



EVALUATION OF THE
**AMERICAS ACCOUNT OF
COLOMBIA**

ESTABLISHED UNDER THE
**ENTERPRISE FOR THE
AMERICAS INITIATIVE
(EAI)**



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FINAL REPORT

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ABBREVIATIONS

| | |
|----------|--|
| CBO | Community-based organization |
| Col. P. | Colombian pesos |
| CVC | Cauca Valley Corporation |
| FDR | Fixed Deposit Rate |
| EAI | Enterprise for the Americas Initiative |
| FFEA | Fund for Environmental Action |
| GOC | Government of Colombia |
| GOs | Government organizations |
| IRT | Internal Rate of Return |
| KfW | German Development Bank |
| NGO | Non-governmental organization |
| PBA | Participatory and Sustainable Development of Small Farmers of Colombia |
| RedLAC | Latin American and Caribbean Network of Environmental Funds |
| RFP | Request for proposals |
| TFCA | Tropical Forest Conservation Act |
| TUs | Technical Units |
| U.S. AID | United States Agency for International Development |
| US\$ | U.S. dollars |
| USG | United States Government |
| WWF | World Wildlife Fund |

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I. EXECUTIVE SUMMARY

In 1993, the Governments of Colombia and the United States signed a Bilateral Agreement to establish the Americas Environment Account of Colombia as part of the Enterprise for the Americas Initiative (EAI). Its purpose is to “promote environmentally sound and sustainable economic development, including the encouragement of child survival and development” through the financing of projects, primarily through grants to Colombian non-governmental organizations (NGOs) and community-based organizations (CBOs).

The Government of Colombia (GOC) contracted ECOFONDO, a private, non-profit corporation, to administer the Americas Environment Account (Americas Account) according to the directives of the Americas Council, the entity established to oversee the Account as set out in the Bilateral Agreement. Some 46 projects were funded during the 1996-1997 period. Operating difficulties caused the U.S. Government (USG) to suspend operations of the Account in October 1997. A Revised Bilateral Agreement was developed and signed in March 2000. The renovated Americas Council created a new non-governmental entity, the Fund for Environmental Action (FFEA), with the Americas Council as the Fund’s Board of Directors. The FFEA Secretariat consists of a small 5 person staff. Accounting, financial, and legal services are contracted out, as are project evaluation and supervision. In November 2000, ECOFONDO transferred the financial assets of the Americas Account to the FFEA, but it continues to administer the Green Initiative of Canada and an environmental fund from The Netherlands. ECOFONDO has also provided support to the FFEA as a contracted Technical Unit

This evaluation is one of four independent evaluations of EAI funds and foundations currently being undertaken. It has two areas of focus: (1) a general evaluation of the Enterprise for the Americas Environment Account (Americas Account) for Colombia, and (2) an institutional evaluation of ECOFONDO and the FFEA, the two organizations that have administered the Account. However, since ECOFONDO has not managed the Americas Account since 2000, emphasis has been given to the institutional evaluation of the FFEA. The evaluation is intended to be used by the Parties of the Americas Agreement for Colombia, the ECOFONDO and FFEA Boards, and as a reference for other funds and foundations.

The Americas Account of Colombia has been administered according to the legal and normative requirements of the 1993 and 2000 Bilateral Agreements. With a few minor exceptions, the governance arrangements outlined in the Agreements have been respected and functioned as designed. Talented Board Members have been selected and have served with dedication. The parties to the Bilateral Agreements, the GOC and USG, have actively supported the work of the Americas Council and the operations of ECOFONDO and the FFEA. The GOC has transferred funding into the Americas Account following the agreed debt reduction schedule. GOC and USG representatives have participated actively in the Americas Council, in developing a plan for revival of the Americas Account in 2000, and in the FFEA Finance Committee.

The capital of the Americas Account has been managed by contracted professional asset managers following instructions from the Americas Council, which has opted for investments in low risk Colombian financial instruments. The results have been very modest, generating an internal rate of return (IRT = total return adjusted for inflation) of

only 34.1% over the life of the Account (1993-2002). This is only 0.3% greater than the fixed deposit rate (FDR) during the same period. Returns were especially poor during ECOFONDO's management of the account (1993-October 2000), during which the IRT was 33.1%. This is 2.2% less than FDR during the same period. FFEA's management (November 2001-2002) has been somewhat better, achieving an IRT of 16.4%, which is fully 8.7% above FDR during the same period.

Despite the operational costs of ECOFONDO and the FFEA, and grants to 282 projects, the Americas Account has grown over the years to over US\$50 million. Current commitments will reduce the Fund's actual value to around US\$40 million.

The FFEA Board will have to take a decision soon to determine whether the Americas Account should continue to be managed as a sinking fund or managed as an endowment. With the lower real rates of interest being obtained currently (about 5% in 2002), and continuing the present rate of accelerated grant making, the Fund will be fully committed in two years, and totally spent in 4 years. Fundraising has not been seen as a necessity until recently. The most promising new potential sources of funding appear to be the Tropical Forest Conservation Act (TFCA), and matching funds from regional environmental agencies, international and national NGOs, and the private sector. As a Fund established through a bilateral agreement with the U.S., it is unlikely that the FFEA will be able to access major funding from other bilateral or multilateral sources.

The operations of the Americas Account have not been fluid, nor has much experience accumulated over the years. The actual periods of grant making by ECOFONDO in 1996-97, and by the FFEA in 2001-02, have been disjunctive. The FFEA is still in the process of setting up its systems for administration and budget management. Overhead costs have been maintained at an absolute minimum (10% of overall operations for 2002), especially when one considers that most starting trust funds and foundations spend between 20% and 25% on administrative costs. Secretariat staff and office facilities are inadequate for current levels of operation. While human resources and procurement policies are still in the process of formulation, outside audits have been performed regularly over the years, and no significant negative findings have been reported.

The FFEA's grant making process follows the arrangements stipulated in the Revised Bilateral Agreement. Project grants in the US\$20,000 – US\$100,000 range have been made available to Colombian non-governmental and community-based organizations dedicated to environmental management and child welfare. Considerable effort has been invested in accelerating the grant making process during 2002 through an open request for proposals (RFP), which has resulted in the submission, review and approval of a much larger volume of projects than in previous years. Yet, there is no long-range program strategy or financial plan. The impacts of the 45 completed projects, which have been funded by the Americas Account, are yet to be evaluated. Likewise, ECOFONDO's decade of experience as a grant making organization awaits systematic review as a reference for FFEA operations. Consequently, learning is just beginning.

In spite of setbacks along the way, the Americas Account for Colombia represents an important opportunity for harnessing the potential of NGOs and CBOs dedicated to environmental management and child welfare. Its operation is a new way of doing business that has received enthusiastic approval among grass roots organizations. They appreciate that local efforts are supported through open, transparent, and

participatory processes; that grants are approved on the basis of merit; and that technical assistance is provided to guide project design, implementation, monitoring, and evaluation. These are vital characteristics that need to be retained even as improvements are made in the grant making process.

The multiple startups of the Americas Account have slowed the funding of projects and the accumulation of experience, but have also led to a more rapid capitalization of the Fund. With the accelerating rate of grant making in 2002, however, a crucial moment has arrived. The FFEA Board's decision on whether to continue with the sinking fund approach or to convert to an endowment approach is a major one that will have profound effects on the operation of the Fund into the future. It will be the decision that will set the parameters for the program strategy and financial plan.

Ten Key Recommendations

The Evaluation Team considers the 10 following recommendations to be the most important:

1. Structure and operate the FFEA as a learning organization at all levels by (a) actively building the capacity of the Board, staff, contractors, partners, and grantees; by (b) testing operational assumptions at pilot scale, evaluating results, and applying proven approaches at larger scales, and (c) by more thorough and tightly linked planning and evaluation.
2. Restructure the FFEA Board of Directors to work in committee as well as in plenary, and provide Secretariat support to facilitate this new mode of operation. Consider the establishment of committees for strategic planning, financial management, fundraising, project selection, and oversight.
3. Adopt the endowment fund model for the Americas Account so that there is time to learn and focus interventions for maximum impact, while sustaining efforts and growing into the future.
4. Move beyond the already completed evaluation of project results to evaluate the impact of a sample of the 45 completed projects that were funded from the Americas Account, and the grant making experience of ECOFONDO, to identify lessons learned and the sustainability of projects over the longer term. Also, analyze the projects that have been carried out in partnership with the Cauca Valley Corporation (CVC) to determine how well they relate to the priority objectives of the CVC.
5. Develop a long-term program strategy and financial plan to guide implementation of the mission, and achievement of the vision. Give particular attention to the need to focus the program geographically, thematically, and organizationally to achieve lasting impacts; and to provide assistance to grantees in institutional development and financial sustainability and the institutional structure and capacity to manage a more strategic approach.
6. Give special attention to the development of a substantive child welfare program, and work, as a matter of urgency, with the Director of Parks Colombia and ECOFONDO to develop a major program to support the national system of protected areas, which

uses the seed funds already committed from the Americas Account to attract matching funds from other international donors.

7 Using an experimental approach, determine the need for, and viability of (a) a small grants program (less than US\$10,000 per grant); (b) a special grants program for larger scale projects (over US\$100,000 and longer than 2 years) with organizations having proven track records; (c) a credit program; and (d) a student thesis support program, perhaps in partnership with organizations that already have experience with these approaches to grant making.

8. Reconsider funding policies regarding the length of projects, number of renewals permitted, the inclusion of organizational strengthening and environmental education components, and the recognition of indirect costs.

9. Give priority in fundraising to (a) the acquisition of new funding from the TFCA in collaboration with National Parks of Colombia, which is already developing proposals for this, and (b) using a learning approach, continue development of partnerships and matching funds through regional environmental agencies, national and international NGOs, and the private sector.

10. Make use of the extensive experience of other environmental funds and foundations by accessing the resources of the Latin American and Caribbean Network of Environmental Funds (RedLAC).

II. BACKGROUND AND OBJECTIVES

Background:

In June 1993, the Governments of Colombia and the United States signed a Bilateral Agreement, as part of the Enterprise for the Americas Initiative (EAI), to establish the Americas Account of Colombia (*Cuenta de la Américas*), administered by the Americas Council (*Consejo de las Américas*). As part of this Agreement, the GOC undertook to deposit to the Americas Account of Colombia, in local currency, the interest on a restructured ten-year loan from the U.S. Government (USG) of almost US\$ 280 million. Deposits began in 1993, were completed in September of 2002, and totaled almost US\$ 41.6 million. These funds have been invested in minimal risk financial instruments, 35% of which are in US\$, and have generated an average annual return, adjusted for inflation, of 3.41%, a figure that is only very slightly higher than what could have been earned through fixed deposits (Galan, 2003).

The broad purpose of the Americas Account of Colombia is to “promote environmentally sound and sustainable economic development, including the encouragement of child survival and development” through the financing of projects primarily through grants to Colombian non-governmental organizations (NGOs) and community-based organizations (CBOs). Priority is given to environmental projects that link the conservation and sustainable use of natural resources with local community development, and child welfare projects that link child survival and development with sustainable management of natural resources.

As part of the 1993 Bilateral Agreement, the GOC contracted ECOFONDO, a private, non-profit corporation, to establish an Americas Account to be administered according to the directives of the Americas Council. ECOFONDO is a membership organization of environmental NGOs. The Assembly of member organizations elects a Board of Directors, which is augmented by representatives of the GOC (the Director of the National Planning Department, and the Minister of the Environment). The ECOFONDO Secretariat consists of an Administrative and Financial Unit, a Technical Unit, and 12 Regional Units.

The first 11 projects to be funded by the Account were approved in 1996, and a further 35 projects were approved in 1997. However, because of operating difficulties, it was decided in October of 1997 to suspend the financing of new projects. In the meantime, disbursements continued to already approved projects and the Account continued to earn interest.

In March 2000, the GOC and USG developed a plan to reactivate the Americas Account. A Revised Bilateral Agreement was signed, and new members of the Americas Council appointed. The GOC is represented on the Council by the Director of the National Planning Department, and the Director of the U.S. Agency for Development (U.S. AID) / Colombia represents the USG. Additional Council members include the Minister of the Environment of Colombia and 5 members representing Colombian civil society. The civil society representatives are appointed by the GOC in consultation with the USG; environmental, community development, and child survival /child development NGOs; and research centers and scientific and academic institutions.

The renovated Council decided to create a new non-governmental entity to administer the Americas Account. In August 2000, the Fund for Environmental Action (*Fondo para la Acción Ambiental*) was legally established with the Americas Council as the Fund's Board of Directors. In November 2002, ECOFONDO transferred the financial assets of the Americas Account to the Fund for Environmental Action (FFEA). ECOFONDO retained possession of the office building that was purchased with funds from the Americas Account.

The FFEA has a Secretariat consisting of a small staff, which includes an Executive Director, an Assistant, a Planner, a Data Base Manager, a Secretary and a Messenger. Accounting, financial, and legal services are contracted out. Contracts are also made with some 14 external Technical Units (TUs) that carry out the evaluation of project proposals, monitoring, technical assistance, and supervision. Since 2000, ECOFONDO has served as one of the TUs supporting FFEA activities.

Objectives:

This is one of four independent evaluations of EAI funds and foundations being carried out between 2001 and 2003. At the request of the Enterprise for the Americas / Tropical Forest Conservation Act (TFCA) Secretariat, the format of this evaluation closely follows that of the first EAI evaluation, which focused on the Environmental Foundation of Jamaica (December 2001).

The evaluation of the Americas Account of Colombia has 2 areas of focus: (1) a general evaluation of Enterprise for the Americas Environment Account (Americas Account) for Colombia, and (2) an institutional evaluation of ECOFONDO and the FFEA, the two organizations that have administered the Account, to determine their efficiency, structure and performance. However, since the FFEA is the current administrator of the Account, most emphasis has been placed on its evaluation. The evaluation is intended to be used by the Parties to the Americas Agreement for Colombia, and the ECOFONDO and FFEA Boards. It is also a reference for other funds and foundations, and for the designers of new funds and foundations being set up under the TFCA.

III. METHODOLOGY

The World Wildlife Fund (WWF) was contracted by U.S. AID to carry out an independent evaluation as required by EAI regulations. The evaluation team consisted of a Technical Director from WWF's Center for Conservation Finance, an International Consultant, and a Principal National Consultant. Two other National Consultants provided assistance with the financial aspects of the evaluation. Each of the Principal Consultants has extensive experience in the design, administration, and evaluation of environmental funds. In addition, the Principal National Consultant has extensive experience with environmental programs in Colombia, and specific experience with the Americas Account in Colombia.

The methods used for the evaluation included:

- review of relevant documentation;

- interviews with a broad cross section of relevant stakeholders and interest groups involved with administration of the program, and a representative sample of grantees, beneficiaries and applicants for EAI funding; and,
- site visits to examine the implementation of selected projects, and the relationships between the FFEA Board, Secretariat, contracted entities and individuals, and grantees.

