

# **National Trust EcoFund**

*Project Title:*

**SUPPORT TO THE NATIONAL TRUST ECOFUND (NTEF)  
TO IMPLEMENT THE PROTECTED AREAS FUND (PAF)**

## **FINAL REPORT**

*January, 2007*

The project

**Support to the National Trust Ecofund (NTEF)  
to Implement the Protected Areas Fund (PAF)**

is funded by the

**United States Agency for International Development**

and is implemented by

**The National Trust EcoFund**

USAID Activity number: **183-LSGA-NTEF-2005-01**

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## **1. Acronyms and Abbreviations**

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NGOs	Non-governmental organizations
NTEF	National Trust EcoFund
PAF	Protected Areas Fund
UNDP	United Nations Development Program
UNEP	United Nations Environmental Program
USAID	United States Agency for International Development

## **2. Preface**

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This Final Report is in accordance with Article 5.0 of Annex 2 to the Limited Scope Grant Agreement between USAID and NTEF. It is based on the work plan confirmed at the start of the grant period. The preparation of the Report has been delayed from the initial Action Plan to correspond to the approved by the USAID no-cost extension of the Small Grant Agreement from June 30, 2006 until December 30, 2006.

### **3. Implemented Activities**

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This Final Report presents summarized information regarding the implemented activities by the Consultants. All the details are available in the Consultants' Final Reports, attached to the present Report (*Appendix 1*).

#### **Activity Area 1:**

#### ***DEVELOPMENT OF NTEF AND PAF FINANCIAL MANAGEMENT SYSTEM***

The Consultant studied the key statutory and regulatory documents governing the activities of the NTEF and PAF. The Consultant performed a detailed review of the established internal control and reporting procedures and the existing accounting system operating within the NTEF. The conclusions of the Consultant are based on the results from the research in the following areas:

- institutional structure and resource availability;
- project management cycle and funding control;
- accounting system and existing chart of accounts.

The Consultant reviewed the current institutional structure of the NTEF and the functions of each of the bodies in terms of application of the NTEF Procedural Rules and involvement of the institutional bodies at each stage of the processes. In order to better understand the internal processes and controls the Consultant interviewed the NTEF Executive Bureau experts about their functions and responsibilities regarding projects selection, approval, execution, investment monitoring and financing control. The purpose of this study was to identify whether weaknesses in internal controls or errors could occur at the following levels:

- input;
- processes;
- output.

The Consultant reviewed in details the current NTEF chart of accounts in order to confirm whether:

- the accounting policy is consistent, reliable, prudent and understandable;
- the separate grants received are accounted for in separate sub-accounts;
- the third party costs are allocated by project;
- the allocation of profitable and non-profitable activity of NTEF is appropriately treated and recorded in the accounts.

Based on the studied information the Consultant described in details the operating financial management system, accounting and reporting procedures of the NTEF.

*The Final Report of the Consultant on Activity Area 1 is attached to the present Report (Appendix 1.1.).*

## Activity Area 2:

### **ENHANCING PUBLIC AWARENESS OF THE PAF AND BUILDING NTEF'S COMMUNICATION AND FUNDRAISING CAPACITY**

The main objective of the Consultants' assignment on Activity Area 2 was to formulate communications and fundraising guidelines for the NTEF. These guidelines are formulated as a *Communication and Fundraising Strategy*.

The Strategy development process involved identification of information sources and studies and meetings leading to the development of the outline, main approaches and key principles of the Strategy. On the next stage more detailed and comprehensive information was collected and analyzed and based on the results the strategic paper was drafted.

The groups of activities conducted within the Consultants' assignment include:

#### Documentation research

- Review and analysis of all documents and materials of the NTEF related to public relations, information dissemination, as well as strategic and legal aspects.
- Review of information materials and websites of more than twenty funds, international organizations and programs similar to the ones implemented by PAF, in Central & Eastern Europe and the rest of the world.
- Review of sample projects and requirements of financial institutions aimed to development of a project proposal on behalf of the Protected Areas Fund. The main idea was to make initial steps for funding from the Global Environmental Facility through one of the three main agencies – The World Bank, UNDP or UNEP.
- Review and analysis of information about the funding opportunities and priorities of both institutional and corporate sponsors (presented in details in *Appendixes 2-7* to the Consultants' Final Report – *Appendix 1.2.*)

#### Conducted meetings

Conducted two “rounds” of meetings, both on experts and executive level, including Ministry of Environment and Waters, Ministry of agriculture and Forests, the EC Delegation in Bulgaria, UNDP, the President's office, and several potential partners which are respected business associations and the International women club as well as several interested corporate sponsors.

