

**Critical Ecosystem Partnership Fund
31st Meeting of the CEPF Donor Council
Brussels, Belgium
27 June 2017
2:00 p.m. – 6:00 p.m. CEST**

Updates to the CEPF Operational Manual

Recommended Action Item:

The Donor Council is asked to review and approve changes to the CEPF Operational Manual made since the last update in March 2013.

Background

The Operational Manual sets out the operating policies and procedures of CEPF agreed by the donor partners, in line with the CEPF Strategic Framework (2008-2012). The Operational Manual contains the operating policies and procedures that apply to all new investment regions beginning in fiscal year 2008. It includes *inter alia* grant application templates, information related to safeguard policies, the decision-making process, the grant agreement template, reporting forms, and provisions to avoid conflict of interest. The manual may only be amended with approval by the CEPF Donor Council.

The original version of the Operational Manual was approved by the Donor Council on 18 September 2007, following an electronic, no-objection process. Subsequent updates to the manual were approved by the Donor Council in February 2009, January 2011, August 2012 and, most recently, March 2013. Since the latest update in March 2013, a number of revisions to CEPF's policies and procedures have been formally approved by the Donor Council (or Working Group, acting on behalf of the Donor Council). In addition, a number of changes to the financial and grant management systems and policies of CEPF and CI have made references in the operational manual obsolete. In order to reflect these approved revisions and other changes, the CEPF Secretariat has updated the Operational Manual.

The CEPF Secretariat anticipates presenting a further set of changes to the Donor Council later in 2017. These will include the revised governance arrangements for CEPF and the updated CEPF monitoring framework, both of which will be discussed at 31st meeting of the Donor Council (CEPF/DC31/7 and CEPF/DC31/5).

The following table summarizes the changes that have been made to Operational Manual since March 2013. The rationale for each change is given, together with the date(s) of the relevant Donor Council meetings (where applicable), and the page reference(s) in the draft manual, which has been circulated as part of the Donor Council materials (CEPF/DC31/6b).

The June 2017 draft operational manual is accessible [here](#).

Table 1. Summary of changes made to the CEPF Operational Manual since the last update

#	Section	Change(s)	Rationale	Page(s)
1.	CEPF Program			
1.1.	Program Overview	Hotspot map and legend updated.	The North American Coastal Plain was recognized as the 36 th hotspot in 2015.	4-6
2.	Financial Management			
2.1.	Overview of Financial Management	<p>Description of financial systems updated to reflect introduction of: (i) Unit4 Business World as CI's accounting and human resources software; and (ii) Conservation Grants as CEPF's grants management system.</p> <p>Statement that "Currently, the audit is conducted by Price Waterhouse Coopers, LLD (PWC), which also coordinates sample CI field office audits with its local affiliates" deleted.</p> <p>Description of internal audit arrangements at CI updated to remove name of consulting company.</p> <p>Description of bank account updated to state that: "Funds from the segregated bank account may be invested subject to Donor Council approval".</p> <p>Threshold amount for small grants is now described as follows: "RITs directly award small grants up to a threshold amount (between \$20,000 and \$50,000) that is set for each hotspot based on a joint decision of the RIT and CEPF Secretariat."</p>	<p>CI replaced its accounting and human resources software for its headquarters and field offices in 2014. CEPF replaced its grants management system in 2017.</p> <p>CI's external audit is conducted by independent auditors; the specific company changes over time following a competitive selection process.</p> <p>CI no longer outsources its internal audit function but implements this function internally, and reports to the CI Board of Trustees.</p> <p>The Donor Council approved the investment of funds advanced to CEPF at its 25th meeting on 24 June 2014.</p> <p>The Donor Council approved increasing the threshold for small grants at its 27th meeting on 24 June 2015.</p>	<p>8</p> <p>9</p> <p>9</p> <p>9</p> <p>10</p>
2.1.1.	External Audit Terms of Reference	Background section updated to mention region-specific investments, in addition to contributions from global donors.	In May 2013, the Margaret A. Cargill Foundation became the first regional donor to CEPF, thereby creating a new category of donor.	11