The Technical Director spent one week in Colombia, while the International Consultant spent three weeks there. A further three weeks was spent in analyzing information, and drafting and reviewing the report. The Statement of Work for the consultancy is presented in **Annex 1**, a list of the persons interviewed is presented in **Annex 2**, a list of project sites visited is presented in **Annex 3**, the Schedule of Deposits to the Americas Account by the GOC is presented in **Annex 4**, and a list of key documents reviewed is presented in **Annex 5**.

The evaluation team received excellent cooperation from the representatives of the GOC and the USG, as well as the Boards of Directors and staff of ECOFONDO and the FFEA, the contracted Technical Units, and grantees. During the last few days of work in Colombia, draft conclusions and recommendations were reviewed with the Executive Directors of ECOFONDO and the FFEA, and the GOC and USG representatives on the FFEA Board. Subsequently, the EAI Secretariat, the representatives of the Parties to the Bilateral Agreement, the Colombia Program of WWF, and the Executive Directors of ECOFONDO and the FFEA reviewed copies of the draft evaluation report. The final report has been modified, taking into account the comments received. Explanations have been made in the evaluation text where the Evaluation Team did not agree with the comment received.

IV. EVALUATION FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

A. GOVERNANCE

Findings:

1. Legal and Normative Requirements

Available evidence suggests ECOFONDO administered the Americas Account from 1993 to 2000 in accordance with legal or normative requirements. Though it has proven impossible to track down written evidence, comments received during interviews seem to indicate that the 1997 suspension apparently was a result of judgments regarding the efficiency of ECOFONDO's operation, but not of its adherence to legal and normative requirements.

Most of the legal and normative requirements specified in the Revised Bilateral Agreement and the Statutes of the FFEA are being met. Only two exceptions have been observed:

- Article IV, item 8, of the Revised Bilateral Agreement indicates that the Board will develop a formula, to be approved by the Parties, to limit operating costs to the least

percent possible of the grants made each year. No such formula has yet been adopted.

- Article V, item 4 of the Revised Bilateral Agreement states that Members of the Americas Council cannot be Board Members of any organization that is contracted by the Americas Council. However, the representatives of the GOC (the Director of National Planning Department, and the Minister of the Environment, or their designates) are also members of the Board of Directors of ECOFONDO, which since the year 2000 has received contracts from the FFEA to serve as a TU.

The Bilateral Agreement places singular emphasis on the role of the members of the Americas Council in evaluating project proposals submitted for financing by the Account, and indeed the Council has acted accordingly. It also outlines the responsibilities of the Council in oversight of operating, administrative, financial, and technical units that are contracted, and in oversight of projects funded by the Americas Account. It is customary, however, for the Boards of Directors of similar funds and foundations to play a leading role as well in strategic planning, and fundraising. These critical functions are not specifically mentioned in the Bilateral Agreement and to date have received only minor attention by the Council.

It should be noted that the Americas Council Member representing child survival and development NGOs resigned in September 2001, and has not been replaced. This would seem to be a rather extended period for seeking a replacement, and has probably had an effect on the decision-making of the Council.

The non-governmental Council Members currently are all appointed to the Council at the same time. Some Council Members are concerned that this arrangement results in a loss of institutional memory and continuity when the rotation occurs every two years, and increases the pressure to reappoint the same non-governmental members.

Newly selected Members of the FFEA Board currently receive little preparation for their duties, and are initially unfamiliar with the legal and normative requirements for the Fund. The recently published volume (in Spanish), "Enterprise for the Americas Initiative", provides useful background information on the Americas Account in Colombia and operations of the FFEA. Updated information is needed, however, on the policies and program strategy of the Fund.

2. GOC and USG Participation and Support

The GOC and USG have proven to be reliable partners in the management of the Americas Account. They have participated regularly in the meetings of the Americas Council, and when required, acted decisively to suspend disbursements for new projects when the effectiveness of ECOFONDO in administering the Americas Account was questioned. They also came together to develop a plan to revive operations of the Account and a revised Bilateral Agreement, which they both signed.

Some members of the Americas Council believe that the representatives of the GOC have exercised too much influence in the decisions of the Council, and that it has been necessary to remind them of the independent, non-governmental nature of the Americas Account. This is perhaps inevitable in a Council that has both governmental and non-governmental representation. It underlines, however, the importance of the USG Council Member's role in making sure that the non-governmental council members, who are

nominated by the GOC, do in fact represent their own constituency's interests rather than the political interests of the current government administration.

The GOC has insured the financial success of the Americas Account by paying into the Account as agreed and scheduled. This has made it possible over the years to predict the size of the corpus and to plan accordingly. However, since payments were completed this year, the role of the GOC in insuring the financial success of the Americas Account is shifting from one of direct payments to one of facilitating fundraising from new sources. The request of the GOC to participate in the TFCA of the U.S. indicates a continuing interest on the part of the GOC in working with the USG to finance action on environmental issues.

3. Board Structure and Operations

As a membership organization, the Board structure of ECOFONDO was somewhat different than the current set-up of the FFEA Board. Now, the Americas Council serves as the Board of Directors of the FFEA, and meets monthly. It operates as a single body and has only one Committee, the Finance Committee. The FFEA serves as the Board's Secretariat. It assists in the preparations for Board meetings, the keeping of minutes, and the compilation of Board policy; carries out special tasks assigned by the Board; and implements Board decisions.

The Board is responsible for:

- assuring that the public is informed of all requests for proposals;
- approving project proposals and authorizing the disbursement of funds;
- announcing publicly the projects that have been approved for financing;
- presenting to the Parties an annual program of activities, an annual report on the previous year's activities, an annual audit; and any project proposals that exceed US\$100,000;
- carrying out the oversight of projects that have been funded;
- developing an annual budget for operation of the Fund and setting the compensation levels for the operating agents and those entities or individuals contracted to provide technical and administrative services;
- evaluating the technical, administrative and financial services provided by contracted entities; and,
- maintaining the Board's files so that they are open for public inspection.

Given the severe security concerns at present, it is questionable whether it is prudent for the Board to publicly announce the projects that have been approved for finance.

Board Members do an enormous amount of work, especially reviewing the project proposals that are submitted to the FFEA for funding. Board meetings typically last an entire day and into the night. The enormous amount of energy devoted to the review of project proposals has meant that relatively little effort has been devoted to strategic planning, fundraising, or the evaluation and oversight of projects.

The Board has in recent years been quite proactive and has seen the role of the Secretariat as responding to Board decisions rather than being proactive in and of itself within the policy guidelines established by the Board.

There is some concern within the Board that important decisions are sometimes taken without a vote, without the benefit of adequate background information, or on an incremental basis without the benefit of an overall plan. These are serious concerns that reinforce the need for a more disciplined approach to planning and evaluation as the basis for Board decisions.

Conclusions:

1. Available information indicates that ECOFONDO administered the Americas Account in compliance with the Bilateral Agreement in effect at that time.
2. With two minor exceptions, all information indicates that there has been compliance with the terms of the Revised Bilateral Agreement and the Statutes of the FFEA. The Revised Bilateral Agreement is not being followed in (a) the approval of a percentage of the grants awarded each year for the operating costs of the Secretariat and TUs, and (b) in the case of the GOC, representatives who serve on the Boards of institutions that receive contracts from the FFEA,
3. Given security considerations, it is not prudent for the Board to publicly announce the projects that have been chosen for funding.

The Board of Directors of the FFEA is composed of Members who are dedicated, proactive, and well qualified. Board Members regularly reclude themselves from any decisions that would represent either a personal or institutional conflict of interest.

4. New Board Members require up-to-date information on the structure, policies, and program strategy of the FFEA, as well as a summary of recent decisions of the Board.
5. The participation and support of the Parties to the Agreement has been outstanding.
6. The GOC has faithfully met its financial obligations to the Americas Account. In the future GOC support for the financial success of the Account will be dependent on its facilitation of new sources of finance.
7. It would appear from the frequency and length of meetings that Board Members are overworked. This has led to the situation that, in relative terms, the Board gives most attention to financial matters and the evaluation of proposed projects, and less attention to strategic planning, fundraising, the evaluation of projects completed, or the oversight of projects being implemented.
8. The Board has used the committee system little, and generally works in plenary sessions.
9. The Board is relatively small, especially since one of the Members resigned and has not been replaced. Additional members are warranted to reduce the workload and increase the range of expertise, especially with regard to fundraising.

10. The replacement of all non-governmental Members of the Board at the same time leads to a loss of institutional memory and continuity.
11. While the relationship between the Board and the Executive Director is good, the Executive Director has little latitude for independent action, even within the parameters established by the Board.
12. A more disciplined approach to planning and evaluation is needed as the basis for Board decisions.

Recommendations

1. Amend Article V, item 4, of the Bilateral Agreement, or add clauses to the Council By-Laws, to clarify the point regarding members of the Americas Council serving on the board of directors of organizations that are contracted by the FFEA. The point should be that the same individual should not serve on the Board of the FFEA and on the Board of an entity contracted by the FFEA. Thus, the National Planning Department and the Ministry of Agriculture could be represented on various Boards of Directors, but would be represented on the Board of the FFEA by an individual who does not serve on the Board of an entity contracted by the FFEA.
2. Amend Article IV, item 2, of the Bilateral Agreement to better specify the responsibilities of the FFEA Board in terms of strategic planning, fundraising, the evaluation of projects completed, and feedback into the intervention strategies of the Fund. This objective could also be met by including these functions in the Council By-Laws as explicit activities of the “management and administration” component of the Bilateral Agreement.
3. Amend Article III, item 2C, of the Bilateral Agreement to increase the number of non-governmental members of the Americas Council (FFEA Board) to include a representative of international non-governmental organizations working in Colombia with particular experience in program strategy development and fundraising.
4. Select new Board Members based on their personal competencies rather than as an “official” representative of a particular constituency. What is important is that each Board Member has broad knowledge of the Fund and its strategic plan (when one exists), and the ability to contribute to the organization’s overall mission and responsibilities.
5. Include in the Council By-Laws a transitory provision for staggering the appointment of the non-governmental representatives on the Board of Directors so that continuity is maintained, and for not publicly announcing the projects that have been chosen for funding.
6. Appoint a Board Representative for the Child survival and development constituency as soon as possible.
7. Structure the Board of the FFEA to work more in Committees, as well as in plenary. Continue the operations of the Financial Committee, and designate new Committees, for example, for strategic planning, fundraising, project selection, and

oversight. Each Committee could co-opt additional members from outside the Council when needed. This would also provide a means for diversifying the pool of skills available to the Council. Under this revised structure, plenary sessions of the Board would consist mainly of the review and making of decisions on Committee recommendations.

8. Provide technical and administrative support to the FFEA Board Committees through the Secretariat so that they can achieve their objectives without undue burden on the Board Members themselves.

9. Develop a Board Manual for each Member, and update it regularly so that it remains current. Provide incoming Board Members with a copy of the Manual, and review it during an induction briefing for new members by the Board President.

10. Adopt the characteristics of a learning institution, providing all Board Members the opportunity to improve their skills by facilitating access to on-line resources, quality written materials, and presentations by high profile leaders. Make use of the resources available through the Latin American and Caribbean Network of Environmental Funds (RedLAC). Use a disciplined approach to planning and evaluation as the basis for Board decisions.

11. Provide opportunities, such as workshops and retreats, for Secretariat and Technical Unit Staff, and Board Members to unify visions and approaches, and create common understanding, by working together on the organization's program strategy, program reviews, and annual work plans.

12. Improve the efficiency of Board operations through enhanced use of technology. Increase communications via the Internet, thereby reducing the time Board Members must spend in meetings. Develop an interactive on-line FFEA Board Portal where documents can be reviewed on line, comments inserted, notices posted, and learning materials accessed. Implementation of these electronic tools would make it more feasible to have more Board Members who are not resident in Bogotá.

13. With the support of the Secretariat and TUs, develop a long-range program strategy for the Fund to:

- a. Clearly define intervention strategies, giving particular attention to the balance of the following variables:
 - grant making focused on selected geographic areas, themes, and organizations where the Fund has a comparative advantage;
 - pilot projects vs. projects at scale (those applying approaches and methods proven through previous pilot projects);
 - institutional strengthening of promising organizations;
 - strategic alliances and the articulation of efforts;
 - integrated programs with multiple organizations;
 - decisive support to protected areas as a primary mechanism for in-situ biodiversity conservation; and
 - project development funds.

- b. Relate program priorities to the project proposal evaluation process by giving greater weight to projects that deal with program priorities. This requires a clear statement of project priorities that builds on the decisions already taken by the Board.
 - c. Structure Fund activities to assure that the Fund is a learning organization:
 - State explicitly the intervention hypotheses of the Fund.
 - Validate the hypotheses through pilot projects designed for learning.
 - Once the intervention hypotheses have been proven, apply the learning at larger scale.
14. Delegate greater responsibility to the Executive Director, and provide the resources to exercise it, within the context of a Strategic Plan. This Plan should clearly lay out the vision, mission, goals and objectives of the organization, and the actions required to attain these. Once these are clear, it will then be possible to specify staff requirements, responsibilities, and profiles for each of the staff positions, and open all technical positions to a competitive selection process.

B. ASSET MANAGEMENT AND FUNDRAISING

Findings:

1. Legal and Normative Requirements

a. Operation of the Americas Fund

The major financial provisions of the Bi-lateral Agreement can be summarized as follows:

- Establishment and administration of The Americas Account by a legally established non-profit organization agreed to by the Parties.
- Deposit of interest covered under the 1993 debt reduction agreement into The Americas Account by the GOC.
- Exemption from taxes of all funds deposited in the account.
- Selection by the Board, in consultation with the Parties, of the Asset managers for the Account, who are responsible for both investments and disbursements.
- Prudent investment of the Account at a positive interest rate above the rate of inflation.
- It is the responsibility of the Board to:
 - establish the minimum acceptable rate of interest for the investments in Colombian Pesos and in foreign currency;
 - guide, direct and supervise the Americas Initiative, especially in terms of contracting the technical, administrative, financial, and operational services required for adequate administration of the Account;
 - present the Parties annual reports, work programs, and audits; and,
 - establish the rates to be paid for technical and administrative services and annually evaluate the results.
- Timely disbursement of grants to the designated beneficiaries by the asset managers.

The Americas Account has been capitalized through interest payments in local currency by the GOC in accordance with the 1993 debt reduction agreement with the USG. The Treasury of Colombia made payments to the Americas Account each quarter until October 2002, when the last payment was received. The full schedule of payments is presented in **Annex 4**.

b. Prudent Investment of Funds

During initial management of the Americas Account by ECOFONDO (1993-2000), Investment criteria centered on minimum risk and a real rate of return above the rate of inflation. Three asset managers (FES, Occidente, and Alianza) were selected and contracted with the approval of U.S. AID and the Americas Council.