#### Development of the models for fundraising

Certain steps, actions and methodologies for fundraising for the potential types of donors are developed and presented in details in the Communication and Fundraising Strategy.

#### Celebration of the 10<sup>th</sup> anniversary of the NTEF with official inauguration of NTEF-financed new infrastructure in a protected area

The tenth anniversary of the National Trust EcoFund was marked in October, 2005 with formal inauguration of new ecotourism infrastructure in “Rila” National Park. The celebration of the anniversary, as well as publications and the press release associated with the event were developed with support from the Consultant.

#### Development of methodology for corporate fundraising events and design and development of one fundraising event

One fundraising event was organized and was used to test the developed methodology for fundraising events. All materials developed for this event are included as *Appendix 8* to the Consultants' Final Report (*Appendix 1.2.*).

*Development of the concept and the content for the entire set of communications materials and updated PAF and NTEF websites*

The concept for the full set of communication and fundraising tools was developed, the Terms of Reference for the contractor were prepared, the descriptions and the texts for the materials were written and translated into English language and their production was supervised by the Consultants.

*Participation in workshops and consultative meetings*

The Consultants participated actively in all workshops of the whole Consultants team working on the project implementation called and organized by the NTEF.

*Work with the NTEF Executive Bureau staff for capacity building*

Learning by doing was the approach used to meet the capacity building tasks of the consultant. The staff was directly involved in the development of the printed materials and the development and design of the new website, as well as in the preparation and conducting of the fundraising event.

*The Final Report of the Consultants on Activity Area 2 is attached to the present Report (Appendix 1.2.).*

**Activity Area 3:**

***DEVELOPING THE PAF GRANTS MANAGEMENT CAPACITY AND PREPARATION FOR THE FIRST PROJECTS***

For the purposes of implementation of the tasks under Activity Area 3 the Consultants carried out a desk research and comprehensively studied and analyzed the NTEF and PAF background documents and the related regulations, including:

- the current Bulgarian legislation and planning documents that outline the planning, development, administration and funding of the national network of areas placed under protection;
- the leading biodiversity conventions signed and ratified by Bulgaria related to biodiversity issues;
- the two leading EU Directives for biodiversity protection.

Based on the context analysis, the consultants:

- drafted a detailed proposal for the PAF priority areas for projects financing;
- consulted the proposed priority areas with the main groups of stakeholders, including the central administrations, responsible for the management of the biodiversity conservation activities and protected areas operation, the regional agencies responsible for implementation of the nature protection legislation, scientific and academic institutions, NGOs and the business involved with nature resource use;
- provided a draft of conditions and criteria for financing of projects by the PAF;
- implementing the task to develop guidelines to monitor baseline information and project indicators of impact for protected areas receiving PAF funding the Consultants reviewed

examples from different national and international funding agencies and institutions, especially the ones working specifically for nature conservation and biodiversity protection objectives;

- elaborated detailed guidelines for preparation of project proposals;
- developed Matrix for Project Evaluation;
- investigated and assessed the interest, willingness and capacity of counterparts-potential grantees, to prepare high quality projects in PAF priority areas;
- outlined the initial portfolio of protected areas projects for PAF financing;
- tested the newly developed PAF guidelines to monitor baseline information and project indicators by assessing three specific projects submitted to the NTEF;
- took part in four workshops organized within the framework of the project.

*The Final Report of the Consultants on Activity Area 3 is attached to the present Report (Appendix 1.3.).*

#### **Activity Area 4:**

#### ***ALIGNING NTEF'S GOVERNANCE GUIDELINES WITH DONOR REQUIREMENTS***

##### **Review and assessment of the current NTEF internal legal framework**

In the initial phase of the project the Consultant carried out a comprehensive review of the NTEF legal framework in two stages.

