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**Administration and Funding Guidelines
North American Fund for Environmental Cooperation (NAFEC)
of the Commission for Environmental Cooperation (CEC)**

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NORTH AMERICAN FUND FOR ENVIRONMENTAL COOPERATION (NAFEC)

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NORTH AMERICAN FUND FOR ENVIRONMENTAL COOPERATION (NAFEC)

CEC mission:

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

1. What is the NAFEC?

The CEC created the North American Fund for Environmental Cooperation (NAFEC) in 1995¹ as a means to fund community-based projects in Canada, Mexico and the United States that promote the goals and objectives of the CEC.

NAFEC seeks to support activities that are:

- Community-based;
- Small and project-based; and
- Cooperative partnerships.

Also projects that:

- Enhance the objectives of the CEC as presented in its Program Plan and Budget;
- Leverage additional support from other sources; and
- Strengthen and build the capacities of local peoples and institutions.

2. What projects can be funded?

The projects that can be funded are:

- 2.1** Those that meet the objectives of the North American Agreement on Environmental Cooperation (NAAEC), as outlined in Article 1 of the Agreement and as specified in section 6.1 (a), “What criteria will be used to assess proposals?”
- 2.2** Those that relate to the current CEC Program Plan and Budget and specifically to categories defined in the NAFEC Call for Proposals. These categories will be determined annually. Proposed categories will be presented to the Council for its approval as part of the CEC Program Plan and Budget development and approval process.

¹ Council Resolution 95-09 created the North American Environment Fund (NAEF) for the year 1996, but during Council Session 96-5, Council Representatives changed the name of the NAEF to the North American Fund for Environmental Cooperation (NAFEC).

3. What will not be funded?

NAFEC will not support:

- 3.1 Activities that should be conducted by governments as required by law.
- 3.2 Overhead expenses (such as maintenance, light, heat) and administrative expenses (such as telephone, fax, photocopy) in excess of 15 percent of the total grant.
- 3.3 Regular activities of the organization such as annual meetings.

4. Who can apply?

Applicants must reside in one of the three member countries.

4.1 Nongovernmental organizations

- a) Nongovernmental organizations (NGO) with not-for-profit status will be eligible for grants. "Nongovernmental organization" means any scientific, professional, business, non-profit, or public interest organization or association which is neither affiliated with, nor under the direction of, a government.
- b) Proposals from qualified non-governmental organizations, involving cooperation with otherwise unqualified organizations, could be considered for funding on a case-by-case basis.

Because NAFEC's resources are extremely limited, grants should be awarded in priority to those organizations with little financial support.

Parties to NAAEC are required to meet environmental obligations set forth therein on their own, thus NAFEC funds should not be used to assist Parties in complying with NAAEC requirements.

4.2 Community-based organizations

The Council Resolution 95-09, which established NAFEC, recognizes the importance of supporting programs that have "local" significance and impact and directed that funds be used to "directly engage the energy and imagination of the people of North America in achieving the goals of the NAAEC." With this guidance, NAFEC's resources will only go to support efforts at the grassroots level. The objective of empowering and building the capacity of local peoples and institutions will be used as a guiding principle in screening proposals.

5. How will NAFEC be administered?

The CEC Secretariat will administer NAFEC with an amount to be determined annually (as part of the CEC Program Plan and Budget), which will be allocated each year for grants.

The following factors are involved in the administration of NAFEC:

5.1 Grant Distribution Process

- a) Grants will be equitably distributed among the three countries.
- b) The grant ceiling will be C\$60,000.
- c) Grants will be paid out in installments to ensure that funded projects proceed in a realistic time frame (which will not generally exceed two years). Payments will be delayed or withheld if the conditions of the grant are not met. Grantees are required to submit to the NAFEC progress reports and financial statements that demonstrate how the funding is being used to generate environmental results. These reports should be submitted according to the Payment and Reporting Schedule (approximately every six months), which is part of the NAFEC Funding Agreement. Progress reports and financial statements will be made available to the Parties for information purposes upon request.
- d) Requests for multi-year grants will be accepted, but will be dependent on the availability of funds and will be subject to review after each year.
- e) Applicants may submit more than one application per year for different projects, but only one project per applicant is eligible for support per year.

5.2 NAFEC Management and Staff Structure

NAFEC management will consist of a Selection Committee, staff from the CEC Secretariat and, if needed, technical advisors.

The role of the Selection Committee is to approve or decline grant applications.

The Selection Committee will consist of six members, with two representatives from each country, to be appointed as follows:

- a) One representative from each country will be selected by the CEC Joint Public Advisory Committee (JPAC) from among its members, and one representative will be selected by each Party, from among their respective National Advisory Committee (NAC) or Governmental Advisory Committee (GAC).
- b) If it is not possible for one or more Parties to have representation from JPAC and/or the NAC or GAC, those Parties will appoint Selection Committee members from amongst their respective citizens.

All Selection Committee members will be appointed for two granting cycles.