In 2000, Independent Financial Consultant, Thierry Defauw, carried out an evaluation of investment performance, and recommended the following:

- Articulate a clear investment policy and develop more efficient control mechanisms.
- Develop a clearer and more complete contract for each Investment Manager.
- Develop a standard reporting format.
- Seek return of the Value Added Tax withheld by FES.
- Eliminate Occidente, select 3 new asset managers, negotiate a common commission of 2.5%, and require a standard reporting format.
- Transfer assets in U.S. Dollars into a custodial account, and increase investments in U.S. Dollars to 50% of the portfolio.
- Distribute the investments in Colombian Pesos among the 5 asset managers (**note**: no rationale was provided for this recommendation).
- Invest part of the assets in instruments maturing in 2 or 3 years.

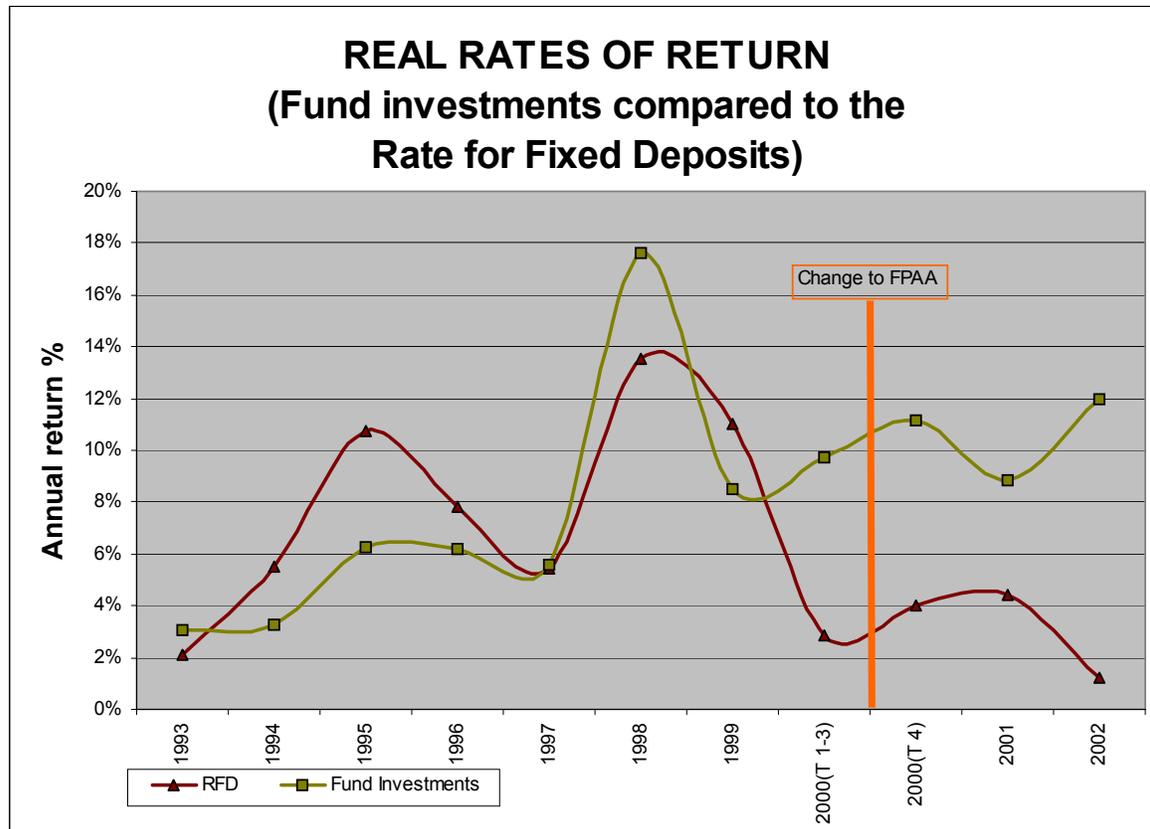
The FFEA assumed responsibility for management of the Americas Account in mid-2000, and the Asset Management contracts were transferred from ECOFONDO to the FFEA in the last quarter of that year. The FFEA Board established a Finance Committee, which studied the recommendations of the Defauw report, and recommended that the Board hire 4 asset managers and a Market Trader to manage the investments following the policies set by the Committee. The Board accepted these recommendations in May, 2001, and contracts were awarded soon after to Alianza, Fiducoldex, Fiducolumbia, Lloyd's Trust, and Interbolsa, with each entity managing about 20% of the assets. Alianza handles the disbursement of all grants. The FFEA Board has continued the low-risk investment policy initiated by ECOFONDO.

Taking into account disbursements from the Account, it can be inferred that the IRT and FDR for the 1993 to 2002 period varied as shown in Graph No. 1. The IRT during ECOFONDO's administration (1993-October 2000) was 33.1%, which is 2.2% below the FDR for the same period. During the FFEA's administration (November 2000-2002) the IRT has been 16.4%, a full 8.7% above the FDR (Galan, 2003).

It should be noted that there is little difference among the asset managers in terms of investments or monitoring. The rationale for using the different asset managers is to spread risk. Yet, since they make similar types of investments, in practice, there is little effective spreading of risk in terms of the investments themselves. There is a spreading

of institutional risk, which is important, since there have been recent failures, such as with FES.

GRAPH NO. 1 – Return on America’s Account Colombia Investments, 1993-2002



Source: Galan, 2003

There is also a difference in terms of the effective rates of return, which vary 2.4% between the highest (Fiducolumbia) and the lowest (Fiducoldex). Alianza, which achieved a rate of return 4.5% lower than the highest, cannot be compared with the others since it must make short-term investments in order to be able to make disbursements to grantees. Though the FFEA has sought to get comparable reports from the different asset managers, more effort is required to define precisely the format required.

c. Use of Investment Advisers

Independent investment advisers have played a strong role in shaping the decisions relating to the management of the Americas Account. The Defauw Report, which came at the time of transition between ECOFONDO and the FFEA, provided guidance to the FFEA Board in terms of investment policies and the performance of the asset managers. The current investment advisor continues to play a strong role in analyzing the performance of the asset managers and in refining investment guidelines.

d. Audits

International firms (Price Waterhouse Coopers, and Ernst and Young) have carried out annual audits since the establishment of the Americas Account. The firms are selected through a competitive bidding process. These audits have stated, without reservation, that the assets of the Account have been managed appropriately, and that adequate administrative procedures are in place. The cost of 2001 audit was 5% of the administrative costs of the Account, which is in line with normal costs of this service in Colombia.

2. Functioning of the Finance Committee

The FFEA Finance Committee is made up of a representative of U.S. AID, a representative of the National Planning Department, and the Executive Director. The functions of the Committee are spelled out in the FFEA Operations Manual. The basic responsibility of the Committee is to provide guidance to the Board on investment strategies, administration of the Account's assets, and the performance of the asset managers. The Committee receives important specialized input from the Independent Investment Adviser, and reviews the monthly reports of the asset managers. The recommendations of the Committee are recorded in the minutes of each meeting, and are presented to the Board through the Executive Director.

Looking toward the future, the Finance Committee could play a stronger role in developing long-range financial strategies. It is particularly important that the Committee develop clear projections that can be used to determine the impacts of different rates of fund disbursement and fundraising. Such projections would assist the Board in making informed decisions on the key "sinking vs. endowment fund" issue.

In developing a long-range financial strategy, the Committee might wish to consider the following points

- Analysis of different scenarios for fund growth, use of matching funds, and rates of disbursement.
- Criteria for managing the Account as an endowment.
- Criteria for renewing or suspending contracts with asset managers.
- Basic guidelines for developing partnerships that not only incorporate matching funds schemes but consider strategic and technical considerations as well.
- Guidelines for grantees regarding the management of funding provided by the FFEA.
- Guidelines for the establishment and management of a small loan program, special projects (over US\$100,000 and longer than two years), a student thesis and research program, and a special program for investment in protected areas (see Section D.2. for rationale).
- Models for small business development related to the environment, for example businesses related to organic farming and solid waste recycling, which can be profitable enterprises requiring loans instead of grants.

3. Sinking Fund Longevity and the Creation of an Endowment

There is no long-term financial plan for the FFEA, and there are diverse opinions among Board Members, and FFEA and TU staff, regarding the strategy to follow. Some

members of the Board believe that the Fund should be treated as a sinking fund, and spent as rapidly as possible. The reasoning behind this thinking is as follows:

- Colombia has an urgent and large-scale need for investment in environmental management and child survival and development.
- Impact is achieved by financing of projects, and the more projects funded, the larger the impact.
- Seed funding in diverse geographical regions, in a broad spectrum of environmental and child survival and development themes, and among diverse NGOs and CBOs will create ripple effects that will lead to lasting solutions.
- Fresh financial resources will not be attracted to the Fund until it has demonstrated its capacity to effectively spend the Americas Account.

Others believe the Fund should be treated as an endowment. The arguments in favor of this alternative are as follows:

- The corpus of the Fund is currently large enough so that, with co-financing arrangements with government agencies, national and international NGOs, and private entities, and fresh donations, an acceptable stream of projects can be co-financed annually into the foreseeable future. On an annual basis, the quantity of projects will not differ significantly from the number that could be financed for just a few years under the sinking fund scenario.
- As a new institution that is still low on the learning curve, the FFEA should not continue to finance numerous new projects until currently funded projects are evaluated, and the FFEA's intervention strategy is validated. If a sinking fund strategy is followed, the corpus will be spent before any learning takes place.
- The reason government bodies, international NGOs and private entities wish to enter into co-financing schemes is because of the potential availability of FFEA matching funds. Once FFEA's funds are expended there will be no potential for generating matching funds.
- Impact is achieved by the development of an implementation strategy that is validated and focused geographically, thematically, and organizationally (entities with proven abilities), and is implemented in concert with experienced partners. This requires time, purposeful designs for learning, and matching funds to work with partners.
- The creation of positive and permanent change through projects takes between 6 and 10 years. Thus the fund should focus on processes, and not on individual projects of 1 to 2 years.
- Fresh financial resources are attracted to a Fund that can demonstrate a well thought out implementation strategy that is based on learning, that works with experienced partners, and that can demonstrate success.

Since its establishment, the Americas Account has increased in value every year, despite more than US\$16 million in disbursements to projects during 1996-97 and 2001-'02. The Fund is now valued at roughly US\$50 million and it is projected that this will generate about US\$5.3 million in interest by the end of 2002. However, the Fund has assumed new commitments for about US\$15 million, and thus, the net Fund value is currently about US\$40.3 million.

The draft FFEA Work Plan for 2003 follows the sinking fund approach, though no explicit Board decision has yet been made. If implemented, the entire corpus would be committed within 2 years, and expended in 4 years.

An alternative scenario, that of the endowment, could be built around the following or similar concepts:

- Setting of a target endowment of US\$50 million.
- Generation of US\$2.5 million in annual interest.
- Raising of US\$7.5 million in fresh financial resources annually through matching funds and/or grants from both international and national sources.
- Co-financing of US\$10 million in projects annually (new and on-going projects, including matching funds).

In addition, under this scenario, it can be expected that an on-going FFEA with a sound long-term strategy could seek to access between US\$5 and US\$7 million in additional funds through the TFCA. This could either be allocated to the endowment fund or set up as a separate sinking fund.

As with similar funds worldwide, the levels of interest earned during the past decade will probably not be earned again in the near future.

4. Fundraising

Because of the continual growth of the Americas Account, until this year there was little reason to be concerned about fundraising. However, the general, nationwide RFP launched in June of this year has accelerated considerably the grant making process. Though discussed in theory for many years, it is only now that the limits of the Americas Account have become a practical and immediate concern. Projections indicate that continuation of the nationwide RFP approach will exhaust the Americas Account in short order, and that fresh financial resources will be needed quickly.

The only fundraising technique used so far has been the establishment of a partnership with the Cauca Valley Corporation (CVC), an autonomous regional environmental agency modeled on the Tennessee Valley Authority of the U.S. The FFEA and CVC have each committed about US\$2.3 million to projects in the region covered by the CVC. Similar agreements for an additional US\$6 million are in different stages of negotiation with other regional environmental agencies, international and national NGOs, and private companies. This model seems very promising, but only if carried out on a long-term basis so that lessons can be learned and improvements made.

Colombia has been declared eligible for the TFCA and allocated US\$7 million in U.S. Congressional appropriations by the U.S. Treasury. It is expected that this could lead to significant additional financial resources for Colombia for tropical forest conservation. It remains to be seen if FFEA will be able to access TFCA generated funds.

On the other hand, it is unlikely that grants from multilateral and non-U.S. bilateral sources will be available to the FFEA, since it is usually seen by potential donors as a strictly U.S. / Colombian Fund. Thus, there may be some advantage in working in alliance with other Funds and NGOs, such as ECOFONDO, and/or the Corporation for Participatory and Sustainable Development of Small Farmers of Colombia (PBA), that

have a competitive advantage in seeking grants from these other potential donors. For example, commitment of matching funds by the FFEA could be a powerful magnet for attracting international and bilateral sources to an ECOFONDO / FFEA or PBA / FFEA alliance, or both.

HYPOTHETICAL EXAMPLE OF A POTENTIAL STRATEGIC ALLIANCE

Potential Partner: A Non-Profit Colombian Corporation Supporting Small-scale Farmers

Potential for Matching Funds: US\$ 2 million (US\$ 500,000 / year for 4 years).

Kinds of Projects:

1. Production of disease free-seeds for major crops
2. Production of bio-inputs (biological fertilizers and pesticides, mycorrhizae, worms, etc.)
3. Development of organic production systems
4. Use of sustainable soil and water management techniques
5. Development of agroforestry techniques

Potential Strengths as a Partner:

1. Support to production systems that are environmentally friendly and sustainable, coinciding with the objectives of FFEAs thematic area on environmental management of agro-ecosystems
2. A focus on the sustainable production of common crops produced by small-scale farmers, and the inclusion of women
3. Short term solutions for agricultural production by small-scale farmers
4. Widespread experience in Colombia and Internationally
5. An organizational structure that is participatory, multidisciplinary, and representative of society
6. Ability to strengthen national and regional research capabilities

Conclusions

1. The GOC has carefully followed the agreed schedule of payments of interest into the Americas Account, thus lending an element of predictability, which has facilitated Account management.
2. Financial management policies adopted by both ECOFONDO and the FFEA have been in accordance with stipulations of the two Bilateral Agreements.
3. The financial return on investments, adjusted for inflation, has been satisfactory, especially considering the low risk investment policies that have been followed.
4. Audits have been carried out as required, and have concluded that both financial management and administrative procedures are in line with generally accepted standards.
5. The suspension of grant making between 1998 and 2000 was an important factor in the growth of the Account's corpus, and has made operation of the Account as an endowment a viable alternative. It has also made it possible to attract matching funds from potential partner institutions and to increase the amounts assigned to grant making each year.
6. There is a diversity of opinion among members of the FFEA Board as to whether the Americas Account should be managed as a sinking fund or an endowment.