In the first stage the consultant made a detailed research of the primary and secondary legislation acts related to the structure and the activities of the NTEF. The main purpose was to identify the limits of the projected legal modifications to the internal NTEF regulations and to specify the areas, where further legislative development may be requested from the public authorities.

Once the governing legislative basis has been determined, the Consultant performed a review of the NTEF's internal regulation acts, namely the Statutes and the Procedural Rules, assessing them from the standpoint of PAF's integration. In the course of this second stage, the Consultant also examined the requirements of the existing and potential donors and studied the relevant international practices.

##### **Identifying areas for modification of the internal regulations**

The review of the current legal framework was aimed at identification of update/modification areas, falling within three categories:

- changes resulting directly from adoption of the new Ordinance on the Structure and the Activities of the NTEF;
- changes needed for the successful integration of the PAF within the NTEF's structure; and
- other changes aimed at improving the general organization and operations of NTEF.

##### **Proposal for legal and administrative modifications in the NTEF internal regulations**

Based on the analyses performed in the initial phases of the project the Consultant prepared a principal proposal for amendments of the existing internal regulations of the NTEF, including the Statutes and the Procedural Rules for Projects Evaluation.

##### **Redrafting the existing NTEF Statutes and Procedural Rules**

The Consultant redrafted the existing internal regulations of the NTEF in order to allow for the integration of PAF and to conform them to the donors' requirements.

### Developing of PAF Operations Manual

As part of the integration of the PAF within the NTEF the Consultant developed a separate Operations Manual containing the specifics of PAF as compared to the general legal framework of the NTEF.

At the beginning of the project the consultant has studied two possible options for structuring of the PAF Operations Manual:

1. incorporation of the manual within the existing NTEF's internal regulation; or
2. developing it as a separate act.

After careful examination of the advantages and disadvantages of the two approaches and discussions with the NTEF's representatives and other experts, involved in the project, it has been decided that the second option should be preferred. Creating of a new special regulation will result in the following advantages, among others:

- it will not directly interfere with logic and functionality of the existing internal legal framework, which is considered to be very successful;
- it will create a good model for creation of other possible specialized funds within the NTEF. If the operational manual is incorporated directly in the existing NTEF it could prevent or impede the incorporation of new potential specialized funds within NTEF (other than PAF);
- creation of a separate Operations Manual for each specialized fund within NTEF will allow for a better reflection of the requirements of the respective donors (for instance the donors of funds for air pollution reduction may require a totally different set of activities eligible for financing in comparison with the donors aimed at the biodiversity protection);
- it will make PAF more identifiable for the potential donors.

Based on the above considerations, the Consultant has drafted a separate Operations Manual for PAF (attached as Appendix to the consultant's Final Report – *Appendix 1.4.* to the present Report). The Operations Manual is considered an integral part of the Statutes on the Organization and Functioning of the NTEF and will take precedence over the Procedural Rules for Evaluation of Projects in case conflicting provisions.

### Preparing of recommendation to the NTEF MB for revised Statutes and Procedural Rules

The newly drafted/redrafted NTEF internal regulations have been integrated in a proposal to the MB for its review and approval.

*The Final Report of the Consultant on Activity Area 4 is attached to the present Report (Appendix 1.4.).*

## **NTEF ACTIVITIES RELATED TO PROJECT ADMINISTRATION**

The main project administration activities of the NTEF included:

- Organization of workshops with participation of the Consultants team and the NTEF experts in accordance with the project implementation schedule.
- Payments to Consultants - in accordance with their contracts, upon submission of their reports.

## **4. Results / Deliverables**

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### **Activity Area 1:**

#### ***DEVELOPMENT OF NTEF AND PAF FINANCIAL MANAGEMENT SYSTEM***

- Reviewed and analyzed existing NTEF system of sub-accounts and internal financial control in terms of international donor requirements;
- Recommended by the consultant sample model of financial management, accounting and reporting procedures for similar trust institutions, meeting international donor standards;
- Developed PAF sub-accounts system (well elaborated, clear, transparent);
- Updated NTEF financial management, accounting, control and reporting system (with the incorporated in it PAF sub-accounts system), which: meets international donor standards, is clear and transparent; is easy to communicate to interested parties and demonstrate PAF reliability;
- Developed capacity of NTEF financial staff for the application and maintenance of the financial management, accounting, control and reporting system (including through the development of guidelines/instructions for operations and on-the-job training);
- Tested and incorporated new NTEF/PAF financial management and reporting system in the overall legal framework of the NTEF;
- Motivated by the consultant recommendations to the NTEF governing bodies for amendments in the NTEF internal and external legal framework.

