

Critical Ecosystem Partnership Fund

No Objection Approval Pursuant to Section 2.03(c) of the Financing Agreement

30 April 2018

CEPF Financial Summary, Nineteenth Spending Plan

Recommended Action Item:

The Donor Council is asked to **review and approve** the Nineteenth Spending Plan on a **no-objection basis**. The plan sets out the budget for grants and operations totaling \$16,231,041 for the period 1 July 2018 to 30 June 2019.

The deadline for no-objection approval is **14 May 2018**.

Background:

In accordance with the CEPF Operational Manual (Section OM 2.1 Rev), CEPF shall prepare an annual spending plan no later than 30 April of each year for review and approval by the Donor Council. The plan describes the proposed funding levels of the spending categories for CEPF during the next fiscal year.

The Nineteenth Spending Plan provides for CEPF's operational budget for fiscal year 2019 (1 July 2018 to 30 June 2019). The Plan does not increase the authority to grant and commit funding, which remains at \$264,909,227.

The Secretariat has included in the Ecosystem Grants spending category (page 1) the projected disbursement and new grant award amounts for ten active regions (including the Multiple Hotspots authority) and two new region investments. The new regions are the Mountains of Central Asia Biodiversity Hotspot and a reinvestment in the Caribbean Islands Biodiversity Hotspot. The grant commitment budget decreases from \$17,650,000 in FY18 to \$12,400,000 in FY19, reflecting decreasing granting activity for Phase II as CEPF shifts into Phase III.

The Secretariat Operations budget (page 2) reflects an increase of 7% from \$3,249,906 in FY18 to \$3,487,709 in FY19. The increase is primarily the result of additional resources committed to the centralized grants management unit tasked with grants administration, risk mitigation, and capacity building at Conservation International, host of the CEPF Secretariat.

In addition to the standard activities associated with the Secretariat Operations, including the functions for executive management, program management, grant management, communications, finance & operations, and monitoring, evaluation, & outreach, the FY19 budget includes donor-earmarked activities from the CI-

GEF Project Agency grant to CEPF for work related to development of innovative knowledge products, as well as a mid-term evaluation of the CI-GEF project.

The Secretariat does not plan to engage in new Ecosystem Profile Preparation work in FY19. CEPF has fully earmarked funds available from donors for use in the existing active and pending regions. Additional profiles may be considered upon additional contributions for Phase III.

The Special Projects category is funded through interest income, and the activities financed in this category are consistent with the objective of CEPF; the types of activities financed within Special Projects have been discussed and approved during CEPF Donor Council meetings. The Special Projects budget makes allocations for the annual audit, and for work related to the enhancement of the new grants management system and CEPF website. A provision from Special Projects is made for support of the Executive Director's fundraising efforts. The Executive Director will focus fundraising efforts on the governments of France, Germany, Switzerland, and the European Union, on private foundations based in Switzerland, the Netherlands, the United Kingdom, and the United States and on NGOs based in the United States.

In FY17, CEPF began discontinuing re-investment in the investment portfolio managed by UBS (the investment portfolio approved following presentation of document CEPF/DC25/8 at the 25th meeting of the Donor Council). This has resulted in declining interest income as CEPF returns to a cash-focused position to finance project implementation in the final years of Phase II.

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Nineteenth CEPF Spending Plan for the Period July 1, 2018 - June 30, 2019

Spending Category: Ecosystem Grants

	FY19 Expected Disbursement	FY19 New Grant Awards	FY18 Spend Plan Disbursement	FY18 Spend Plan New Grant Awards
Active Regions				
Cerrado	2,090,000	1,000,000	1,030,000	2,150,000
East Melanesian Islands	1,330,000	1,000,000	1,260,000	1,200,000
Eastern Afromontane	930,000	200,000	1,160,000	1,750,000
Guinean Forests of West Africa Reinvestment	2,200,000	1,800,000	1,030,000	2,000,000
Indo-Burma Reinvestment	2,010,000	500,000	1,560,000	800,000
Madagascar & Indian Ocean Islands Reinvestment	2,650,000	700,000	1,690,000	1,700,000
Mediterranean	-	-	230,000	-
Mediterranean Reinvestment	675,000	2,000,000	550,000	1,800,000
Multiple	20,000	100,000	100,000	100,000
Tropical Andes Reinvestment	1,570,000	1,800,000	1,430,000	2,100,000
Wallacea	1,110,000	300,000	1,120,000	1,000,000
Total Active Regions	14,585,000	9,400,000	11,160,000	14,600,000
Pending Regions				
Caribbean Reinvestment	300,000	1,500,000	550,000	1,350,000
Mountains of Central Asia	300,000	1,500,000	550,000	1,700,000
Total Pending Regions	600,000	3,000,000	1,100,000	3,050,000
Total All Regions	\$ 15,185,000	\$ 12,400,000	\$ 12,260,000	\$ 17,650,000