7. Though no long-term financial strategy has been articulated for the FFEA, the proposed Work Plan for 2003, if approved, would lead to full commit the corpus of the Americas Account within 2 years, and the liquidation of all assets in 4 years.
8. The annual rate of return for 2002, adjusted for inflation, of 12% is acceptable, and in combination with matching funds and fresh financial resources, would enable the Fund to operate as an endowment.
9. The lack of well-articulated long-term program and financial strategies are a major obstacle to fundraising.
10. The most promising fundraising options for the FFEA are the development of partnerships with regional environmental agencies, national and international NGOs, other environmental funds, and the private sector; and participation in the TFCA.
11. Currently, the FFEA Secretariat carries out most fundraising activities, especially with respect to the generation of matching funds.

Recommendations

1. Reduce the number of asset managers and distribute the Account's resources evenly among the top 2 or 3 performers. This would reduce the amount of effort for oversight and the harmonizing of reports, while still diversifying institutional risk. This runs counter to the advice provided by Financial Consultant Thierry Defauw (though no rationale was given), but would seem to be warranted as a means of improving efficiency.
2. It is the opinion of the Evaluation Team that current evidence points to a greater, and more lasting, impact for the Americas Account through operation as an endowment. This model would need to be backed by a solid long-term financial plan, complemented by a program strategy based on learning, and focused where there is competitive advantage (geographically, thematically, and organizationally) defined through a rigorous priority-setting process. It is recommended, therefore, that the Secretariat and the Finance Committee develop terms of reference for external consultants to develop a specific plan for conversion of the Americas Account into an endowment. The Plan would be presented to the Board for consideration.
2. Develop, as a matter of urgency, a long-range financial strategy, which goes beyond strict consideration of financial management issues to consider:
 - a clear decision to manage the Account as an endowment with grant making targeted to attract additional resources;
 - specific priorities for fundraising based on current experience, analysis of projected costs and benefits, and estimated chances of success.
 - a rhythm of grant making that allows time for the validation of intervention strategies;

- programmatic alliances which not only seek counterpart funding, but which address the achievement of common objectives, and draws on the expertise of experienced partners;
 - the use of reimbursable funding arrangements where possible; and,
 - careful consideration of how to avoid competition for financial resources with partner organizations and grantees
3. Undertake careful analyses of potentially economically viable project types, such as solid waste management and organic agriculture, with a view to using such projects as mechanisms for generating financial returns that can be incorporated as an element of a longer-term financial strategy.
 4. Distribute information regarding the financial management of the Americas Account, so that potential grantees are made aware of the level of opportunity for funding from the FFEA, and form realistic expectations.
 5. Continue the negotiation of partnerships with other organizations willing to commit matching funds, bearing in mind the need to test such alliances at pilot scale before implementing agreements at larger scales.
 6. Work with the Director of National Parks to develop a common strategy for seeking a debt reduction agreement under the TFCA.
 7. Both the FFEA Board of Directors and the Secretariat should share responsibility for fundraising, and both will require strengthening for that purpose. Additional staff and occasional consultants might be hired to assist the Secretariat and the Board in the more routine tasks, or special projects, so that significant time of the Executive Director and his Assistant, and members of the proposed Board Fundraising Committee, is freed up for fundraising activities.
 8. Actively explore the possibility of developing a common strategy with ECOFONDO, and the Director of National Parks, for seeking grant funds from to be matched by the Americas Account, for investments in the national system of protected areas.

C. ADMINISTRATION AND BUDGET MANAGEMENT

Findings:

1. Legal and Normative Requirements

During the initial years when the Americas Account was administered by ECOFONDO, there was a long start-up period (1993-95) until a few projects were approved in 1996 (11 projects) and 1997 (35 projects). This was the result of the nearly two years that was required to legally establish and begin operations of the Americas Council.

Projected expenditures for 2002 indicate that the administrative expenses of the FFEA Secretariat, including contracted services (audit, TUs, accounting, legal advice, financial management) amount to about 10% of total Fund operational costs for the year. This is

certainly low and is reflected in minimal Secretariat staff and a modest office. The audits indicate that the Secretariat has managed the budget in a satisfactory manner and that the accounts have been kept in accordance with best practice.

2. FFEA Organization, Staff Structure, and Staff

During its administration of the Americas account (1992-97), the Secretariat of ECOFONDO had an Administrative and Financial Unit, a Technical Unit, and 12 Regional Units. The Secretariat of the FFEA now consists of an Executive Director and an Assistant, a secretary, and a messenger, but it also contracts financial, legal, and accounting services as well as the evaluation and oversight of projects through TUs. The organizational structure of the FFEA is presented graphically in **Annex 7**.

Present staffing levels of the FFEA are insufficient for the current level of operation. As a result, the Executive Director and his Assistant do not have time to provide the level of support required by the Board of Directors or for fundraising. While the rented Offices of the FFEA demonstrate a concern for austerity, they are inadequate for current requirements, and will be even more so if additional staff is contracted. Current prices for the purchase of offices in Bogotá are attractive in comparison with the past decade. However, all decisions on staff levels and office needs should be based on future requirements as determined in the long-term program strategy of the organization.

Some of the most important work of the Fund, the evaluation of project proposals and oversight of projects co-financed by the Fund, is carried out by TUs. When the FFEA was created in 2000, the only TU was ECOFONDO. Relations between ECOFONDO and the FFEA were often strained, however, and it was decided to take a decentralized approach that would take advantage of the technical expertise and regional coverage of other entities. Currently there are 14 such Technical Units (9 NGOs, 3 universities, 2 scientific institutes). A list of the TU's is presented in Annex 9. There is a widespread perception that the quality of the work performed by the TUs is highly variable, and that a system for monitoring and evaluating their performance is needed.

The TUs are paid a percentage of the cost of the projects they evaluate and/or supervise. Most of these TUs have found through experience that the percentage paid (8%, except in the case of ECOFONDO, which from the beginning negotiated a 13% overhead) is insufficient to cover actual costs. It is probable, therefore, that the 8% rate is not sustainable over the long run. (**Note:** see section C.1, paragraph 2 for a discussion of total FPAA overheads).

ECOFONDO and the FPAA have been unable to agree on the terms of a new contract for services as a TU, though ECOFONDO continues to supervise the projects it was originally assigned, which will be completed during 2003. Some 43 projects evaluated by ECOFONDO during its last contract still remain to be considered by the FFEA, and those that may be approved would be supervised by ECOFONDO under the arrangements previously agreed.

3. Basic Administrative Policies (personnel, procurement, vehicle, salary schedules)

During its short existence, the FFEA Secretariat has had two Executive Directors. The Board selects this key staff member based on nominations put forward by individual

Board Members, and thus an open, competitive recruiting process has not been followed. Explicit criteria for acceptable performance do not exist, but the Executive Director is expected to closely follow Board directives. Initiatives from the Secretariat seem to be discouraged. While general personnel policies for FFEA staff do not currently exist, they are being prepared. There are no standard procurement policies for the purchase of goods and services, either by the Secretariat, the TUs, or the projects that are financed.

Salary levels do not appear to be consonant with the level of responsibility or the magnitude of the Fund. In the past, governmental salary levels have been used as the basis for comparison, yet benefits and job stability are not comparable. A market survey is needed to determine the current range of salaries for comparable positions in comparable non-governmental institutions. However, salary levels should be related to the specific requirements of each job, and these requirements should be clearly identified in the strategic plan. A competitive process should be used to fill each position, including those positions for which the terms of reference have changed.

Conclusions

1. Guidelines to determine acceptable limits for the Fund's administrative costs, as required in the Bilateral Agreement, and standard procurement procedures, have yet to be developed.
2. Current staffing levels and office arrangements are inadequate for the current needs of the organization, but decisions on this should be linked to future requirements determined by a long-term program strategy.
3. The quality of services performed by the TUs is highly variable.
4. Administrative overheads currently paid to the contracted TUs do not seem to be adequate to cover legitimate costs, and are probably unsustainable.
5. The Board has not followed an open, competitive recruiting process for the position of Executive Director of the FFEA.
6. Secretariat salary levels require review, but this review should be done in tandem with the development of the Strategic Plan, which would include a clear outline of staff responsibilities related to Plan implementation, and the requirement for each staff position.
7. Personnel policies for FFEA staff are in the process of being developed.
8. Procurement guidelines for the FFEA Secretariat, contracted entities and individuals, and grantees have not been developed.

Recommendations:

1. Develop a formula for determining an acceptable level of operational overheads (technical, administrative, and financial management costs) as a percentage of project costs.
2. Establish standard procedures that assure that all Secretariat Staff, including the Executive Director, are selected through an open and competitive process based on merit.
3. As a matter of course, once revised staff profiles have been developed as a consequence of the program strategy, there should be an open competitive recruiting process for the filling of each position. Current staff members would of course be encouraged to compete for these positions, and due credit given for their experience with the organization.
4. Articulate clear criteria for the evaluation of the job performance of all personnel.
5. Carry out a market study to determine FFEA staff salary levels using salary levels of institutions in Colombia with similar levels of responsibility, as outlined in the program strategy, as the standard for comparison.
6. Determine long-term requirements for staff and office accommodations in response to a long-term program strategy. Consider the alternative of purchasing office space, taking advantage of currently favorable market conditions, as a means of achieving long-term savings.
7. Consider the need for additional staff and occasional consultants to support the Secretariat and Board in routine tasks and special assignments, freeing up time for the Executive Director, his Assistant, and Board Members for the evaluation of completed projects, strategic planning, fundraising, and oversight of on-going projects. The exact staffing requirements should be determined as a function of the long-term program strategy. It is not recommended that a specialist in fundraising be contracted, but rather that the Executive Director and Chair of the proposed Board Fundraising Committee take direct responsibility for this task.
7. Develop standard procurement procedures for all goods and services acquired directly or through projects financed by the Fund.
8. Develop procedures to evaluate the performance of the TUs, and weed out those that under-perform.
9. Carry out a study to determine a simple, standard method for calculating the direct and indirect costs of TUs contracted by the FFEA. Utilize this method to establish the amount to be paid to each TU, thereby allowing differentiated compensation based on the organizational setup, overall amount of the contract, the complexity of the projects, and the distance of the projects from the offices of the TU. (For the calculation of indirect costs, see "Core Costs and NGO Sustainability" by Alfredo Ortiz published by The Nature Conservancy, 2001).

D. PROGRAM STRATEGY AND PROJECT RESULTS

Findings:

1. Legal and Normative Requirements

The legal and normative requirements for the grant process have evolved over the years. The first set of requirements was laid out in the initial Bilateral Agreement of June 1993, and the operational procedures adopted by the Americas Council and the ECOFONDO Board of Directors during the 1993-1997 period.

Though the legal and normative requirements were apparently followed in general, the USG decided to suspend the consideration of new grants. Funding for the implementation of on-going projects was maintained and ECOFONDO continued financial management of the Americas Account. The Evaluation Team was not able to get copies of the documentation that outline the reasons for this suspension. From anecdotal evidence, it would seem that the suspension was motivated by a concern for the high level of administrative costs; the slow pace of grant approval; the lack of an operational strategy; and frictions among ECOFONDO staff, within the Council of the Americas, and between the Council and ECOFONDO.

The Revised Bilateral Agreement of March 2000 did not materially change the legal requirements for the grant process from those indicated in the 1993 Bilateral Agreement, except that ECOFONDO was not specified as the administrator of the Americas Account. However, the normative requirements for the grant process have evolved and become more specific based on:

- specific policies and operational procedures adopted by the Americas Council (FFEA Board of Directors) since the signing of the Revised Bilateral Agreement,
- the standard form for grant applications,
- the grant application guidelines and tutorial,
- the terms of reference for the review of grant applications, and
- the terms of reference for project supervision.

Grant proposals between US\$20,000 and US\$100,000 are currently accepted from NGOs and CBOs throughout Colombia in the thematic areas of (1) wild land management and biodiversity, (2) environmental management in agro ecosystems, (3) urban environmental management, and (4) childhood and the environment. Grant proposals larger than US\$100,000 must be approved by U.S. AID / Washington. Only one grant of this type has been submitted to U.S. AID / Washington, and was not approved because of concerns regarding the degree of public participation in project design, the lack of clarity regarding the conservation actions proposed, the size of the proposal, its emphasis on agriculture, and the capacity of the proposed project implementer.

2. Program Strategies

Over the years, the decisions of the Americas Council have been guided by its own policies, adopted on an individual basis, annual work plans, and by the technical instruments used by ECOFONDO and the FFEA Secretariats. At its July 2002 meeting,

the FFEA Board requested that the Secretariat prepare a 5-year strategic plan, but this has not been completed.

Thus, the 10-year strategic plan developed by ECOFONDO in 1995 was the first and only program strategy developed to date in relation to the Americas Account for Colombia. Because of the suspension of new project activity through ECOFONDO in 1997, the Americas Account component of the strategy was never put into effect. Since taking over administration of the Account in 2000, the FFEA has not developed a long-term program strategy or an explicit statement of short to mid-term intervention strategies. While a process and results evaluation was carried out for projects administered by ECOFONDO, it did not include an analysis of ECOFONDO's intervention strategy. This has made it difficult to test the assumptions (intervention hypotheses) implicit in on-going modes of operation.

It could be extrapolated, for example, that the hypothesis behind an open, nationwide, date-specific RFP is that a large number of pilot projects, scattered geographically, thematically, and amongst a variety of organizations, both experienced and inexperienced, will result in ripple effects that will create permanent impacts and sustainable solutions to difficult environmental and child welfare problems. Currently there is no direct evidence to support this thesis. In fact, indirect evidence (the opinion of the most experienced practitioners interviewed by the Evaluation Team) suggests that permanent and sustainable change requires 6 to 10 years of concerted effort. Thus, it is questionable whether Individual one- and two-year projects will achieve lasting impact in and of themselves.

Several people interviewed during the evaluation process indicated the need for a small grants program, say up to US\$ 10,000, that would have much less rigorous application procedures and supervision, but would meet immediate, smaller-scale needs. This might be undertaken in partnership with an organization that already has such a program, such as the United Nations Development Programme/Global Environment Facility small grants program. Others commented on the need for a loan program. Not only would such a program stretch the use of scarce financial resources, but also it would require an entrepreneurial approach from the outset. Again, this kind of program might be done in partnership with organizations that already have solid, on-going programs.

