

**Critical Ecosystem Partnership Fund**  
No Objection Approval Pursuant to Section 4.1 of the Operational Manual

25 January 2023

**Revised Spending Authority for the Mediterranean Basin Hotspot**

**1. Recommended Action Item**

The Donor Council is asked **to approve on a no-objection basis** an increase in the spending authority for the Mediterranean Basin hotspot of \$295,952 to include additional funding made available by Fondation Audemars-Watkins and Fondation Prince Albert II de Monaco on behalf of the Donors' Initiative for Mediterranean Freshwater Ecosystems (DIMFE).

The total spending authority for the Mediterranean Basin hotspot will become \$14,080,000.

The deadline for no-objection approval is 8 February 2023.

**2. Background**

On 7 May 2017, the Donor Council approved, by no-objection (CEPF/DC/electronic/45), the ecosystem profile for the Mediterranean Basin Biodiversity Hotspot, with a spending authority of \$10 million.

On 24 July 2019, Fondation MAVA provided a grant to CEPF in support of the small grant mechanism in the Balkans sub-region, within the framework of the CEPF investment strategy for the Mediterranean Basin Hotspot. An increase to the spending authority for the hotspot of \$578,000 was subsequently approved by the Donor Council on 31 October 2019, by no-objection (CEPF/DC/electronic/63). Consequently, the spending authority was raised to \$10,578,000.

On 29 October 2020, Fondation MAVA provided a second grant to CEPF in support of the program in the Mediterranean Basin Hotspot, to support sub-grants to civil society organizations and expand the capabilities of the Regional Implementation Team (RIT). An increase to the spending authority for the hotspot of \$1,985,000 was subsequently approved by the Donor Council on 22 December 2020, by no-objection (CEPF/DC/electronic/69). The spending authority for the hotspot was then raised to \$12,563,000.

On 30 September 2022, the Donor Council approved by no-objection (CEPF/DC/electronic/81) an increase in the spending authority to \$13,784,048, to incorporate funds pledged by the MAVA Foundation (€500,000, equivalent to \$498,435) and the Sigrid Rausing Trust (£283,630, equivalent to \$322,613), plus deobligated funds from the CEPF portfolio in the East Melanesian Islands Hotspot (\$400,000).

CEPF is currently developing a 10-year Green Climate Fund (GCF) program in the Mediterranean Basin Hotspot, through AFD as the Accredited Entity. In the interim period until the start of this program (expected to be in 2024), CEPF wishes to maintain its engagement in the hotspot, to continue supporting partners in the region, particularly smaller and lower capacity civil society organizations, for which lack of funding could lead to a cessation of activities or loss of momentum with conservation efforts. Civil society in the Mediterranean Basin is already facing a difficult situation with the closure of the MAVA Foundation, which used to be the largest source of funding for biodiversity conservation in the CEPF-eligible countries of the hotspot. This underlines the importance of continued CEPF support during the interim period before the anticipated start of the GCF program.

In this context, CEPF has pursued efforts to reach-out to potential donors, and two additional pledges have been made to CEPF.

- The first one, from the Swiss-based Fondation Audemars-Watkins, is for a total of CHF 400,000, including CHF 320,000 (equivalent to \$348,565) for grant-making, for a period of two years.
- The second one, from the Donors' Initiative for Mediterranean Freshwater Ecosystems (DIMFE), is for an amount of €250,000 (equivalent to \$270,000), wholly for grant making, with a potential for annual replenishment. DIMFE is represented by Fondation Prince Albert II de Monaco, managing this initiative also supported by the MAVA Foundation and the Aage V. Jensen Charity Foundation.

Meanwhile, the funds pledged by the Sigrid Rausing Trust, although quite advanced, did not materialize. The expected amount of £283,630 should now be withdrawn from the spending authority.

Current spending authority:	\$ 13,784,048
Withdrawn pledge Sigrid Rausing Trust:	\$ -322,613
Pledge DIMFE:	\$ 270,000
Pledge Fondation Audemars-Watkins:	\$ <u>348,565</u>
TOTAL	\$ 14,080,000

The net result of these changes is an increase in the spending authority by \$295,952 to a new total of \$14,080,000. With this increase in funding, the current investment phase in the Mediterranean Basin Hotspot will be extended until 31 December 2024.

### **3. Next steps**

CEPF is actively seeking additional sources of funding to complement those already identified for the bridging phase and to provide additional financing for the GCF program under preparation.