Authority to Grant & Commit Funding

	Phase I	Phase II	Phase III	Total Authority
Atlantic Forest	8,000,000	2,395,259	-	10,395,259
Cape Floristic Region	6,000,000	1,584,910	-	7,584,910
Caribbean Islands	-	6,900,000	-	6,900,000
Caucasus	8,500,000	997,502	-	9,497,502
Cerrado	-	8,000,000	-	8,000,000
East Melanesia Islands	-	9,000,000	-	9,000,000
Eastern Afromontane	-	12,000,000	-	12,000,000
Eastern Arc Mountains & Coastal Forests	7,000,000	1,749,473	-	8,749,473
Eastern Himalayas	5,000,000	-	-	5,000,000
Guinean Forests of West Africa	6,200,000	1,907,209	-	8,107,209
Guinean Forests of West Africa Reinvestment	-	9,000,000	-	9,000,000
Indo-Burma	-	9,656,797	-	9,656,797
Indo-Burma Reinvestment	-	15,966,203	-	15,966,203
Madagascar & Indian Ocean Islands	4,250,000	1,385,800	-	5,635,800
Madagascar & Indian Ocean Islands Reinvestment	-	9,540,000	-	9,540,000
Maputaland-Pondoland-Albany	-	6,650,000	-	6,650,000
Mediterranean	-	11,016,744	-	11,016,744
Mediterranean Reinvestment	-	-	10,000,000	10,000,000
Mountains of Central Asia	-	-	8,000,000	8,000,000
Mountains of Southwest China	6,500,000	1,350,738	-	7,850,738
Multiple	-	600,000	-	600,000
Northern Mesoamerica	7,300,000	-	-	7,300,000
The Philippines	7,000,000	-	-	7,000,000
Polynesia-Micronesia	-	6,828,576	-	6,828,576
Southern Mesoamerica	5,500,000	1,636,402	-	7,136,402
Succulent Karoo	8,000,000	1,387,405	-	9,387,405
Sundaland	10,000,000	-	-	10,000,000
Tropical Andes	6,150,000	2,157,414	-	8,307,414
Tropical Andes Reinvestment	-	10,000,000	-	10,000,000
Tumbes-Chocó-Magdalena	5,000,000	1,846,270	-	6,846,270
Wallacea	-	6,850,000	-	6,850,000
Western Ghats & Sri Lanka	-	6,077,000	-	6,077,000
Consolidation (balance of \$20M authority)	-	25,525	-	25,525
Total Authority	100,400,000	146,509,227	18,000,000	264,909,227

Spending Category: Operations (Secretariat)	FY19 Budget	FY18 Budget
Executive Management		
Personnel	368,450	
Travel, Meetings & Events	37,000	
Professional Services	15,000	
Other Direct Costs	47,376	
Subtotal	467,826	466,120
Program Management		
Personnel	725,416	
Travel, Meetings & Events	115,700	
Professional Services	10,000	
Other Direct Costs	72,882	
Subtotal	923,998	916,132
Grant Management		
Personnel	592,995	
Travel, Meetings & Events	49,300	
Professional Services	-	
Other Direct Costs	49,869	
Subtotal	692,164	550,000
Monitoring, Evaluation, & Outreach		
Personnel	235,889	
Travel, Meetings & Events	40,700	
Professional Services	10,000	
Other Direct Costs	11,530	
Subtotal	298,119	284,992
Communications		
Personnel	216,973	
Travel, Meetings & Events	16,500	
Professional Services	24,000	
Other Direct Costs	51,896	
Subtotal	309,369	351,173
Finance & Operations Management		
Personnel	158,454	
Travel, Meetings & Events	11,250	
Professional Services	-	
Other Direct Costs	97,765	
Subtotal	267,469	162,826
Operations Total	2,958,945	2,731,243
Spending Category: Management Fee (CI's audited indirect cost rate)	528,763	518,663
Total Operations & Management Fee	3,487,709	3,249,906
Spending Category: Preparation	-	650,000
Spending Category: Donor-earmarked activity	81,000	100,000
Spending Category: Special Projects (from interest)		
Auditing Fee	40,000	
Fundraising	20,332	
Grant Management System & Website	202,000	
Total Special Projects	262,332	162,000
Total FY19 Spending Plan	\$ 16,231,041	\$ 21,811,906