There is also a concern among many of the TU staff members interviewed that the current program is too broad to achieve meaningful impact, especially with short-term projects that last between one and two years. They argue that the country is simply too large, the environmental and child welfare themes too broad; the issues too complex, and the potentially eligible grantees too numerous for the FFEA to attend to all, and achieve impact. Thus, strategies are needed to achieve program focus. One effective way of doing this is by determining the circumstances through which the Fund can achieve comparative advantages. The partnership arrangement with the CVC is an excellent illustration of how this can be achieved. Another way is by challenging organizations related to a theme or a geographical area to come together to develop a project that integrates the inputs of a number of organizations to achieve impact. The Board has given priority to this kind of project through its project selection criteria, but few projects of this type have been presented.

The evaluations carried by ECOFONDO and the FFEA to date have focused on project review and selection processes, and the immediate results of the projects funded. They have not, however, given much attention to the more difficult questions of impact and the validation of intervention hypothesis. This has limited the amount of learning accumulated from the implementation of the projects funded by the Americas Account and has not stimulated a meaningful strategic planning process.

There is little evidence that the FFEA has learned from the experience of ECOFONDO. Not only did ECOFONDO administer the Americas Account from 1993 to 2000, but it has also managed bilateral environmental grant programs funded by Canada and the Netherlands, so there is much to be learned.

It is noteworthy, for example, that ECOFONDO has concluded from past experience that an open, nationwide, date-specific RFP is not recommended. Yet, in June 2002, the FFEA launched just such an RFP, causing major operational difficulties for both the Secretariat and the Board. This has meant putting off consideration of central issues, such as a field evaluation of the results of 10 years of grant making, strategic planning based on a review of past experience, and a long-term fundraising strategy.

On the other hand, it must be fully recognized that an open, nationwide, date-specific RFP has a very important impact in terms of governance issues. The Evaluation Team was impressed with the consistency of opinion in this regard among the vast majority of those interviewed. They strongly felt that a fund that is open to all duly constituted organizations, based on merit and not on influence, and free from political strings is a rare phenomenon that is worthy of strong support and which should be replicated and expanded as much as possible. However, this same transparency and openness might also be incorporated in more focused intervention strategies.

While the present evaluation will serve to review the overall operations of the Americas Account, only 12 on-going projects were actually visited in the field, and interviews were held with the staff of 5 other grantees. This is not a large enough sample from which to draw statistically valid conclusions for 409 projects (45 projects completed, 8 projects cancelled, 229 project being implemented, as shown in the table below; and 127 projects approved and being contracted, which are not included in the table below). Even so, it is somewhat worrisome that of the 17 projects reviewed by the Evaluation Team, only 8, less than 50%, appeared on the surface to be well conceived, sustainable, and liable to create lasting impacts.

EXAMPLE OF A PROJECT REVIEWED IN THE FIELD

Project: Sustainable Flower Production for National Markets.

Location: Rural area of the Chia Municipality, Cundinamarca Department

FFEA Thematic Area: Environmental Management of Agro-ecosystems

Executing Institution: Corporation for Planning and the Transfer of Agricultural Technology, PLANTTA (a non-Profit Corporation.)

Cost: Total - US\$97,000; FFEA – US\$75,4000; PLANTTA – US\$21,600.

Goal: Achieve sustainable chrysanthemum and pompom production by small-scale producers in the Chia Municipality, reducing of socio-environmental impacts through the provision of specialized and integrated technical, environmental, social, and commercial assistance.

Objectives:

1. Gather primary and secondary information and create a database
2. Adjust to local conditions, develop, and promote a version of the international “Green Flowers” Program for use among the target producers
3. Create a local, multi-producer enterprise among target producers
4. Improve production quality
5. Reduce environmental impacts

Beneficiary Population:

Direct – 10 family groups producing chrysanthemum and pompon flowers for national markets
 Indirect – the many family agricultural production units located around the project area; and the Chia Municipality which needs to recognize the current intense environmental impacts of flower production

The number of projects approved each year, and the amounts of the grants are presented in the following table.

| In Millions of Colombian Pesos | | | | | |
|--------------------------------|-------------------|------------|---------------|---------------|---------------|
| YEAR APPROVED | CURRENT STATUS | NUMBER | TOTAL | COUNTERPART | GRANT |
| 1996 | Canceled | 5 | 298 | 62 | 236 |
| 1996 | Implemented | 6 | 218 | 52 | 166 |
| 1996 Total | | 11 | 517 | 115 | 402 |
| 1997 Total | Implemented | 35 | 4,432 | 1,752 | 2,680 |
| 1998-2000 Total | 0 | 0 | 0 | 0 | 0 |
| 2001 | Implemented | 4 | 230 | 52 | 178 |
| 2001 | Being Implemented | 26 | 6,448 | 1,844 | 4,604 |
| 2001 Total | | 30 | 6,678 | 1,896 | 4,782 |
| 2002 | Canceled | 3 | 561 | 165 | 396 |
| 2002 | Being Implemented | 203 | 57,432 | 22,944 | 34,488 |
| 2002 Total | | 206 | 57,993 | 23,109 | 34,884 |
| Total, All Projects | | 282 | 69,620 | 26,872 | 42,748 |

Source: Management Report, Executive Secretary, Fund for Environmental Action, November 2002.

Each of these projects was carried out over a period of 2 years or less.

It should be noted that the Director of ECOFONDO tabulates in a different way the number and cost of the projects managed by his organization for the Americas Account, and has specifically requested that this tabulation also be presented. However, the difference between the two tabulations reflects differing criteria and methods, and their inclusion would tend to confuse rather than enlighten. Thus, the Evaluation Team has

chosen not to include them, because to do so would require lengthy explanations that would not change the conclusions or recommendations presented below. In light of this decision the Director requested that the following clarification be inserted. *“Of the total number of projects recommended by ECOFONDO to the FFEA between 2000 and 2002, co-financing for 102 projects was approved for a total of Col. P.20,085,752,272’.*

At the November 2002 exchange rate (1 US\$ = Col. P. 2,600), the total cost of all projects co-financed was about US\$26,777,000. The total amount of actual grants from the Americas Account was about US\$16,442,000, or about 61% of the total (Fondo para la Acción Ambiental, November 2002c).

Project distribution is uneven, even though current Board policy is that distribution be as even as possible. However, without a strategic plan, the rationale for such a policy remains unsupported. Indeed, most strategies of this kind are designed precisely to focus interventions for impact rather than to disperse them.

Thematically, the contracted projects have the following distribution:

- agro ecosystems - 37%
- urban – 28%
- wild lands and biodiversity – 23%
- mixed – 9%
- childhood welfare – 2%

It is of particular concern that so few projects have been approved related to child welfare. Geographically, project distribution can be summarized as follows:

- Southwest – 33%
- East Central – 24%
- Northwest – 17%
- Caribbean – 12%
- Orinoco and Amazon – 10%
- Other – 5%

It is obvious that the single most effective way to protect wild lands and biodiversity *in-situ* is through the establishment and management of protected areas. To date, the FFEA has supported a few protected areas through projects managed by NGOs and CBOs, and the Board has approved new expenditures of about US\$3.85 million for national parks. There is, however, no focused strategy for attracting matching funds from other sources in order to maximize the impact of FFEA support for this extremely important conservation instrument, which is currently under particularly severe pressure.

3. The Project Cycle

The FFEA has used both the continuous project cycle used by ECOFONDO (meaning a project application can be made at any time), and since April 2002 the date-specific RFP. However, whatever the format used, the project cycle must be designed so as to give sufficient time between cycles to permit project evaluation and feedback into program design, if organizational learning is to take place.

It was noted that the instruments developed to guide the project cycle (the project application and tutorial, the terms of reference for evaluators, the terms of reference for project supervision) provide little guidance on the subjects of organizational and financial sustainability, or on achieving lasting impacts. The indicators outlined in the terms of reference for project supervision help determine static results, but do not address impacts over time. Yet it is these impacts over time that should be a central concern of project design.

Several interviewees have questioned why each project must include an environmental education component. Perhaps this project component could be seen as an option rather than a requirement, because it may be irrelevant to some project types, and when forced on an organization, the chance of it being well executed are doubtful.

a. Project Development

Since the initial operations of the Americas Account, ECOFONDO provided technical assistance for project preparation. All projects approved and contracted in 1996 and 1997 followed this approach. When the FFEA was established in 2000, ECOFONDO was contracted as the TU for project support, and the continuous project cycle was used in 2001 and in part of 2002. Since non-renewal of the contract with ECOFONDO as a TU in June 2002, no more project applications have been accepted under the continuous cycle format.

During 2002, the FFEA Board made three important changes. First, it decided to contract an array of TUs for project support. Second, it decided to issue a nationwide RFP for environmental projects with a specific opening and closing date. Third, it decided that it is the responsibility of the applicant to develop a coherent proposal according to the required format. The tutorial, supplied to applicants along with the application form, provides guidelines and examples.

Discussions with grantees indicated that few had included indirect costs in the budgets for their projects. This is an important consideration if NGOs and CBOs are to be able to sustain their program efforts over time.

b. Application Process

Currently, the 24-page grant application form must be submitted to the FFEA by the RFP closing date. If the application is complete, falls within the thematic priorities of the RFP, and the applicant is not a current grantee, it is referred to one of the 14 TUs for evaluation. In some cases, grant applications have been referred to the Ministry of the Environment for review in order to assist the GOC Representative on the Americas Council in reviewing proposals. The "Terms of Reference for Project Evaluators" outlines the procedure to be followed and the criteria to be used. The project rating system produces a numerical rating, and all projects passing the cut are forwarded to the FFEA Board for review. It should be noted that for the 2002 RFP, the Board approved only 68% of the projects recommended by the TUs, that is, those that passed the cut. This is perhaps because the numeric project rating process does not systematically include all the criteria for the selection of projects that have been articulated by the Board.

Projects approved by the Board are then returned to the TUs for processing. TU staff visit perspective grantees to verify the information submitted and work with them to adjust the project to integrate technical recommendations of the TU and Board. Perspective grantees are then requested to take out project insurance and with that, the grant contract can be signed, and disbursements begun.

The TUs are in agreement that the grant application form, tutorial, and guidelines for evaluators require a series of minor revisions, as would be expected after first being put into use. Of course, opinions differ regarding the required revisions, and thus workshops would be needed to build consensus.

Several grantees that were interviewed indicated that the requirement for community participation in project design is a two-edged sword. While it assures that the project incorporates community concerns in the proposal, it also seems to invariably raise community expectations. This can cause severe problems during project implementation when these expectations are not met.

It should be noted that the FFEA Secretariat is preparing technical guidelines that will assist prospective grantees in defining “best practice” and demonstrate how such approaches can be incorporated into project proposals. This document should be carefully reviewed by the TUs before being adopted.

c. Project Implementation and Supervision

TU staff supervise project implementation according to the “Terms of Reference for Project Supervision” adopted by the FFEA, which covers the technical, legal, administrative, budgetary aspects of project supervision. It is a guiding document that will evolve with experience.

The TU Technical Supervisor of the Project and the Financial Officer of the TU work with the grantee to assure smooth implementation. Grantees currently provide technical reports to the TUs every 2 months, although this frequency would seem to be excessive, creating unneeded paperwork. TU staff visit grantees for field inspections every 4 months. After each field visit, the TUs submit an inspection report to the FFEA Secretariat. Grantees present their TU with a plan for project disbursements. Once this plan is approved by the TU, it requests the disbursements from the Secretariat.

Verifiable Indicators form the basis for judging general project impact with respect to goals, objectives and activities. These indicators cover community participation, environmental education, institutional strengthening, and general impact. It is noted that the indicators for institutional strengthening do not include indicators regarding financial sustainability, a key factor in project sustainability.

The grantee provides the TU with a final report, which once approved by the TU, is forwarded to the Secretariat. This final report provides the basis for the signing of a certificate of project completion by the grantee, the TU, and the Secretariat.

d. Program Evaluation, and Feedback

The project supervision process provides for the monitoring and evaluation of projects until their completion. There is no process in place, however, for evaluating the impacts

of projects funded by the FFEA at some point after project completion in order to get a better perspective on follow-up, sustainability, and regional impacts. While it is usually too costly to do this for all completed projects, it is important to do such an evaluation for a sample of projects. It is only with this kind of an evaluation that the intervention hypotheses can be properly evaluated, and feedback provided for program revision.

It should be noted that the standard indicators adopted by the FFEA are largely indicators of results or outcomes, which are appropriate for monitoring project implementation. However, other indicators will be needed to determine long-term impacts that measure project goals and major objectives. These will be broader indicators that measure such things as ecosystem health, watershed condition, urban environmental health, and child welfare.

The FFEA has developed a project database that facilitates tracking the progress of individual projects, the analysis of overall patterns, and the production of statistical summaries. These summaries form the basis of overall FFEA technical and financial reports.

4. Environmental Impact Analysis

As one of the leaders of the environmental movement in Colombia, the FFEA should be able to demonstrate that the projects it funds will not create negative environmental and social impacts. Currently there is no process in place for estimating these impacts or for certifying adherence to acceptable environmental standards.

Conclusions

1. Evidence indicates that the legal and normative requirements for the grant making process have been respected both by ECOFONDO during the 1996 – 2000 period, and the FFEA during the 2001 – 2002 period.
2. There is no explicit program strategy for operation of the Americas Account through the FFEA. The de facto short to mid-term intervention strategy, defined by current practices of the FFEA, would appear to be based on unproven assumptions.
3. The current program approach of the FFEA does not lend itself to learning; that is, experimenting with different variables of program design at pilot scale, and once validated, applying them at larger scales.
4. The longer grant making experience of ECOFONDO, and the more recent grant making experience of the FFEA, have not been systematically studied or used by the FFEA to inform program decisions.
5. Greater program focus would enhance the long-term impact of the Fund's grants
6. There is a need to explore the potential costs and benefits of new programs for small grants, loans, student theses related to the Fund's priorities, and special larger-scale integrated projects.