2.2.	Conflict of Interest and CEPF Funding	<p>Description of conflict of interest updated to cite provisions of CI's Conflict of Interest policy relevant to CI employees, and to state that "Proposed mitigation measures for any conflict of interest that pertains to CEPF's Executive Director will be submitted to the Working Group for consideration, and decision-making for the conflicted transaction will be elevated outside of the Executive Director's chain of command".</p> <p>Description of decision-making for project applications updated to clarify that "The threshold amount for small grants may be increased, up to \$50,000, based on a joint decision of the RIT and the CEPF Secretariat."</p> <p>Description of decision-making for project applications updated to clarify that "CI is not eligible to receive small grants from an RIT nor sub-grants under large grants awarded by CEPF to other organizations; CI is eligible to receive grants (small and large) awarded directly by CEPF."</p>	<p>The Working Group requested this change in October 2015, to deal with potential conflicts of interest involving any CEPF staff, including the Executive Director.</p> <p>The Donor Council approved increasing the threshold for small grants at its 27th meeting on 24 June 2015.</p> <p>This update reflects established accounting practices at CI. Grant funds cannot be awarded to a third party and then re-granted back to CI.</p>	<p>14-15</p> <p>16</p> <p>16</p>
2.3.	CEPF Procurement	New section added to clarify that "CEPF complies with CI's procurement policy and any additional donor requirements as agreed to."	This section describes the established operating procedure of CEPF regarding procurement.	18
2.4.	CEPF Ethics	New section added to clarify that "CEPF complies with Conservation International's Ethics Policy", which is presented in full.	This section clarifies the code of ethics that CEPF Secretariat, RITs and grantees are expected to comply with.	19-20

3.	Project Cycle Management (PCM)			
3.1.	Project Cycle Management for CEPF	<p>Description of automated system for grant making deleted.</p> <p>Reference to public disclosure of project designs and reports removed.</p> <p>Minor changes made to language related to logical/result frameworks.</p> <p>Description of long-term visions added.</p>	<p>CEPF replaced its grants management system in 2017.</p> <p>CEPF's current practice is to disclose final completion reports and safeguard instruments but not to routinely disclose all grantee reports and applications.</p> <p>Expected results of CEPF investment are defined at grant, portfolio and global levels. Language in this section did not consistently follow terms currently used elsewhere in the manual.</p> <p>The Donor Council approved the framework for long-term visions at its 25th meeting on 24 June 2014.</p>	<p>22</p> <p>22</p> <p>23-24</p> <p>24</p>
3.2.	CEPF Process for Design	<p>Description of contents of grant applications and submission process updated to reflect introduction of Conservation Grants as CEPF's grants management system.</p> <p>Description of threshold amount for small grants changed.</p>	<p>CEPF replaced its grants management system in 2017.</p> <p>The Donor Council approved increasing the threshold for small grants at its 27th meeting on 24 June 2015.</p>	<p>25-26</p> <p>25</p>
3.3.	Consultation and Participation	<p>Reference to CEPF Best Practice on Stakeholder Engagement (OM 3.7) added.</p> <p>Reference to public disclosure of project designs removed.</p>	<p>CEPF introduced this best practice in May 2015, to comply with the CI-GEF Project Agency's Environmental and Social Management Framework, which is applicable to all CI-GEF funded projects.</p> <p>CEPF's current practice is to disclose final completion reports and safeguard instruments but not to routinely disclose all applications.</p>	<p>27</p> <p>28</p>

3.4.	Process of Monitoring and Evaluation	Reference to public disclosure of project designs and reports removed.	CEPF's current practice is to disclose final completion reports and safeguard instruments but not to routinely disclose all grantee reports and applications.	30
		References to the Civil Society Tracking Tool (CSTT), Gender Mainstreaming Tracking Tool (GTT), and Management Effectiveness Tracking Tool (METT) added.	The METT was adopted by CEPF in Phase I, the CSTT in 2008 and the GTT in 2016. The M&E process was updated to reflect established use of these tools.	31
3.5.	CEPF Monitoring Framework	Not changed.	The CEPF monitoring framework has been updated, with the involvement of the Working Group, and will be discussed at 31st meeting of the Donor Council.	33
3.6.	Safeguard Policies	Not changed.	No updates needed.	
3.6.1.	General Implementation Arrangements	Not changed.	No updates needed.	
3.6.2.	Environmental Management Framework	Not changed.	No updates needed.	
3.6.3.	Pest Management Plan	Links to two websites updated.	The URLs of two websites referenced in the document (IUCN Invasive Species Specialist Group, and Global Invasive Species Information Network List of Invasive Alien Species Online Information Systems) have changed.	61
3.6.4.	Indigenous Peoples Planning Framework	Not changed.	No updates needed.	
3.6.5.	Process Framework for Involuntary Restrictions	Not changed.	No updates needed.	
3.7.	CEPF Best Practice on Stakeholder Engagement	CEPF Best Practice on Stakeholder Engagement added.	CEPF introduced this best practice in May 2015, in compliance with the CI-GEF Project Agency's Environmental and Social Management Framework, which is applicable to all CI-GEF funded projects.	83-87
3.8.	CEPF Gender Policy	CEPF Gender Policy added.	CEPF introduced this policy in June 2015, in compliance with the CI-GEF Project Agency's Environmental and Social Management Framework, which is applicable to all CI-GEF funded projects.	88-89

