operationalizing” the grant phase in all these regions. By having the coordination mechanism agreed and in place at an earlier stage, we anticipate being able to improve the launch of the grantmaking better. Responsibility for facilitating the transition from profile development to grantmaking is now shared more equally among the profile development and grant management teams. The grant team will design a strategic plan and a more proactive, concrete methodology for ramping up the grant-making phase in each new region. Additionally, staffing changes should help improve this phase of CEPF. To this end, a new VP level staff, Senior Managing Director of CEPF, has been identified and hired to supervise the grant team and CEPF’s Senior Director for Portfolio Management, a position created within the last year, is responsible for portfolio monitoring and evaluation. The importance of Grant Director input into the outcome definition and prioritization process is increasingly recognized, as they provide the critical link between the goals we want to achieve and the resources we use to achieve them. Likewise, CEPF will undertake training sessions with the GrantDirectors to ensure that they are capitalizing and utilizing the outcome tools now present in the ecosystem profiles as strategically as possible.</p>

<b>Mid-Term Recommendation (2003)</b>	<b>Management Progress Report (2004)</b>
<p>Review the opportunities CEPF might have in supporting public/private initiatives in keeping with the objectives and strategies of the Fund. Continue to work with governments, within our partnership and with our conservation partners on the ground to develop and share ideas for innovative mechanisms to achieve lasting results through public/private initiatives.</p>	

## Annex F: Program Response to the GPR



Dec. 3, 2007

Alain Barbu, Manager  
Sector, Thematic and Global Evaluation Division  
Independent Evaluation Group  
The World Bank  
1818 H Street  
Washington D.C. 20433

Dear Mr. Barbu:

*Final Draft IEG Global Program Review of the Critical Ecosystem Partnership Fund*

Thank you for sending the final draft report “Global Program Review: The Critical Ecosystem Partnership Fund” dated Nov. 7, 2007 for our review.

The purpose of this type of review as stated in the *IEG Guidelines for Global and Regional Program Reviews* dated February 2007 is an important one for Global and Regional Partnership Programs (GRPPs) such as CEPF. We welcome insights and analyses that “contribute to improving (a) the performance of global and regional programs themselves, (b) the Bank's participation in these programs, and (c) the Bank's management of its overall portfolio of GRPPs.” As the first fund of its kind to enable broad civil society participation in strategic biodiversity conservation in the world's biodiversity hotspots, learning and improving performance has always been a central focus for our program.

Some findings and recommendations in the Global Program Review are informative and helpful. For example, CEPF welcomes the validation of the independence of the 2005 external evaluation of CEPF, which was very positive and has significantly informed and strengthened the strategic design of the program for the future.

Based on our experience, however, the overall utility of the IEG review process still seems questionable. This draft follows two substantially different iterations of the report that were compromised by extensive errors, omissions, and conclusions that were not defensible. Addressing these has been of great concern and placed a substantial burden on the program. The earlier drafts were also distributed to others within the World Bank, resulting in a misleading impression of our program. We would have hoped for a better process with a methodologically valid and rigorous approach to evaluating our program, as well as discussion directly with us about the findings. With this latest draft, we appreciate the effort that has been undertaken to incorporate so many of our comments. The report has been

substantially improved. There are, however, still several areas of concern that we must address in this formal management response.

The guidelines state that global and regional programs are “not the sole responsibility of a Bank operational region or network, but the collective responsibility of the governing body of the program, of which the Bank is only one member.” IEG did not interview any members of the CEPF Donor Council that governs the global program. The Preface states that this was in view of the members’ seniority. However, given this lack of consultation, it is surprising to see the statement that “the high level of representation on the Donor Council would appear to have had more costs than benefits.” We believe this statement cannot be substantiated. The report further states that “it is unlikely that the members of the Donor Council have sufficient time to ensure that the program has adequate policies in place to ensure accountability, and that these policies are being followed.” This is in contrast to the findings of both the mid-term and 5-year independent evaluations of the program. The final report for the 5-year review<sup>32</sup> states: “We concur overall with the mid-term evaluation in its view that the Donor Council has played an active role in accordance with its assigned role. The guidance and oversight provided by the Donor Council with the support of the Working Group appears to have been effective and timely.” There is no evidence to suggest that the Donor Council has not performed its duties, that the program lacks adequate policies to ensure accountabilities, or that these policies are not followed.

The report further states that a lack of beneficiary country participation in the governance of CEPF has “hindered legitimacy of the program,” but provides no evidence to substantiate this. Earlier, the report stated that the program’s “initial legitimacy” was underpinned by the World Bank and GEF as membership organizations representing all the donor and beneficiary countries that are parties to the Convention on Biological Diversity but would depend in the future on attracting additional partners. The meaning of these statements is unclear. IEG itself defines legitimacy in the Glossary of the report as “the way in which governmental and managerial authority is exercised in relation to those with a legitimate interest in the program — including shareholders, other stakeholders, implementers, beneficiaries, and the community at large.” This was not assessed, and therefore IEG overlooked extremely important ways in which CEPF operates, including: 1) developing investment strategies together with beneficiary country representatives and stakeholders; 2) requiring beneficiary country approval of those strategies prior to the award of grants and 3) working at the Secretariat, coordination, and individual project levels together with governmental and other stakeholder representatives throughout implementation. National government representatives have also long participated in advisory or review roles at the portfolio and individual project levels in multiple hotspots.