7. Though the Evaluation Team did not visit a representative sample of the projects funded by the Americas Account, there is cause for concern that over half of the projects that were visited did not appear to be well conceived, sustainable, and capable of achieving lasting impacts.
8. Project distribution is uneven, especially thematically. Few grants have been made in support of Child Survival and Development.
9. The full project cycle adopted by the FFEA has yet to be fully tested. Though the application and project evaluation process requires some minor adjustments, it has proved to be a relatively effective format.
10. The instruments that guide the project cycle (grant application and tutorial, terms of reference for evaluators, terms of reference for project supervision) provide insufficient guidance on the subjects of organizational and financial sustainability, achieving lasting impacts, and on how to undertake community participation in project design without unduly raising expectations. Technical guidelines that are currently being developed will assist potential grantees in defining “best practice” and how it can be incorporated into projects.
11. The currently used standard grant application and tutorial represent a significant improvement in simplifying and cutting down on paperwork. For the less experienced grant applicants, the application is demanding. However, most indicated that they learned from the application process, and that the design of their project was improved by it.
12. It is important for grant makers to consider the indirect costs associated with any grant application. No guidelines for calculating indirect costs have been provided to perspective grantees to help orient their inclusion in project budgets.
13. The grant application process does not include a procedure for certifying that projects funded by the Americas Account will not cause adverse environmental or social impacts.
14. It is questionable whether the practice of having the Ministry of the Environment review grant applications is in accordance with the non-governmental status of the FFEA.
15. The national system of protected areas, a major tool for in-situ biodiversity conservation, requires major outside support during this period of severe cutbacks in Government support. The FFEA has an opportunity to use the funding it has committed to the parks system as matching funds to attract other bi- and multi-lateral donors.
16. The national, date-specific RFP has had a positive impact as a model of an open and transparent grant making process that is based on merit and is without political strings, although this not the only model for achieving these goals. At the same time, the RFP has placed severe strains on the operational capacity of the FFEA, has caused the consideration of other critical issues to be put on hold, and is committing financial resources at a rate that will exhaust the Fund in short order.

17. The decentralization of the grant application review and project supervision processes through the contracting of a number of TUs has enabled the FFEA to draw on greater pools of expertise and geographic coverage.
18. The FFEA Board rejected almost one-third of the projects of the 2002 RFP that were recommended by the TUs. Because of the amount of work generated by the RFP, there has been no opportunity yet to identify the discrepancies or learn from the divergent ratings assigned to some proposals.
19. TUs supervise all aspects of project implementation, including legal, administrative, and financial and budgetary components, as well as the technical components. It can be expected, therefore, that some of the TUs will have to be strengthened to deal with the legal, administrative, and budgetary issues that are not part of their technical expertise.
20. Performance of the 14 TUs contracted for the review of project proposals and supervision of implementation has been uneven.
21. The decision to place full responsibility for the development of project proposals on the prospective grantees has proved to be a good one. This procedure has weeded out prospective grantees who are not willing to invest time in project formulation, or who do not have the capacity to formulate a good project.
22. The indicators used for the monitoring and evaluation of project implementation are adequate. They are not adequate, however, for determining project impact or for providing substantive feedback for overall program design. For these purposes, longer time periods and other indicators are required.
23. The requirement for technical reports by grantees every two months is excessive and creates unnecessary paperwork.

Recommendations

1. Modify the Bilateral Agreement to permit U.S. AID / Bogotá to approve projects between US\$100,000 and US\$500,000 that have been recommended by the FFEA Board, especially integrated projects that involve a number of grantees focusing their efforts to achieve greater impacts.
2. Special attention needs to be given to developing a more robust child survival and development program, bearing in mind the need to adopt an experimental approach characteristic of a learning organization.
3. Structure operations so that the FFEA becomes a learning organization, providing opportunities for increasing the capacities of Staff, Board Members, and contractors; and testing intervention strategies at pilot scale, evaluating results, and replicating proven strategies at larger scales.
4. Identify how the FFPA might improve program impact by focusing its grant making where it has competitive advantage geographically, thematically, and organizationally, especially through partnerships with experienced organizations, and by encouraging the renewal, expansion, and / or replication of successful projects.

5. Explore the diversification of program options, at pilot scale, through the creation of small grants and loan programs, support to student theses related to program priorities, and the development of larger-scale integrated projects, perhaps in alliance with other organizations, keeping in mind the need to focus interventions where the FFEA has a competitive advantage.
6. Develop a special strategy, using an experimental approach, for providing direct large-scale support to protected areas, using the funding committed by the FFEA for this purposed to attract matching funds from interested international bi- and multi-lateral programs, and international NGOs.
7. Better define, and incorporate into the project cycle as important concepts, criteria for “sustainability”, “ecosystem focus”, “impact”, and “entrepreneurial approach”. Continue to develop technical guidelines for the various themes that are targeted for grants by the FFEA.
8. Evaluate a sample of completed projects, funded by the Americas Account, to determine their impacts over time. Use the evaluation as the basis for a workshop that would seek to systematize the grant making experience of ECOFONDO and the FFEA, and determine the validity of, and improvements needed for, improving intervention strategies and program design. Give special attention to validating hypotheses relating to (1) open, nationwide, date-specific RFPs, (2) institutional capacity building, and (3) larger-scale integrated projects.
9. Suspend the use of nationwide, general, date-specific RFPs in favor of smaller, more focused RFPs, that use an experimental approach, cause fewer operational dislocations, and do not exhaust the Fund’s corpus.
10. Adjust the procedures, guidelines, and formats for grant applications, the characterization of organizations applying for grants, the evaluation of project proposals, and project supervision and evaluation in line with the experience developed during the 2002 RFP process. Among these adjustments, make optional the requirement that each project proposal include an environmental education component. Use workshops as a tool for achieving consensus on the adjustments that are needed. Make sure that the numeric project proposal rating system fully reflects the selection criteria approved by the Board
11. Improve the tutorial for grant applicants by giving better guidance on the subjects of institutional and financial sustainability, creating long-term impacts, calculating indirect costs, and achieving community input into project design without unduly raising expectations.
12. Carefully maintain the non-governmental nature of the Fund by assuring that the review of project proposals is carried out by non-governmental entities only, and the Board Committee established for this purpose
13. Undertake a workshop with the TU Directors and Board Members to review the projects that were recommended by the TUs and rejected by the Board, in order to clarify the criteria used, encourage learning, and prevent a mechanical approach to the evaluation of project proposals.

14. Develop diverse experimental approaches to determine how best to supervise and support grantees regarding legal, administrative, budgetary, and accounting issues. Mechanisms to be tried might include training courses and manuals for TU staff, centralization of grantee support in these areas in a few experienced TUs, and contracting of technical support and supervision in these areas to commercial firms.
15. Identify one or more TUs that can provide specialized technical support to grantees in achieving institutional and financial sustainability.
16. Undertake an evaluation of the TUs that have been contracted to determine specific areas that need strengthening. Design, through a participatory process, mechanisms whereby inefficient and ineffective TUs will be identified, notified, and if remedial actions are not taken, contracts will not be renewed.
17. Carry out a study, and a workshop with the TUs, to define the evaluation process and the indicators to be used in defining the long-term impacts of projects that have been completed, and how the evaluations can feed back into the program strategy. Also identify and share between grantees the lessons learned during implementation.
18. Using an experimental approach, design and adopt a process for certifying projects as having minimal negative environmental or social impacts.
19. Modify the current grantee requirement for technical reports every two months to a requirement for technical reports every 4 months.

E. THE AMERICAS ACCOUNT AND THE COLOMBIAN CONTEXT

Findings:

The Americas Account and ECOFONDO were established at about the same time in early 1993. ECOFONDO came into being through an ample consultative process in all of the major regions of the country that was promoted by the GOC and several national and international NGOs. It was seen as an institutional initiative for the strengthening of, and cooperation between, environmental NGOs in Colombia. It was also seen as a mechanism for integrating the efforts of NGOs and governmental organizations (GO).

Some 112 NGOs and 5 GOs participated in the Constituent Assembly that gave birth to the organization. By 1996, the membership of ECOFONDO had grown to some 323 NGOs and 34 GOs. The initial emphasis on the institutional strengthening of NGOs, and coordination among NGOs and GOs was complemented with a focus on the financing of plans, programs, and projects carried out by NGOs.

The USG decision to suspend new grant making through ECOFONDO in 1997 had an immediate and drastic impact on ECOFONDO itself. It also provoked serious reflection on the costs and benefits of a highly participatory NGO process for management of a Fund that could not come close to meeting the needs of the membership, let alone the needs of all environmental NGOs and CBOs in Colombia. ECOFONDO continued its

operations administering the Green Initiative of Canada, and later an environmental fund donated by the Netherlands.

When the Americas Account was reactivated in 2000, there was an understandable concern to not repeat the errors of the past. The focus on participatory management of the Fund by the NGO community, and the institutional development of NGOs and CBOs shifted towards a focus on operational efficiency, more field projects, and decentralization of technical support functions. The FFEA was established and put into operation with an eye to austerity, and accelerated grant making for field projects through a diverse group of NGOs and CBOs.

During the 10 years of the Americas Account in Colombia, the funding available from other sources for environmental management and child survival and development has decreased substantially. In recent years, the Government budget has been slashed repeatedly, while at the same time international cooperation has decreased. Funding for environmental and child support and development programs have suffered severe cutbacks. The national system of protected areas has been hit especially hard.

The more experienced NGOs are finding new sponsors at the national and local levels, and more NGOs are surviving by selling services and “green” products. In general, however, the situation for NGOs and CBOs is getting increasingly difficult at the same time that Colombia is experiencing a slowdown in the economy, as is happening in the rest of the world.

It is within this context that the Board of the FFEA has felt the need to accelerate its grant making and spread its impact throughout the country. However, it is precisely when the need is so great that great care must be taken to assure that maximum leverage and impact is achieved with the resources available. The limits of what the Fund can accomplish are increasingly obvious, however, and there are now calls for the Fund to focus its efforts, and to give more attention to the institutional and financial sustainability of grantees, without creating dependence on the Fund. So, in tandem with the rest of the institutions and agencies in Colombia, the FFEA is being asked to do more with less, to focus, and to favor process over project.

Little of the ECOFONDO experience has been passed on to the FFEA. Thus, though the Americas Account is 10 years old, the FFEA is a relatively young and inexperienced organization that is still finding its way. This is less of a problem today than in years past, because worldwide experience with environmental trust funds and foundations is now fairly rich. There are many experiences, examples, and written materials that can be used as references. The RedLAC Network provides an avenue for accessing these experiences.

Just at a time when the FFEA is accelerating its granting process, negotiations are advancing with a variety of potential governmental, NGO, and private partners who are interested in developing cooperative programs financed with matching funds. Not only does this provide an opportunity to increase the funding available for grant making, but it also provides the FFEA access to the experience and expertise of its partners, while at the same time expanding the FFEA model with its characteristic openness, transparency, and grant making based on merit.

Conclusions

1. During the life of the Americas Account, the national and international context has shifted considerably. Less funding is available for environmental management and child survival and development. Thus, the FFEA is seen as a relatively “wealthy” institution and there is pressure for it to assume an increasing role in grant making and in strengthening the organizations with which it works.
2. The steep cuts in government funding for the national system of protected areas is of special concern, for once wild lands and biodiversity are lost, they cannot be replaced. This particular situation should be taken into account in development of the program strategy.
3. While considerable experience has been gained internationally in the development of environmental funds and foundations, the FFEA is itself a new and inexperienced entity. The learning curve is still steep and much can be learned from other experiences.
4. There is pressure for the FFEA to focus its program and to assist grantees in institutional development and sustainable finance.

Recommendations

1. Develop a long-range strategic plan for the FFEA that will provide an appropriate context for making crucial decisions on program focus, and the role of the FFEA in assisting the institutional development of its grantees.
2. In developing the strategic plan, special attention needs to be paid to two themes that have not received adequate attention by the FFEA. The first is the critical situation of the national system of protected areas, and the FFEA’s potential role in attracting additional funding. The Secretariat should work closely with the government agency responsible for protected areas (*Unidad Administrativa Especial, Sistema de Parques Nacionales Naturales*), and other national and international organizations that are supporting them, to determine how the Fund could best assist. The second theme needing special attention is child survival and development. Special strategies and new partners are required to enhance the fund’s grant making in this important subject area.
3. The FFEA should make continued use of the considerable experience gained by environmental funds and foundations in Latin America and the Caribbean, and which is available through the RedLAC Network.
4. The cooperative program model currently being negotiated with a variety of potential partners is one that would appear to have great potential for expanding the operational capacity of the FFEA and the funding available to potential grantees. However, as a learning organization, it would be prudent for the FFEA to test such partnerships on a pilot scale, and carefully analyze the results, before committing major resources.

V. SUGGESTED CHANGES IN THE COLOMBIA – UNITED STATES EAI AGREEMENT

Several suggestions have been made in the evaluation regarding changes in the Colombia – United States EAI Agreement. These can be summarized as follows:

1. Amend Article V, item 4, of the Revised Bilateral Agreement to clarify the point regarding members of the Americas Council serving on the board of directors of organizations that are contracted by the FFEA. The point should be that the same individual should not serve on the Board of the FFEA and on the Board of an entity contracted by the FFEA. Thus, the National Planning Department and the Ministry of Agriculture could be represented on various Boards of Directors, but would be represented on the Board of the FFEA by an individual who does not serve on the Board of an entity contracted by the FFEA.
2. Amend Article IV, item 2, to better specify the responsibilities of the FFEA Board in terms of strategic planning, fundraising, and the evaluation of projects completed (and feedback into the intervention strategies of the Fund).
3. Amend Article III, item 2C, to increase the number of non-governmental members of the Americas Council (FFEA Board) by one to include a representative of international non-governmental environmental organizations working in Colombia with particular experience in fundraising.
4. Amend Article IV, item 3, to permit the U.S. AID Office in Colombia to approve projects between US\$100,000 and US\$500,000 that have been recommended by the FFEA Board.

Some recommendations made in this evaluation might be implemented by a simple exchange of diplomatic letters between The Parties. This might be done, for example, if the FFEA Board decides to administer the Americas Account as an Endowment Fund, to restructure the Board to work in Committees, and/or to experiment with small grant, loan, thesis support, or integrated programs. However, most of the recommendations can be implemented by decision of the Board or the Finance Committee (made up of a representative of each of The Parties, and the Executive Director).

ANNEX 1

Statement of Work, Evaluation of the EAI Fund in Colombia

These evaluations have two focus areas: 1) an institutional evaluation of the Fund of the Americas in Colombia, and 2) an evaluation of the Enterprise for the Americas (EAI) Environment Account (s) that underpin both programs in Colombia. This evaluation is meant to provide conclusions (in addition to a previous evaluation made in Jamaica by TNC) and recommendations that will be valuable to both funds but also to other existing EAI trust funds and to the designers of new TCFA trust funds now being established.

Terms of Reference

Products:

1. Conduct an institutional evaluation of the ECOFONDO of Colombia and the Fund of Americas, and an evaluation of the Enterprise for the Americas Environment (EAI) Account for Colombia. (first draft December 2002)
2. Interview a broad cross section of relevant stakeholders and interest groups involved with administration of the program and a representative sample of grantees, beneficiaries and applicants for EAI funding. (November 2002)
3. Conduct site visits to examine how selected projects are in operation, with respect to ECOFONDO's administrative efficiency, structure and performance (November 2002).
4. Analyze all the data and draft report. Include conclusions and recommendations due no later than (January 2003).