3.9.	Long-term Strategic Visions for Transitioning Civil Society from CEPF Support in the Biodiversity Hotspots	Framework for long-term visions added.	The Donor Council approved the framework for long-term visions at its 25 th meeting on 24 June 2014.	90-103
4.	Procedures for Grant Management			
4.1.	Ecosystem Profiles	Information requirements for ecosystem profile updated to reflect terms of reference currently in use for ecosystem profiling teams.	The terms of reference for ecosystem profiling teams have evolved over Phase II, to provide more detailed guidance, based on lessons from previous exercises.	108-114
4.1.1.	Engaging the Private Sector	Reference to Verde Ventures deleted. More recent examples of private sector engagement added.	CI no longer houses the Verde Ventures fund.	115-117
4.2.	Summary of Core Roles and Responsibilities [Deleted]	Deleted.	The division of roles and responsibilities among CEPF Secretariat and RIT staff has evolved over Phase II, as efficiencies have been identified based on experience. Variation among hotspots made this table outdated.	118
4.3.	Regional Implementation Team Terms of Reference and Selection Process	Terms of reference (ToR) and selection process for Regional Implementation Team (RIT) updated.	The Donor Council approved revisions to the RIT ToR and selection process at its 25 th meeting on 24 June 2014. In 2015, an additional component was added to the RIT ToR (“lead the process to develop, over a three-month period, a long-term strategic vision for CEPF investment”), based on experience from pilot long-term vision exercises.	119-126
4.4.	Grant-Making Process	References to Anti-Terrorism Screening Form added.	CI introduced the Anti-Terrorism Screening Form in 2011, in compliance with US law.	127
4.4.1.	CEPF Letter of Inquiry	Offline Letter of Inquiry template replaced with online version from Conservation Grants.	CEPF replaced its grants management system in 2017.	128-136
4.4.2.	Project Proposal Application	Online proposal template from GrantWriter replaced with online version from Conservation Grants.	CEPF replaced its grants management system in 2017.	137-145

4.4.3.	Grant Decision-making Process	Upper threshold for grants is now described as: “CEPF will not award grants for \$2 million and above, without special approval from the Donor Council”.	An increase in the upper threshold for grants from \$1 million to \$2 million was approved by the Donor Council on 25 November 2014, following an electronic, no-objection process.	146
		Threshold amount for small grants increased.	The Donor Council approved increasing the threshold for small grants at its 27 th meeting on 24 June 2015.	147
		Step-by-step summary of large grant decision-making process updated to reflect current practice.	The large grant decision-making process has evolved over the last five years, drawing on lessons learned, to ensure clear division of roles and responsibilities among CEPF Secretariat and RIT staff.	148-149
		Criteria for grants by invitation and multi-hotspot grants added.	The Working Group approved criteria for grants by invitation and multi-hotspot grants at its 49 th meeting on 6 January 2016, following a request by the Donor Council at its 27 th meeting on 24 June 2015.	149-151
4.4.4.	Financial Questionnaire for CEPF Grant Recipients	Financial questionnaire updated.	CI updated its financial questionnaire for external grants in November 2016, to enhance upfront financial risk assessment.	152-165
4.4.5.	Security Screening Request Form for External Grants	Security Screening Request Form added.	CI introduced the Security Screening Request Form in 2011, in compliance with US law.	166-167
4.4.6.	Guidelines for Completing Risk Assessments	Threshold amount for small grants increased.	The Donor Council approved increasing the threshold for small grants at its 27 th meeting on 24 June 2015.	168
		References to programmatic risk assessment removed.	CI ceased conducting programmatic risk assessments of external grants during Phase I of CEPF, concentrating instead on financial risk assessments.	168