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Eighteenth CEPF Spending Plan versus Actual through March 31, 2018

Spending Category: Ecosystem Grants

	FY18 Spend Plan Disbursement	FY18 Actual Disbursement thru 03/31/18	FY18 Spend Plan New Grant Awards	FY18 Actual Grant Awards thru 03/31/18
Active Regions				
Cerrado	1,030,000	601,243	2,150,000	1,021,419
East Melanesian Islands	1,260,000	806,360	1,200,000	255,202
Eastern Afromontane	1,160,000	1,362,428	1,750,000	1,186,868
Guinean Forests of West Africa Reinvestment	1,030,000	647,288	2,000,000	1,157,457
Indo-Burma Reinvestment	1,560,000	1,498,351	800,000	535,458
Madagascar & Indian Ocean Islands Reinvestment	1,690,000	1,307,573	1,700,000	581,364
Mediterranean	230,000	204,895	-	(132,275)
Mediterranean Reinvestment	550,000	185,491	1,800,000	1,899,786
Multiple	100,000	8,953	100,000	-
Tropical Andes Reinvestment	1,430,000	1,921,447	2,100,000	96,402
Wallacea	1,120,000	1,239,658	1,000,000	857,243
Total Active Regions	11,160,000	9,783,687	14,600,000	7,458,924
Pending Regions				
Caribbean Reinvestment	550,000	-	1,350,000	-
Mountains of Central Asia	550,000	-	1,700,000	-
Total Pending Regions	1,100,000	-	3,050,000	-
Total All Regions	\$ 12,260,000	\$ 9,783,687	\$ 17,650,000	\$ 7,458,924
% Spent, Ecosystem Grants	Disbursements: 80%		Grant Awards: 42%	

Spending Category: Operations (Secretariat)	FY18 Budget	FY18 Actual to 3/31	% Spent
Executive Management			
Personnel	362,079	267,303	
Travel, Meetings & Events	53,000	26,687	
Professional Services	5,000	1,117	
Other Direct Costs	46,041	26,468	
Subtotal	466,120	321,575	69%
Program Management			
Personnel	710,188	582,012	
Travel, Meetings & Events	128,580	60,067	
Professional Services	25,000	20,601	
Other Direct Costs	52,364	39,606	
Subtotal	916,132	702,286	77%
Grant Management			
Subtotal	550,000	409,727	74%
Monitoring, Evaluation, & Outreach			
Personnel	230,552	155,802	
Travel, Meetings & Events	30,260	8,853	
Professional Services	12,000	17,305	
Other Direct Costs	12,180	8,127	
Subtotal	284,992	190,087	67%
Communications			
Personnel	202,714	161,148	
Travel, Meetings & Events	7,500	3,225	
Professional Services	73,680	76,050	
Other Direct Costs	67,279	24,603	
Subtotal	351,173	265,025	75%
Finance & Operations Management			
Personnel	144,914	87,225	
Travel, Meetings & Events	5,500	5,750	
Professional Services	-	-	
Other Direct Costs	12,413	6,335	
Subtotal	162,826	99,311	61%
Operations Total	2,731,243	1,988,010	73%
Spending Category: Management Fee (CI's audited indirect cost rate)	518,663	363,299	70%
Total Operations & Management Fee	3,249,906	2,351,309	72%
Spending Category: Preparation	650,000	50,000	8%
Spending Category: Donor-earmarked activity	100,000	45,000	45%
Spending Category: Special Projects (from interest)			
Auditing Fee	45,000	40,000	
Fundraising	42,000	30,955	
Grant Management System & Website	75,000	39,023	
Total Special Projects	162,000	109,978	68%
Total FY18 Spending Plan	\$ 21,811,906	\$ 10,015,210	46%