

**Critical Ecosystem Partnership Fund
41st Meeting of the CEPF Donor Council
In-Person, Tangier, Morocco, and Virtual Meeting
Monday 17 July 2023
8:00 a.m. – 11:00 a.m. Eastern Standard Time (EST)
1:00 p.m. – 4:00 p.m. Tangier Time
2:00 p.m. – 5:00 p.m. Brussels and Paris Time
9:00 p.m. – 12:00 a.m (+1 day) Tokyo Time**

CEPF Quarterly Report Financial Narrative

General

The detailed financial report for the nine months from 1 July 2022 to 31 March 2023 is attached.

In summary:

- Total expenses are 79% of the spending plan based on grant disbursement.
 - Operational costs were 64% of the category budget.
 - Special projects were 11% of the category budget for work related to improving the 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 86% of the spending plan payments target of US\$9,755,000 for FY23.
 - Grant awards achieved 64% of the FY23 Spending Plan target of US\$12,085,000. This was largely due to grant making in the Indo-Burma, Mediterranean Basin, and Tropical Andes Hotspots. CEPF expects to meet the grant-making target for the year, because a large volume of grant making is planned during the fourth quarter of FY23, in the Caribbean Islands, Madagascar and the Indian Ocean Islands, and the Mountains of Central Asia, following the timing of the grantmaking cycle in those hotspots.

- 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\$15,877,850.

Revenue

- CEPF signed a grant agreement in January 2023 with Audemars-Watkins Foundation for 400,000 CHF to support the investment in the Mediterranean Basin Hotspot.

CEPF receives awards from AFD, European Union, KfW and Audemars-Watkins 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\$260,558. 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.

Grantmaking

CEPF committed 64% of its grant-making budget for the current fiscal year, signing a total of US\$7,792,245 new awards against a budget of US\$12,085,000.

Payments on active grants achieved 86% of the annual target, with US\$8,416,279 disbursements against the budget of US\$9,755,000.

Operational Costs

CEPF spent 64% or US\$2,662,771 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 (former) 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 \$10,773 related to fundraising efforts and website maintenance and support. Upgrade of the website's content management system has been postponed.