ANNEX 2

List of Persons Interviewed and Contacted

FFEA Board Members

| | |
|------------------------------|-----------------------------------|
| Carlos Manuel Herrera Santos | Chairman of the Board |
| Carlos Costa Posada | Board Member (GOC Representative) |
| Ramona El Hamzaoui | Board Member (USG Representative) |
| Luís Alfonso Sierra | Board Member |
| José A. Lozano | Board Member |

ECOFONDO Board Members

| | |
|------------------------------|--------------|
| Juan Camilo Mira | Board Member |
| Cristo H. Miranda | Board Member |
| Pilar Trujillo Uribe | Board Member |
| Javier R. Marquez Valderrala | Board Member |

FFEA Staff and Contracted Personnel

| | |
|---------------------------|------------------------|
| Nicolás García Piedrahita | Executive Director |
| Paula Carrizosa Bermúdez | Assistant |
| Sergio Lleras | Financial Advisor |
| Hernando Rodriguez | Accountant |
| Gustavo Wilches | Independent Consultant |

ECOFONDO Staff (past and present)

| | |
|---------------------------|--|
| Rafael Colmenares Faccini | Executive Director |
| Julio César Uribe H. | Coordinator, Technical Unit |
| Diana Patricia Gutierrez | Coordinator, Administrative and Financial Unit |
| Adriana C. Palacios A. | Assistant |
| María Teresa Amaya | Past Coordinator, Administrative and Financial Unit (Currently, Director of Puracé National Park) |

Government Officials

| | |
|--------------------|--|
| Jhon Bejarano | National Planning Department, Colombia |
| Alejandro de Lima | Executive Director, CVC |
| Carlos A. Hoyos G. | Coordinator, FVAA |
| Joaquin Romero | Wildlife Group, CVC |
| Alberto Balcazar | Specialist, CVC |
| Dario a Perea R. | Technician, CVC |
| Gabriel Escobar | Environmental Officer, U.S. AID |

Technical Units

| | |
|----------------------------------|---|
| Elsa Matilde Escobar Angel | Executive Director, Fundación Natura Colombia |
| Alvaro Quintana Bernal | Projects Coordinator, Universidad Nacional |
| Luís Roberto Martínez | Project Director, Universidad Nacional |
| Pedro H. Moreno Padilla | Environment Director, Fundación FES |
| Enrique Murgueitio R. | Executive Director, CIPAV |
| María Josefina Abásolo de Romero | Executive Director, FEDECARIBE |
| Eduardo Uribe | Universidad de los Andes |

Grantees

| | |
|-------------------------------|---|
| Rosalía de Reyes | President, Fundación Vital |
| Anibal Castillo | Project Director, Fundación Vital |
| Rodrigo Mejía | Video Assistant, Fundación Vital |
| Marta Lucía Tenorio | Social Worker, Fundación Vital |
| Gustavo Alberto Lenios | Manager, Corpoersalles |
| Saida Girado | Project Director, Corpoersalles |
| Oscar Saenz | Technician, Corpoersalles |
| Leonardo E. Navarro J. | Project Coordinator, Corporación Suna Hisca |
| Rusvelt José Meza Carvapilino | Agro-ecological Extension Agent, Corp. Suna Hisca |
| Oscar Jimenez Ramirez | Sustainable Livestock Husbandry Agent, Corp. Suna Hisca |
| Patricia Andrade Román | Director, Río Panace Ecoparque |
| María Clara Dominguez V. | Executive Director, Zoologico de Cali |
| Germán Corredor L. | Biologist, Zoologico de Cali |
| Luís Miguel Constantino | Researcher, Zoologico de Cali |
| Leonor Velazques | Special Projects, Zoologico de Cali |
| María Fernanda Olaya M. | Executive Director, Fundación Ríos Tuluá y Morales |
| Carmen Lucía Godoy | Auditor for Fundación Ríos Tuluá y Morales |
| Johnny Carvajal Borja | Coordinator, Fundación Ríos Tuluá y Morales |
| Henry José Sánchez | Field Coordinator, Fundación Ríos Tuluá y Morales |
| Eduardo Rodriguez B. | Group Coordinator, Fundación Ríos Tuluá y Morales |
| Juan Carlos Herrera | President, Corporación Horizontes |
| Carolina Castelblanco Castro | Director, Corporación Horizontes |
| Sonia Ayala | Director, ASOVIDA |
| Guillermo E. Rolong C. | Executive Director FUNDAPROCOL |
| Guillermo Cortina | FUNDAPROCOL |
| Raúl Perreira | FUNDAPROCOL |
| Jorge Mejía | FUNDAPROCOL |
| Luís Alfredo Crespo | FUNDAPROCOL |
| Robert Gutierrez | CORPONAR |
| Bernando Asentra | Asociación Pro-Flora y Fauna, Sabanagrande |
| Yazmin Garcia | Asociación Pro-Flora y Fauna, Sabanagrande |
| Jairo Cesar Fuquene Ramos | Fundación Servir |
| Marcelino Camargo | ACODAL |
| Adriano Fernández | ACODAL |
| Myriam Cardona | ACODAL |
| Nelcy M. Ortíz | ACODAL |
| Jorge Caro | ACODAL |
| Camilo Sánchez | ESDU Duitama, Boyacá |

Adolfo Paez Dominguez
Constanza del Portillo
César Romero
Alejandro Rodriguez Rojas
Blanca Elizabeth Garzón
Nestor Herrera
Carmen Ruth Aldaña
Sandra Pava

Colegio Verde
Defensa de la Niños Internacional, Colombia
Researcher, CINEP
Corporación Plantta - FUNDESAGRO
Corporación Plantta - FUNDESAGRO
Fiducolombia
Fiducoldex
Lloyds Trust

ANNEX 3

Project Sites Visited

1. Fundación Vital (resettlement project for an environmental high risk zone)
2. Corporación para la Recreación Popular (environmental education project)
3. Suna Hisca (agro-ecology project)
4. Corpoversalles (agro-ecology project)
5. Zoológico de Cali (environmental education project)
6. Grupo de Teatro Esquina Latina (environmental education)
7. Fundación Ríos Tuluá y Morales (watershed project)
8. Corponar, Corporación Pro Vida (solid waste disposal)
9. Asovida (solid waste project)
10. Fundación Servivr (watershed project)
11. ACODAL (solid waste project)
12. Corporación Plantta – FUNDESAGRO (organic flower cultivation)

Project Offices Visited

1. Corporación Horizontes (solid waste disposal project)
2. Fundaprocol (basic sanitation project)
3. Asociación Profauna y Flora (watershed project)
4. Colegio Verde de Villa Leiva (environmental education project)
5. CINEP (urban environment project)

ANNEX 4 – SCHEDULE OF DEPOSITS BY THE GOC TO THE AMERICAS ACCOUNT

| Date | US\$ | In Thousands of Pesos | Thousands of Pesos Adjusted to 2002 |
|--------------------|-----------|-----------------------|-------------------------------------|
| 30 June, 1993 1] | 3,652,967 | 3,451,540 | 11,567,381 |
| 30 September, 1993 | 2,012,413 | 1,098,327 | 3,680,898 |
| 30 December, 1993 | 1,791,485 | 1,452,251 | 4,867,027 |
| 1993 | | | 20,115,306 |
| 30 March, 1994 | 1,771,798 | 1,454,771 | 3,904,953 |
| 30 June, 1994 | 1,811,172 | 1,485,270 | 3,986,820 |
| 30 September, 1994 | 1,811,172 | 1,523,990 | 4,090,754 |
| 30 December, 1994 | 1,592,431 | 1,324,153 | 3,554,343 |
| 1994 | | | 15,536,870 |
| 30 March, 1995 | 1,574,798 | 1,379,854 | 3,116,391 |
| 30 June, 1995 | 1,609,930 | 1,410,099 | 3,184,699 |
| 30 September, 1995 | 1,609,930 | 1,579,326 | 3,566,897 |
| 30 December, 1995 | 1,393,259 | 1,379,466 | 3,115,515 |
| 1995 | | | 12,983,502 |
| 30 March, 1996 | 1,377,949 | 1,445,771 | 2,793,965 |
| 30 June, 1996 | 1,408,570 | 1,510,508 | 2,919,070 |
| 30 September, 1996 | 1,408,570 | 1,443,868 | 2,790,287 |
| 30 December, 1996 | 1,194,222 | 1,200,671 | 2,320,307 |
| 1996 | | | 10,823,629 |
| 30 March, 1997 | 1,181,099 | 1,252,744 | 2,072,014 |
| 30 June, 1997 | 1,207,346 | 1,316,708 | 2,177,809 |
| 30 September, 1997 | 1,207,346 | 1,504,678 | 2,488,708 |
| 30 December, 1997 | 995,185 | 1,280,724 | 2,118,292 |
| 1997 | | | 8,856,823 |
| 30 March, 1998 | 984,249 | 1,340,045 | 1,931,123 |
| 30 June, 1998 | 1,006,121 | 1,371,383 | 1,976,284 |
| 30 September, 1998 | 1,006,121 | 1,565,675 | 2,256,276 |
| 30 December, 1998 | 796,148 | 1,167,981 | 1,683,163 |
| 1998 | | | 7,847,836 |
| 30 March, 1999 | 787,399 | 1,204,398 | 1,541,110 |
| 30 June, 1999 | 804,897 | 1,394,162 | 1,783,927 |
| 30 September, 1999 | 804,897 | 1,623,695 | 2,077,630 |
| 30 December, 1999 | 597,111 | 1,119,332 | 1,432,262 |
| 1999 | | | 6,834,929 |
| 30 March, 2000 | 590,549 | 1,164,217 | 1,335,215 |
| 30 June, 2000 | 603,673 | 1,291,323 | 1,480,990 |
| 30 September, 2000 | 603,673 | 1,335,288 | 1,531,413 |
| 30 December, 2000 | 398,074 | 881,873 | 1,011,401 |
| 2000 | | | 5,359,019 |
| 30 March, 2001 | 393,700 | 909,380 | 959,065 |
| 30 June, 2001 | 402,448 | 927,775 | 978,465 |
| 30 September, 2001 | 402,448 | 937,201 | 988,406 |
| 30 December, 2001 | 199,037 | 457,222 | 482,203 |
| 2001 | | | |
| 30 March, 2002 | 196,850 | 445,151 | 445,151 |
| 30 June, 2002 | 201,224 | 482,700 | 482,700 |
| 30 September, 2002 | ?? | 499,000 | 499,000 |
| | | | |
| | | | |
| TOTAL | | 48,612,522 | 93,190,914 |

Source: FFEA. The figures for Colombian Pesos, adjusted to 2002, were calculated by the Consultants based on adjustment rates provided by the Directorate for Environmental Policy of the National Planning Department.

ANNEX 5

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CVC. *Plan de Acción Trienal, 2001 – 2003*. 2001.

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Evaluar Consultores. *Evaluación de Desempeño de ECOFONDO como Entidad de Apoyo Técnica del FPAA*. March, 2002.

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Fondo para el Medio Ambiente Mundial. *Experiencia de los Fondos Fiduciarios para la Conservación. Informe de Evaluación Resumido #1-99*. January, 1999.

Fondo para la Acción Ambiental. *Informe de Gestión*, August 2000 – November, 2001.

Fondo para la Acción Ambiental. *Informe de Gestión*. June, 2002.

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Quintero Uribe, Victor Nael. *Evaluación de Proyectos Sociales – Construcción de Indicadores*. FES. June, 2000.

The Nature Conservancy. *Evaluation of the Environmental Foundation of Jamaica*. December 2001.

UICN. *Informe sobre le Primer Foro Mundial sobre Fondos para el Medio Ambiente*. Santa Cruz, Bolivia, 30 de mayo – 2 de junio de 1994.

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Universidad Nacional de Colombia. *Estudio sobre Consitución y Gestión de Organizaciones Beneficiarias de Recursos de FPAA. Taller de Inducción*. October, 2002.

ANNEX 6

Checklist for Interviews

1. Las Partes
 - 1.1 Implementación de las metas y objetivos del Acuerdo Bilateral de la Iniciativa de la Américas (EIA)
 - 1.2 Apoyo recibido por la Secretaría Ejecutiva del FPAA (SE) de los Gobiernos de los Estados Unidos y Colombia (las Partes).
 - 1.3 Efectividad de las comunicaciones de los representantes de las Partes a sus gobiernos respectivos para mantener y mejorar el apoyo al Fondo.
 - 1.4 Utilización del poder de veto.

2. Consejo del Fondo
 - 2.1 Fidelidad de los Miembros del Consejo a las metas y objetivos del Acuerdo Bilateral Inicial, el Acuerdo Bilateral Actualizado, y el Plan de Reactivación del Fondo.
 - 2.2 Apoyo del Consejo a las operaciones de la SE.
 - 2.3 Efectividad del Consejo en:
 - 2.3.1 asegurar la amplia difusión de las convocatorias;
 - 2.3.2 revisar las propuestas sometidas para financiamiento;
 - 2.3.3 verificar el anuncio público de las propuestas aprobadas;
 - 2.3.4 certificar las evaluaciones técnicas y financieras de las propuestas aprobadas;
 - 2.3.5 determinar la necesidad de evaluaciones independientes o auditorias de proyectos individuales; y,
 - 2.3.6 presentar anualmente (a) una propuesta de programa anual a las Partes, (b) un informe sobre los proyectos financiados durante el año fiscal anterior, y (c) una auditoria independiente del año fiscal anterior.
 - 2.4 Supervisión de las actividades de la SE para monitorear el desempeño de los proyectos financiados.
 - 2.5 Prioridad para ONGs que involucran comunidades en la planificación e implementación de los proyectos.
 - 2.6 Representación de los intereses de los grupos mayores por parte de los Miembros del Consejo que son de ONGs.
 - 2.7 Comunicación de información relevante por parte de los Miembros del Consejo que son de ONGs a las instituciones no-gubernamentales ambientales.
 - 2.8 Colaboración entre ONGs y el Gobierno a raíz de la composición del Consejo y sus actividades.