The report makes a number of references to the Working Group, at one point stating that IEG “assessed governance issues through interviews with Working Group members.” However, the Working Group has not had any formal role in governance of the program. IEG also interviewed only selected members of the Working Group, over-looking those who are not linked in some way to the World Bank’s role in the program.

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<sup>32</sup> Michael P. Wells, Lisa M. Curran and Seemin Qayum, *Report of the Independent Evaluation of the Critical Ecosystem Partnership Fund*, January 25, 2006.

The report incorrectly characterizes CEPF as a protected areas program, despite evidence to the contrary provided to IEG and other statements in the report about the diversity of approaches supported. So, for example, we are informed “But there is a growing recognition that protected areas alone are not sufficient for biodiversity conservation” and advised the CEPF design must be augmented to include a livelihoods-based approach into individual grant schemes to address human threats in buffer zones and production landscapes. In fact, many of the projects supported by CEPF do exactly that. The report does not consider the numerous CEPF investment strategies and individual grant schemes that have incorporated livelihood components, as well as how CEPF will include an increased focus on socioeconomics as part of future ecosystem profile and strategy development. Also absent is any mention of the 10 regional studies undertaken to date of how CEPF contributes to poverty reduction, all of which have been provided to IEG. These studies show that CEPF is contributing to three important dimensions of poverty reduction: increased livelihood opportunities and incomes, improved health, and reduced vulnerability. The indicators being tracked by these studies have also been incorporated into our monitoring system for future portfolios.

Annex C of the report, which focuses on the IEG field visit to Southern Mesoamerica, submits: “It appears that there have been insufficient linkages between CEPF and the Ministries of Agriculture in the three countries.” Yet CEPF and CEPF-supported projects have worked closely with all three of these ministries. It also appears that IEG did not consult any representatives of these ministries. This section further deems it “ironic” that CEPF has forged “better” linkages with DANIDA and GTZ in the development of a zoning plan for Indio Maiz rather than with the Bank’s rural development and land administration activities in the region. The Bank does not work in this particular project area, although the suggestion that CEPF might want to consider research from a similar Bank-supported project is a useful one. Additionally, the conclusion that there is not a link between the grant-level conservation achievements and the status of the landscape-oriented conservation goals in this region is not defensible.

The CEPF partners, management team and many stakeholders have worked together to design a new 5-year Strategic Framework and operational procedures that will refine and further strengthen the program. Improving performance remains a pivotal focus. As a founder and partner, the World Bank is also pivotal and a review of its participation and management is highly relevant. Notwithstanding our above comments, we concur with many of the findings and only regret the missed opportunity to have made this a stronger, collaborative process to further contribute to improving performance of the program and the Bank’s participation in this important global partnership. We hope our experience will inform and help improve future reviews of global programs for the benefit of all.

Sincerely,



Jorgen B. Thomsen  
CEPF Executive Director

## **The Global Program Review Series**

The following reviews are available from IEG.

Volume #1, Issue #1: ProVention Consortium

Issue #2: Medicines for Malaria Venture

Issue #3: Development Gateway Foundation

Issue #4: Cities Alliance

Volume #2, Issue #1: Critical Ecosystem Partnership Fund

Issue #2: Association for the Development of Education in Africa

Issue #3: Population and Reproductive Health Capacity Building Program

Issue #4: International Land Coalition

Volume #3, Issue #1: Consultative Group to Assist the Poor

The **Critical Ecosystem Partnership Fund (CEPF)** is a global partnership housed in Conservation International (CI) between CI, the World Bank, the Global Environment Facility, the MacArthur Foundation, the government of Japan, and the French development agency that provides grants to NGOs and other private sector partners to protect critical ecosystems (ecological hotspots) in developing countries. During its first phase (December 2000 to June 2007), CEPF awarded approximately 1,000 grants to more than 600 nongovernmental organizations, community groups, and private sector organizations in 33 countries. Averaging \$16–17 million a year, CEPF grants have supported the expansion and enhanced management of protected areas; the promotion of alternative sustainable livelihoods in production landscapes; and environmental education, awareness, and capacity building. An external evaluation conducted during the fall of 2005 found that CEPF had made strong progress during its first five years. However, there was some variation in the performance of individual hotspots, and the scope of the evaluation was limited by a lack of assessment of individual grant outcomes. As of March 2007, CEPF had contributed to the creation or expansion of 9.4 million hectares of protected areas in 15 countries, and CEPF activities in protected area buffer zones and production landscapes were, for the most part, achieving their environmental objectives. However, there is a need to better understand how these interventions are affecting the livelihoods of the people living in these areas. The major partners have recently approved a second phase for the program.

