

**Critical Ecosystem Partnership Fund  
41<sup>st</sup> 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**

**Potential for Increased CEPF Activities in Overseas Countries and Territories**

**Recommended Action Item:**

The Donor Council is asked to approve increased action by CEPF in **Overseas Countries and Territories (OCTs) and Outermost Regions (ORs)** and approve changes to the CEPF Operational Manual to that end.

**Background:**

CEPF was created to engage civil society in conserving the world's biodiversity hotspots, focusing on IBRD borrowing member countries that have ratified the Convention on Biological Diversity. CEPF has maintained this focus since inception. However, there are five biodiversity hotspots where a significant portion is currently ineligible for CEPF funding because it is located in OCTs and/or ORs of the EU, New Zealand, the UK or the USA (Table 1). CEPF has active investments in three of these hotspots: the Caribbean Islands; Madagascar and the Indian Ocean Islands; and the Mediterranean Basin.

CEPF's approach would be relevant to some OCTs, where civil society organizations have comparable levels of capacity and access to funding, and biodiversity is under similar levels of threat, as in countries currently eligible to receive CEPF funding. In addition, for both OCTs and ORs, their inclusion in CEPF-supported networks and events would facilitate exchange among civil society and other actors across hotspots in their entirety. This would help overcome barriers to regional cooperation that exist in several of these hotspots, which are linked by biogeography but fractured politically.

The majority of CEPF's current funding is restricted to Official Development Assistance (ODA) recipient countries. Expanding CEPF's activities to OCTs and/or ORs would not necessarily imply diverting funding away from ODA-recipient countries, because dedicated funding is available from public and private sources, such as the Biodiversity and Ecosystem Services in Territories of European Overseas (BEST) Initiative of the EU.

**Table 1: OCTs and ORs Located within Biodiversity Hotspots**

| <b>Biodiversity Hotspot</b>             | <b>Overseas Countries and Territories</b>                                                                                                                                                                      | <b>Outermost Regions</b>             |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Caribbean Islands                       | Anguilla, Aruba, Bonaire, British Virgin Islands, Curaçao, Cayman Islands, Montserrat, Navassa, Puerto Rico, Saba, Saint Barthélemy, Sint Eustatius, Sint Maarten, Turks and Caicos Islands, US Virgin Islands | Guadeloupe, Martinique, Saint-Martin |
| Madagascar and the Indian Ocean Islands | Scattered Islands                                                                                                                                                                                              | Mayotte, Reunion                     |
| Mediterranean Basin                     |                                                                                                                                                                                                                | Azores, Canary Islands, Madeira      |
| New Caledonia                           | New Caledonia                                                                                                                                                                                                  |                                      |
| Polynesia-Micronesia                    | American Samoa; Commonwealth of the Northern Mariana Islands; Cook Islands; French Polynesia; Guam; Niue, Pitcairn Islands; Tokelau, and Wallis and Futuna                                                     |                                      |

At its 39<sup>th</sup> meeting, on 15 December 2021, the Donor Council authorized the Secretariat to propose text for changes in its statutes to allow investment in OCTs. Proposed changes to the Operational Manual were presented to the Donor Council at its 40<sup>th</sup> meeting, on 12 December 2022. The Donor Council did not approve these changes immediately but requested the Secretariat to explore, during a Working Group meeting, the potential for increased actions in the OCTs, and to propose options to the Donor Council with due risk and opportunity analysis. Such an analysis was discussed at the 73<sup>rd</sup> meeting of the Working Group on 13 June 2023 (Table 2).

**Table 2: Risks and Opportunities of Increasing CEPF Activities in OCTs and ORs**

| <b>Risks</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Opportunities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Unrestricted funding may be diverted away from ODA recipient countries.</li> <li>• Attention of CEPF Secretariat and RIT staff may be diverted away from ODA recipient countries.</li> <li>• Additional costs for CEPF operations will need to be met.</li> <li>• There may be a slow start to activities because CEPF is less familiar with the actors.</li> <li>• CEPF's existing tools and models may not be suitable to the capacity needs of civil society.</li> </ul> | <ul style="list-style-type: none"> <li>• Barriers to funding faced by CSOs in OCTs can be overcome by providing access to CEPF grants.</li> <li>• Capacity development needs of CSOs in OCTs and ORs can be addressed through direct support and exchange with peer organizations.</li> <li>• Networks and partnerships for conservation action and exchange of good practice can be more easily extended to whole hotspots, enabling CSOs in ODA recipient countries to learn lessons from CSOs in OCTs and ORs (and <i>vice versa</i>).</li> </ul> |

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| <ul style="list-style-type: none"> <li>• If CEPF funding becomes available, governments may be more reluctant to address the resource gap in their own OCTs/ORs.</li> <li>• The potential funding sources that CEPF could access to support work in OCTs/ORs are different from the sources currently accessed by CEPF.</li> </ul> | <ul style="list-style-type: none"> <li>• Regional collaboration can help overcome the isolation often faced by CSOs in OCTs and ORs.</li> <li>• CEPF can take advantage of dedicated public and private funding opportunities for OCTs and/or ORs, and leverage funding from new sources (e.g., U.S. government for the Caribbean).</li> <li>• The CEPF model can be applied to New Caledonia—the only biodiversity hotspot located entirely within an OCT.</li> </ul> |
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The Working Group supported increased action by CEPF in the OCTs and ORs, subject to the following conditions:

- Any funding used is from dedicated funding sources for OCTs/ORs.
- CSOs in ODA-recipient countries should not have to compete for funding with CSOs in OCTs/ORs.
- The capacity of the Secretariat should not be overstretched by fundraising for OCTs/ORs.

### **Proposed Changes to Operational Manual:**

To enable increased CEPF action in OCTs and ORs, the following changes to the [Operational Manual](#) are proposed:

In Section OM1.1, replace:

“To be eligible for CEPF funding, countries must be signatories to the Convention on Biological diversity and be client members of the World Bank.”

With:

“To be eligible for CEPF funding, countries must be signatories to the Convention on Biological Diversity and be client members of the World Bank, or otherwise be determined as eligible by the Donor Council”.

Replace:

“CEPF focuses on supporting civil society in developing and transitional countries within the biodiversity hotspots. As a result, not all biodiversity hotspots are eligible for CEPF funding.”

With:

“CEPF focuses on supporting civil society in developing and transitional countries within the biodiversity hotspots. On an exceptional basis, where dedicated funding is available and where there is an identified need for a dedicated funding mechanism for civil society, CEPF may operate in Overseas Countries and Territories (OCTs) and Outermost Regions (ORs) in the biodiversity hotspots, provided that any funding used is from dedicated funding sources for OCTs/ORs, and that CSOs in developing and transitional countries should not have to compete for funding with CSOs in OCTs/ORs.”

Replace:

“Not all countries in this hotspot would be eligible for funding under the CEPF

investment criteria. However, the CEPF Donor Council may choose to establish funding windows outside the eligibility criteria to accommodate the strategic interests of specific donors. The Donor Council may also choose to include marine ecosystems within targeted hotspots.”

With:

“Not all countries in this hotspot would be eligible for funding under the CEPF investment criteria. However, the CEPF Donor Council may choose to establish funding windows outside the eligibility criteria to accommodate the strategic interests of specific donors. The Donor Council may also choose to include marine ecosystems or OCTs/ORs within targeted hotspots.”

In Section OM5.1, add the following to the list of powers and duties of the Donor Council:

“Reviewing and approving on an exceptional basis CEPF operations in Overseas Countries and Territories and Outermost Regions within biodiversity hotspots”.