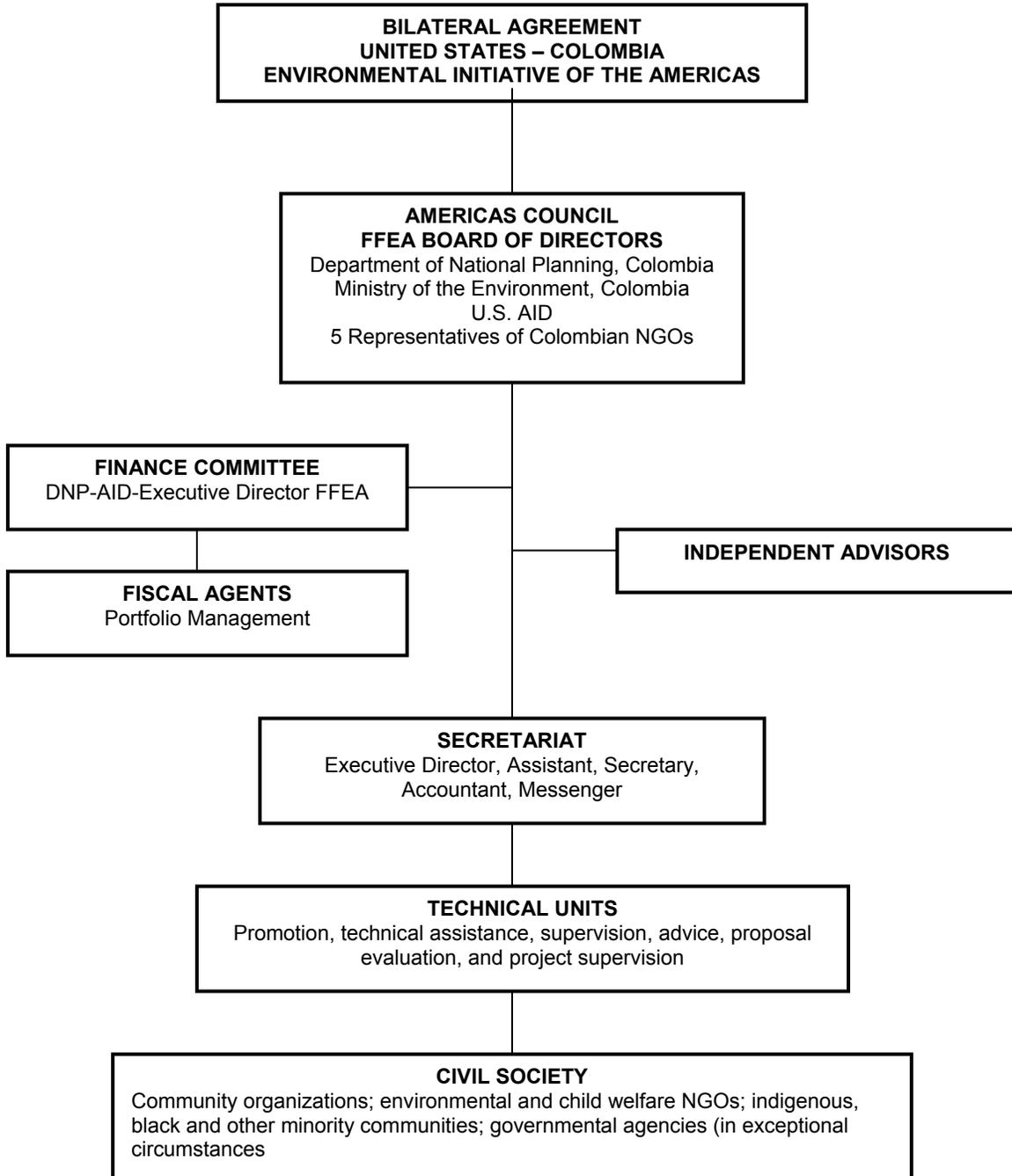
3. Secretaría Ejecutiva
 - 3.1 Procedimientos para asegurar operaciones efectivas y a tiempo de la Cuenta, incluyendo la selección, evaluación y aprobación de proyectos; el desembolso de fondos; y el seguimiento, monitoreo, evaluación, y terminación de proyectos.

- 3.2 Reportes técnicos y financieros sobre los proyectos.
 - 3.3 Mecanismos para informes y aprobaciones entre los beneficiarios, las Unidades Técnicas, la SE, y el Consejo.
 - 3.4 Comunicaciones entre los beneficiarios, las Unidades Técnicas, la SE, el Consejo, y AID.
 - 3.5 Procedimientos para la revisión inicial de las aplicaciones.
 - 3.6 Cantidad de propuestas recibidas y financiadas.
 - 3.7 Representatividad de los proyectos en cuanto a las preocupaciones de la comunidad ambiental.
 - 3.8 Opinión de los miembros del Consejo, las Unidades Técnicas, y los beneficiarios sobre las operaciones de la SE.
 - 3.9 Máximo número de proyectos que la SE podría manejar dado el porcentaje previsto en el Acuerdo para gastos administrativos.
 - 3.10 Efectividad de la SE en:
 - 3.10.1 manejo y desembolso de la cuenta de operaciones del Acuerdo
 - 3.10.2 monitoreo del manejo de la Cuenta de Inversiones
 - 3.10.3 preparación del portafolio de proyectos para la revisión del Consejo
 - 3.10.4 monitoreo del desempeño de los proyectos, y reportes al Consejo
 - 3.10.5 evaluación interna del programa y la situación financiera
 - 3.10.6 organización y apoyo administrativo para las reuniones del Consejo
 - 3.10.7 preparación del presupuesto anual para los gastos administrativos
 - 3.10.8 selección y operación de las Unidades Técnicas
 - 3.11 Vigencia y disponibilidad para el público de los estatutos, políticas, procedimientos, minutas de reuniones, informes, y criterios para las decisiones del Consejo.
 - 3.12 Idoneidad de los Agentes de Inversión para la Cuenta.
 - 3.13 Base de datos para el sector ambiental.
4. Unidades Técnicas
- 4.1 Unicidad de criterios para la evaluación de propuestas.
 - 4.2 Consideración apropiada de los impactos sobre los beneficiarios y costo / beneficio en la evaluación de propuestas.
 - 4.3 Capacidad técnica para evaluar propuestas y seguir los proyectos financiados.
 - 4.4 Cumplimiento de los plazos establecidos para la evaluación de propuestas, y informes técnicos y financieros sobre los proyectos.
 - 4.5 Criterios y procedimientos para asegurar un efectivo y parejo seguimiento a los proyectos.
 - 4.6 Relaciones y comunicaciones con los beneficiarios y la SE.
 - 4.7 Opiniones de los beneficiarios y la SE acerca del desempeño de las Unidades Técnicas.
 - 4.8 Máximo número de proyectos cada Unidad Técnica podría manejar con el presupuesto asignado para gastos administrativos.
5. Los Beneficiarios
- 5.1 Proceso de la convocatoria, selección, seguimiento, y evaluación del Proyecto.

- 5.2 Desempeño de la Unidad Técnica.
- 5.3 Cumplimiento de los objetivos de los proyectos; fortalezas y debilidades; como abordar las deficiencias?
- 5.4 Disponibilidad de información y metodologías para medir el impacto del Proyecto.
- 5.5 Evidencia de la contribución de los beneficiarios a "preservar, proteger o manejar los recursos naturales y biológicos de Colombia de manera que es ambientalmente favorable y sostenible"; y de la participación pública en el manejo ambiental.
- 5.6 Beneficios del proyecto para las comunidades involucradas.
- 5.7 Conflictos creados por el Proyecto.
- 5.8 Sostenibilidad de las actividades financiadas.
- 5.9 Incorporación del componente genero en el proyecto.
- 5.10 Reconocimiento adecuado del donante.
- 5.11 Medidas para mejorar el desempeño del proyecto.

ANNEX 7

Fund for Environmental Action Organizational Structure



ANNEX 8

General Information on the Fund for Environmental Action

Goal:

The goal of the Fund is to administer the Americas Account, under the direction of the Board of Directors, to co-finance with grant funds projects designed to preserve, protect, or manage the natural resources of Colombia, in a sustainable and ecologically viable manner, and at the same time, promote child survival and development.

Mission:

Contribute to the solution of environmental and child welfare problems in Colombia through direct support to community organizations and NGOs, strengthening their organizational capacity to build common knowledge and commitment to sustainable development.

Vision:

Be recognized nationally and internationally for competence in supporting Colombian community organizations that responsibly assume their obligations related to the environment and child welfare.

Policies

- The FFEA develops its social objective through support to community organizations directly or through environmental or child welfare NGOs. In exceptional cases, support could also be channeled through governmental entities.
- All projects supported by the FFEA should incorporate components aimed at institutional development of the grantee organization, and improved management capacity for the target community.
- Active participation of civil society is a requirement, preferably from the beginning of project design through to project implementation, in order to assure its sustainability.
- The FFEA intends to invest its resources equally in all regions, thematic areas, and by type of proponent, implementing the priorities established by the Board.
- The eligibility of projects depends on their pertinence and quality. Priority will be given to projects that incorporate education and applied research, and those that replicate proven approaches.

Fundamental criteria for assigning resources:

The Americas Council has defined the following for project selection:

1. Projects that generate significant impact, preferably those that can be quantified through the use of verifiable indicators.
2. Projects by intervention mode according to the following order of priorities:
 - Intervention in the physical environment
 - Applied research
 - Planning and social development

The establishment of priorities does not mean exclusion of alternative modes of intervention. It is also possible to combine various intervention modes in a single project. These initial priorities will be reviewed periodically by the Americas Council to assure that they respond to the country's needs.

3. Projects that seek to provide institutional strengthening for environmental and child welfare NGOs, and by extension, the environmental movement, promoting innovation and professionalism in their work.
4. Projects that generate a new relationship between people and their environment, working with children through environmental education, appropriate use of spaces that lend themselves to recreational use, strategies for recreation in contact with nature, and the building of values through experience.
5. Projects that include children as participants, rather than as target populations.
6. Consolidation of projects and processes already initiated.
7. Projects that integrate resources through proposals that bring together several organizations.
8. Projects that are co-financed by other sources of funding for environmental action.
9. Projects located in priority corridors.
10. Projects will be sought that can guarantee the continuity of their activities after project completion.
11. Strengthening of relationships between civil society and government entities in regional planning through municipal development plans.
12. Incorporation of the environmental dimension into regional planning through municipal development plans.
13. Prevention and resolution of environmental conflicts.
14. Evaluation and mitigation of environmental impacts that go beyond legal requirements.
15. Environmental education.

16. The financial comments made by the fund are grants.

Thematic Areas Eligible for Grants:

1. Sustainable Management of Wild lands and Biodiversity

- Strengthening the capacity for *in-situ* and *ex-situ* management of flora and fauna; and conservation and restoration of protected areas, private lands, and ecosystems, including the creation of biological corridors and management of buffer zones.
- Protection, management, and restoration of watersheds and water sources.
- Provide incentives for the sustainable use of biodiversity and natural resources, for the implementation of sustainable productive activities.
- Support for the sustainable production, commercialization and promotion of goods and services targeting green markets, including the carrying out of pilot projects in organized communities, the promotion of green businesses, and support for certification systems.
- Increase in the area of the country dedicated to the protection and/or management for ecosystem conservation and sustainable use of biodiversity.

2. Environmental Management of Agro-ecosystems

- Support to the sustainable production, commercialization and promotion of goods and services oriented to green markets, including the promotion of pilot projects in organized communities, and the promotion of businesses.
- Provide incentives for initiatives seeking to enhance the management and use of water with special emphasis on production in agro-ecosystems.
- Recuperation of soils and bodies of water through the implementation of agro forestry schemes and protection of water sources in order to promote natural regeneration.
- Conversion of productive activities to support the conservation of germplasm, and productive processes and systems.

3. Urban Environmental Management

- Development and implementation of integrated solid waste management plans, which cover the various stages of recycling such as: separation at the source, collection, selection, transformation and commercialization.
- Recuperation, construction, utilization, and improvement of environmental quality, and the appropriation and collective management of public spaces.
- Support to the sustainable production, commercialization and marketing of goods and services aimed at green markets, including the development of pilot projects, the promotion of environmental businesses, and support for environmental certification processes.
- Formulation and implementation of plans for the recuperation and management of strategic ecosystems such as watersheds, wetlands, hills and public spaces, situated in urban zones or in the zones of influence.

4. Themes Related to Child Welfare and the Environment

Support will be given to the four fundamental approaches outlined in the International Convention on Children's Rights; that is protection, participation, prevention and development. General themes to be supported include projects that are recreational and affective, cognitive projects, and projects relating to health and nutrition.

Specific themes include:

- Education related to the recognition, dissemination, promotion and protection of natural resource and the environment. Improve the cognitive development of children, the abilities for higher thought, the development of values, appreciation for democratic values, solidarity and respect.
- Increase and enhance the sociological development of children to establish affective relationships through interaction with the environment; the need for a stable and consistent environment and the need for the exploration and play.
- Develop in schools the capacity for local research. Stimulate the development of science and technology for the protection and rational use of natural resources.
- Contribute to the educational community in the design, formulation and implementation of Environmental Learning Projects as a component of Institutional Learning Projects.
- Make possible the participation of children in the enhancement and transformation of their environments.
- Promote the establishment and development of Children's environmental groups, finding places for discussion and action built around environmental themes.
- Provide education to pregnant women on the importance of a healthy prenatal and postnatal environment for their babies, and on the need for the physical development of children. Give attention to the prevention of diarrhea, respiratory infections, preventable diseases and accidents.
- Inculcate environmental responsibility through the arts, recreation, and other didactic instruments that reinforce environmental learning activities.

ANNEX 9

Technical Units Contracted by the FFEA

| Name | Description | Technical Specialty |
|--|---|--|
| ALMAMATER | NGO that brings together universities in the Coffee Region | Conservation Agro-ecosystems Environmental Management Urban |
| CNET | NGO specializing in urban environments and business promotion. | Agro-ecosystems Environmental Mgt. Urban |
| CIPAV | NGO specializing in agro-ecosystems and biodiversity. | Conservation Agro-ecosystems |
| CODESARROLLO | NGO specializing in sustainable development. | Conservation Agro-ecosystems Environmental Mgt. Urban |
| CORPORACION DESARROLLO Y PAZ DEL MAGDALENA MEDIO | NGO that promotes and implements sustainable social projects. | Conservation Agro-ecosystems Environmental Mgt. Urban |
| ECOFONDO | Umbrella NGO that has a membership of over 100 environmental NGOs throughout the country. | Conservation Agro-ecosystems Environmental Mgt. Urban |
| FEDECARIBE | NGO Federation of the Colombian Caribbean Region which supports business development. | Conservation Agro-ecosystems |
| FUNDACIÓN FES | NGO specializing in project formulation, implementation and monitoring. | Conservation Agro-ecosystems Environmental Mgt. Urban |
| FUNDACIÓN NATURA | NGO specializing in biodiversity and productive environmental projects. | Conservation Agro-ecosystems |
| UNIVERSIDAD DE LOS ANDES | Highly regarded Private University | Conservation Agro-ecosystems Environmental Mgt. Urban |
| UNIVERSIDAD DEL NORTE | Highly regarded private University of the Colombian Caribbean Region. | Conservation Agro-ecosystems Environmental Mgt. Urban |
| | | |

| | | |
|----------------------------------|--|--|
| UNIVERSIDAD NACIONAL DE COLOMBIA | Most important public University of the country. | Conservation Agro-ecosystems Environmental Mgt. Urban |
| COLCIENCIAS | National science and technology authority. | Conservation Agro-ecosystems Environmental Mgt. Urban |
| INSTITUTO HUMBOLDT-BIOCOMERCIO | National authority on green markets. | Conservation Agro-ecosystems Environmental Mgt. Urban |



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