

## **Critical Ecosystem Partnership Fund**

Third Meeting of the Donor Council  
World Bank Headquarters, Washington, DC  
12 June 2002

### **Present and Future Priorities**

#### **Recommended Action Item:**

The Donor Council is asked to **review** the proposed present and future scenarios for CEPF funding and then **agree** on proposed regional priorities for the 4<sup>th</sup> cycle of CEPF preparation work (July 2002 – June 2003). Based on consultations with the CEPF Working Group, the Executive Director is recommending that the Donor Council adopt priority scenario 3.

#### **Background:**

During the 2<sup>nd</sup> Donor Council meeting in December 2002, the Council Members reviewed and approved the 2<sup>nd</sup> CEPF Spending Plan. The 2<sup>nd</sup> Spending Plan presented a financial model for the CEPF initiative through June 2009 that assumes six full partners. 19 hotspots were considered in this financial model, the entire number of Hotspots that fulfill the joint criteria outlined by the initial 3 donors to the Fund. At that time, the Donor Council members added an agenda item to the next Donor Council meeting to discuss the sequencing for the remaining regional priorities to be supported by the CEPF Initiative.

In that same meeting, the Donor Council discussed the Caucasus hotspot (Russia, Georgia, Iran, Armenia, Azerbaijan) as a priority for Ecosystem Profile preparation during the Second Spending Plan. The Donor Council asked the Working Group to discuss this at the next meeting and to circulate justification information to the Donor Council, which would decide whether the Caucasus would be identified as a priority area on a non-objection basis for the January 2002 – June 2002 preparation cycle.

In March, the CEPF Working Group met to discuss several key issues related to the CEPF initiative. One issue that was discussed was whether the Caucasus should be authorized to begin CEPF preparation work during the January – June cycle (Second Spending Plan) as requested by the Donor Council in December. The conclusion of the working group members was that the remaining priorities should be approached as a whole. Based on this consensus, it was agreed that the remaining priorities would be decided during the June Donor Council meeting rather than mobilizing an additional region mid-way through a cycle. The other main issue discussed was the question of sequencing for the remaining regional priorities. The Working Group members debated a number of possible scenarios, which they requested that the CEPF Management Team outline to be discussed at a subsequent meeting. The CEPF Executive Director presented a number of possible scenarios during the May CEPF Working Group meeting held in Chicago. These scenarios were then discussed with each participant, representing their institution's preference. The possible scenarios were also discussed in separate bilateral discussions held independently with the World Bank and with the Global Environment Facility. This document represents the collective options discussed by the members of the Working Group.

#### **Scenarios**

##### **Scenario #1**

CEPF will provide grant resources to the 19 hotspots that are eligible in their entirety, with the assumption that the ecosystem profiling process will identify either the entire hotspot or an appropriate sub-region thereof for funding. Funding allocation would be phased incrementally according to the number of donors, i.e., the fifth funding cycle would depend on securing a sixth donor to CEPF. Each hotspot (regardless of size) will receive one funding

allocation, and in the case where a sub-region has been identified for funding (e.g. Vilcabamba-Amboro in the Tropical Andes Hotspot) all available resources will be made available to eligible grant recipients in the sub-region, thus excluding other sub-regions of the same hotspot from future CEPF funding. The average funding allocation under this scenario is \$6.5 million per area, with a current range of \$4.3 million - \$10 million.

### **Scenario #2**

CEPF will make additional grant resources available to additional sub-regions within the three large hotspots of Mesoamerica, Tropical Andes and Sundaland. To facilitate this without a drop in average funding allocation, CEPF would drop three hotspots from the list of 19 eligible hotspots. The recommended areas are the Cerrado hotspot, Wallacea hotspot, and Polynesia/Micronesia hotspot. Funding allocation would still be phased incrementally according to the number of donors, i.e., the fifth funding cycle would depend on securing a sixth donor to the CEPF. The positive impact of this scenario is the opportunity to increase the amount of funding available to the three large hotspots of Mesoamerica, Tropical Andes and Sundaland. However, the obvious risk of this scenario is the potential political backlash of dropping areas from the list of hotspots, which are arguable all high priorities. The average funding allocation under this scenario is \$6.5 million per region. This average would apply to the additional tranches within Hotspots that are already receiving CEPF funding. The range would remain between \$4.3 million - \$10 million.

### **Scenario #3 (Revised to include decision from the Donor Council)**

CEPF will provide grant resources to the 19 hotspots that are eligible in their entirety and CEPF will make additional grant resources available to additional sub-regions within the three large hotspots of Mesoamerica, Tropical Andes and Sundaland. Funding amounts will vary according to the recommendations resulting from the preparation and profiling phases. The ability to provide resources beyond the July 2002 – June 2003 cycle is contingent on securing additional donor(s) to the Fund. The result of this scenario is that there is no adverse political impact from dropping any hotspots, while significant additional resources are made available in the large hotspots as well as in the remaining five hotspots. Funding allocation would still be phased incrementally according to the number of donors, i.e., the fifth funding cycle would depend on securing a sixth donor to the Fund.

Proposed schedule (fitted to scenario 3 but can be modified to fit scenario 1 or 2):

#### Agreed Priorities for 1<sup>st</sup> Cycle (grants were available 1 January 2001)

1. Vilcabamba-Amboro (Tropical Andes hotspot)
2. Upper Guinea Forest (Guinea Forest hotspot)
3. Madagascar (Madagascar & Indian Ocean Island hotspot)

#### Agreed Priorities for 2<sup>nd</sup> Cycle (preparation commenced 1 January 2001; grants were available 1 January 2002)

4. Southern Mesoamerica (Mesoamerica hotspot)
5. Atlantic Forest hotspot
6. Choco-Manabi (Choco-Darien-Western Ecuador hotspot)
7. Cape Floristic Region hotspot
8. Philippines hotspot
9. Sumatra (Sundaland hotspot)

#### Agreed Priorities for 3<sup>rd</sup> Cycle (preparation commenced 1 January 2001; availability of grants proposed for 1 July 2002 and 1 January 2003, respectively)

10. Mountains of Southwest China hotspot
11. Succulent Karoo hotspot

#### Proposed Priorities for 4<sup>th</sup> Cycle (preparation to commence 1 July 2002)

12. Northern Mesoamerica (Mesoamerica hotspot)
13. Eastern Arc Mountains & Coastal Forests of Tanzania & Kenya hotspot
14. Caucasus hotspot

15. Western Ghats & Sri Lanka hotspot
16. Indo-Burma hotspot
17. Polynesia / Micronesia hotspot

Proposed Priorities for **5<sup>th</sup> Cycle** (preparation to commence 1 July 2003)

18. Kalimantan (Sundaland hotspot)
19. Central Chile hotspot
20. Cerrado hotspot
21. Wallacea hotspot