

**Critical Ecosystem Partnership Fund
40th Meeting of the CEPF Donor Council
In-Person, Hotel Place d'Armes, Montreal and Virtual Meeting
Monday 12 December 2022
8:30 a.m. – 11:00 a.m. Eastern Standard Time (EST)**

CEPF Quarterly Report Financial Narrative

General

The detailed financial report for the three months from 1 July 2022 to 30 September 2022 is attached.

In summary:

- Total expenses are 25% of the spending plan based on grant disbursement.
 - Operational costs were 19% of the category budget.
 - Special projects were 1% of the category budget for work related to improving CEPF's website maintenance and support. Work on a necessary upgrade of the website's content management system has been put on hold due to IT's dissatisfaction with the contractor's upgrade plan. A new call for proposals will likely be issued for this project.
 - There is no budget for profile preparation in FY23. During the first part of FY23, some final expenses were incurred related to updating of the Madagascar and the Indian Ocean Islands ecosystem profile (approved by the Donor Council in October 2019), which was updated in the context of the Green Climate Fund program in the Indian Ocean.
 - Grant disbursements achieved 27% of the spending plan payments target of US\$9,755,000 for FY23.
 - Grant awards achieved 8% of the FY23 spending plan target of US\$12,085,000. This was largely due to grant-making in the Indo-Burma and Wallacea hotspots. CEPF expects to meet the grant-making target for the year because a large volume of grant-making is planned during the third and fourth quarters of FY23, following calls for proposals issued during the first and second quarters.
- The balance available for investment based on secured funds is \$0 as all funds received have been fully allocated to active and planned hotspot investments.
- CEPF is in a cash positive situation with cash and investments on hand of US\$17,289,031.

Revenue

- CEPF signed a grant agreement in June 2022 with Margaret A. Cargill Foundation for US\$3,010,000 to support the reinvestment in the Indo-Burma Biodiversity Hotspot.
- Based on an agreement with Bezos Earth Fund, CEPF received US\$1,000,000 through Conservation International to support the current investment in the Tropical Andes Hotspot.

CEPF receives awards from AFD, European Union and KfW in non-USD currency. During the current fiscal year, the effect of exchange rates on the awards denominated in currency other than USD was a loss of US\$1,104,863. Any gain or loss impacts the balance available for investment to CEPF. CEPF proactively manages anticipated gains or losses due to foreign currency rates by adjusting planned activities accordingly.

Grant-making

CEPF committed 8% of its grant-making budget for the current fiscal year, signing a total of US\$959,834 new awards against a budget of US\$12,085,000.

Payments on active grants achieved 27% of the annual target, with US\$2,616,111 disbursements against the budget of US\$9,755,000.

Operational Costs

CEPF spent 19% or US\$807,519 of the total operations and management costs budget of US\$4,146,400 for the year.

Preparation/Ecosystem Profiles

In the first quarter of FY23, CEPF completed the update of the ecosystem profile for the Madagascar and the Indian Ocean Islands Hotspot, as well as independent evaluations of lessons learned by the RITs in the Cerrado and the Guinean Forests of West Africa Hotspots, which began in the last quarter of FY22.

Special Projects

The special projects budget is supported by interest earned through CEPF's bank accounts and investments. The priorities funded this year through the special projects budget of US\$94,000 were work related to improving the CEPF's website maintenance and support. Expenditures on special projects total \$927 related to fundraising efforts. Upgrade of the website's content management system has been postponed.