To ensure the integrity and non-political character of NAFEC, Selection Committee members will be required to sign a declaration that they cannot represent the interests of any specific

group. Selection Committee members must disclose all potential conflicts of interests and recuse themselves from the selection process in cases where a conflict exists.

The CEC Secretariat will fill NAFEC staff positions. NAFEC staff serve on the Selection Committee in an ex-officio capacity.

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

The Selection Committee will report to the Council once a year. This report will be submitted following approval of grants and will include comments on the NAFEC process and recommendations for improvement.

The CEC Secretariat will provide the Council with a report of NAFEC activities in the context of the CEC Annual Report. This report will include a description of grants made during the year, as well as goals and results from previous grants and their contribution to meeting overall objectives outlined in the CEC Program Plan and Budget.

5.3 Request for Proposals and Review Process

- a) NAFEC staff will release a Request for Proposals (RFP) that outlines eligible projects and applicants, provides information on how to apply, a decision timetable and an outline for a proposal. This will be sent to the Parties; the CEC; JPAC; stakeholders; and will be made publicly available.
- b) NAFEC staff will screen proposals and prepare a recommendation for the Selection Committee's final decision. For each proposal, NAFEC staff will present its recommendation on whether to approve or decline a proposal. This proposal review process will be accomplished via e-mail, fax or in person.

NAFEC staff will enlist the assistance of CEC Secretariat staff, government agencies and outside advisors as required to evaluate the technical and legal issues and/or relevance to CEC program areas arising from proposals or to clarify questions or concerns raised by Selection Committee members.

Proposals will be rated on how well they relate to the CEC's objectives and the criteria (as specified in Section 6, "What criteria will be used to assess proposals?") to ensure a balanced and fair review process across the three countries.

- c) The Selection Committee will review the NAFEC staff's screening reports, and will approve/decline grant applications.

On completion of this stage, the grants will be publicly announced. Such announcements will include: the name of the organization and its location, the name of the project, the amount of the grant and the executive summary of the project. Information on how to

contact the organization will be made public with the permission of the project holder. Full details of specific projects will be provided to Parties upon request.

5.4 Application Process and Deadlines

There will be one grant cycle per year, allowing sufficient time for review and follow-up and evaluation. In general, a Call for Proposals will be released early in the year. The deadline for proposal submission will be set approximately three months after the release of the Call for Proposals. Grants will be announced within three months of the submission deadline.

5.5 Evaluation of NAFEC

A performance evaluation of NAFEC will be conducted at appropriate intervals as determined by the Council.

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

5.6 Official Languages

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

5.7 Revision of the NAFEC Administration and Funding Guidelines

Any modification brought to the present Guidelines must be approved by the Council prior to its taking effect.

6. What criteria will be used to assess proposals?

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

6.1 NAAEC Objectives

- a) The substance of a proposal should be consistent with the spirit and the objectives of Article 1 of the NAAEC, which includes:
 - foster the protection and improvement of the environment in the territories of the Parties for the well-being of present and future generations;
 - promote sustainable development based on cooperation and mutually supportive environmental and economic policies;
 - increase cooperation between the Parties to better conserve, protect, and enhance the environment including wild flora and fauna;
 - support the environmental goals and objectives of the NAFTA;

- avoid creating trade distortions or new trade barriers;
 - strengthen cooperation on the development and improvement of environmental laws, regulations, procedures, policies and practices;
 - enhance compliance with, and enforcement of, environmental laws and regulations;
 - promote transparency and public participation in the development of environmental laws, regulations and policies;
 - promote economically efficient and effective environmental measures; and
 - promote pollution prevention policies and practices.
- b) The substance of a proposal should be consistent with the current CEC Program Plan and specifically with the categories defined in the current NAFEC Call for Proposals.

6.2 Administration

Proposals should demonstrate that:

- a) Short- and long-term deliverables are clear and achievable;
- b) Administrative costs and overhead are not excessive and are justified; and
- c) The grantee has the institutional and organizational structure necessary to ensure the project's success.

6.3 Community Support

- a) The community concerned actively participates in the design and implementation of the project;
- b) The project will strengthen and build capacity of local peoples and institutions; and
- c) Evidence of collaboration and coordination with other organizations and efforts is provided. The applicant will be asked to identify the groups who are working in concert with the applicant.

6.4 Dissemination

- a) Applicant has a clear plan for sharing the results of their work, as well as the process used to achieve the results, with other NGOs and the public.

6.5 Financial

- a) Future funding needs are well-defined and considered; and
- b) Applications for which NAFEC funding is leveraged by cash or in-kind support from other sources are encouraged.

6.6 Evaluation

- a) The applicant has well developed plans for evaluating both impact and process and reporting on environmental results derived from the project; and
- b) Resources for conducting the evaluation are included in the project budget.

6.7 Organizational Credibility/Stability

- a) The applicant shows a clear leadership/management structure; and
- b) The applicant demonstrates ability to manage resources.