The details are available in the Consultant's Final Report (*Appendix 1.1.*)

### **Activity Area 2:**

#### ***ENHANCING PUBLIC AWARENESS OF THE PAF AND BUILDING NTEF'S COMMUNICATION AND FUNDRAISING CAPACITY***

- Developed detailed communication and fundraising strategy for the PAF;
- Completed investigation/study of the interest and willingness of different groups/types of potential donors to provide funding for the PAF;
- Completed investigation of successful examples. Recommendations how to use achieved successes, how to involve supporters, how to make others speak about PAF, what are the different approaches to different targets and levels of communication;
- Portfolios of different prospective donors (including governmental donors from EU countries);
- Recommendations and models for fundraising – steps, actions, methodologies for each different target group;
- Target groups of the PA campaigns;
- Description of the steps for the identification of funding sources – methodologies;
- Models of communication to Foundations;
- Models of communication with corporate sponsors - all aspects. Packages for corporate sponsors;
- Model for corporate sponsored initiative aimed at fundraising – full set of materials – agenda, messages, scenarios, participants, packages;
- Developed capacity of NTEF to ensure sustainable communication and fundraising performance of the PAF (including through the development of guidelines/instructions for operations and on-the-job training);

- The PAF communications and fundraising mechanisms are tested and incorporated in the overall legal framework of the NTEF;
- Recommendations to the NTEF governing bodies for amendments in the NTEF internal and external legal framework for successful fundraising. Recommendations regarding international agreements related to PAF funds/status. Recommendation regarding communication to the Government.

The details are available in the Consultants' Final Report (*Appendix 1.2.*)

**Activity Area 3:**

***DEVELOPING THE PAF GRANTS MANAGEMENT CAPACITY AND PREPARATION FOR THE FIRST PROJECTS***

- Developed detailed set of biodiversity priorities, criteria and conditions for financing of projects by the PAF (including the elaboration of a scoring model for projects' assessment and ranking);
- Elaborated requirements for the project proposals that apply for financing;
- A list of potential counterparts-grantees including analysis of the interest, willingness and capacity of each potential grantee to prepare high-quality projects in PAF priority areas (the list shall also identify risks and uncertainties, if any, and include recommendations for specific measures to overcome bottlenecks);
- Developed initial draft portfolio of protected areas projects for PAF financing;
- Developed guidelines to monitor baseline information and project indicators of impact for protected areas receiving PAF funding.
- Developed capacity of NTEF technical staff for the grants management of biodiversity projects (including through the development of guidelines/instructions for operations and on-the-job training);
- The PAF grants management procedures are tested and incorporated in the overall legal framework of the NTEF;
- Motivated by the consultant recommendations to the NTEF governing bodies for amendments in the NTEF internal and external legal framework.

The details are available in the Consultants' Final Report (*Appendix 1.3.*)

**Activity Area 4:**

***ALIGNING NTEF'S GOVERNANCE GUIDELINES WITH DONOR REQUIREMENTS***

- Current NTEF internal legal framework is reviewed and assessed (including NTEF Statutes, Procedural Rules and other internal documents, with regard to the successful incorporation of PAF);
- Sectors, in which updates and changes are needed to make PAF operational are identified and analyzed.
- Proposed by the consultant legal and administrative modifications in NTEF internal regulations;
- Developed internal operational scheme/structure of PAF and PAF Operations Manual;
- Redrafted existing NTEF Statutes and Procedural Rules in order to incorporate the PAF Operations Manual and the requirement of NTEF new Ordinance.
- Prepared recommendation to the NTEF Board of Directors for revised Statutes and Procedural Rules.

The details as well as the redrafted Statutes on the Organization and Functioning of the NTEF and Procedural Rules for Evaluation of Projects and the drafted PAF Operations Manual are presented in the Consultant's Final Report (*Appendix 1.4.*)

## **5. Appendices**

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