4.4.7.	Grant Agreement Template	Regional donors added (as appropriate for the individual agreement being issued).	Funds from two regional donors (the Helmsley Charitable Trust and the Margaret A. Cargill Foundation) are currently available for grant making in selected hotspots. These donors are mentioned in the grant agreement for transparency and to flow down donor-specific terms.	178, 182
		Description of payment hold-back updated to remove the need for an amendment if CI opts to hold back less than 10% of the award amount until final reports are submitted.	Change made to increase efficiency, by reducing the number of amendments processed each year.	179
		Indemnification clause expanded to cover CI staff and donors.	CI revised its external grant agreement template to include this clause.	186
		CEPF Credit and Logo Usage Policy updated to add Bahasa, Chinese and Russian translations of CEPF's name, and indicate that electronic copies of articles, reports, media interviews, or other publications are acceptable.	Additional standard translations of CEPF's name were included for widely-spoken languages. CEPF wanted to avoid receiving hard copy publications as a matter of course, to reduce the environmental footprint of printing and shipping.	200-201
		CI's Code of Ethics added.	CI revised its external grant agreement template to include its Code of Ethics.	202-203
		Project audit ToR enhanced to include an additional accounting method and to specify that project audits should be submitted in English.	The CEPF Secretariat does not have the language capacity to review project audits in languages other than English.	204-205
4.4.8.	Internal (CI) Grant Agreement	Substantive changes made in recent years include: (i) regional donors added (as appropriate for the individual agreement being issued); and (ii) CEPF Credit and Logo Usage Policy updated.	The format and content of the internal grant agreement template have been changed to align with the external grant agreement template.	206-226

4.5.	Grant Management Process	Description of grant management process updated to reflect introduction of: (i) Unit4 Business World as CI's accounting and human resources software; and (ii) Conservation Grants as CEPF's grants management system.	CI replaced its accounting and human resources software for its headquarters and field offices in 2014. CEPF replaced its grants management system in 2017.	227-229
		References to the Civil Society Tracking Tool (CSTT), Gender Mainstreaming Tracking Tool (GTT), and Management Effectiveness Tracking Tool (METT) added.	The METT was adopted by CEPF in Phase I, the CSTT in 2008 and the GTT in 2016.	227-228
4.5.1.	External Grant Payment Request Process	Deleted.	CI no longer uses an actual form for payments, making this section obsolete. The payment request process is described in Section 4.5.	N/A
4.5.1.	Project Progress Report	Online project progress report template from GrantWriter replaced with online version from Conservation Grants.	CEPF replaced its grants management system in 2017.	233
4.5.2.	Quarterly Financial Report	Online quarterly financial report template from GrantWriter replaced with online version from Conservation Grants.	CEPF replaced its grants management system in 2017.	234
4.5.3.	Final Project Completion Reports	Not changed.	The final project completion report template will be updated to reflect the updated CEPF monitoring framework, which will be discussed at 31st meeting of the Donor Council. This report will replace the online template from GrantWriter.	235-237
4.5.4.	Gender Mainstreaming Tracking Tool	Gender Mainstreaming Tracking Tool (GTT) added.	The GTT was adopted by CEPF in 2016.	238-242
4.5.5.	Civil Society Tracking Tool	Civil Society Tracking Tool (CSTT) added.	The CSTT was adopted by CEPF in 2008.	243-268
4.5.6.	Protected Area Management Effectiveness Tracking Tool	Protected area Management Effectiveness Tracking Tool (METT) added.	The METT was adopted by CEPF during Phase I.	269-304

5.	Donor Council, Working Group and Focal Country Endorsements			
5.1.	CEPF Donor Council Terms of Reference	Not changed.	Changes to the Donor Council ToR were approved at the 28 th meeting of the Donor Council on 20 January 2016 but will be revisited at the 31 st meeting of the Donor Council.	306
5.2.	CEPF Working Group Terms of Reference	Not changed.	Changes to the Working Group ToR were approved at the 28 th meeting of the Donor Council on 20 January 2016 but will be revisited at the 31 st meeting of the Donor Council.	307-308
5.3.	Focal Country Endorsements	Process for focal country endorsement changed to include provision for sixty day absence-of-objection review.	Changes to the process for securing GEF Operational Focal Point endorsement of ecosystem profiles were approved at the 20 th meeting of the Donor Council on 6 February 2012.	309-310
6.	World Bank Reporting Procedures			
6.1.	Interim Un-audited Financial Report	Not changed.	No updates needed.	
6.2.	CEPF Quarterly Report	Not changed.	No updates needed.	
	Annexes			
Annex 1	CEPF Strategic Framework, FY 2008-2011	Not changed.	No updates needed.	
Annex 2	CEPF Strategic Framework, Phase III	Strategic Framework for CEPF Phase III added.	The strategic framework for the third phase of CEPF was approved by the Donor Council at its 24 th meeting on 28 January 2014.	345-367