

**Critical Ecosystem Partnership Fund  
28th Meeting of the CEPF Donor Council  
Brussels, Belgium  
20 January 2016  
2:00 to 5:00 pm CET**

**CEPF Governance during Phase III**

**Recommended Action Item:**

The Donor Council is asked to **review and approve the proposed changes to CEPF's governance arrangements** for CEPF's third phase. When approved, all changes will be reflected in an updated Operational Manual.

**Background**

Recognizing that CEPF's third phase will entail an expanded partnership at both global and regional levels, and that this partnership will require an evolution in governance arrangements to ensure effective, transparent and accountable delivery, the Secretariat proposed revised governance arrangements (CEPF/DC27/5a) to the Donor Council at its 27<sup>th</sup> meeting, in Washington DC on 24 June 2015.

The Donor Council reviewed the proposed changes to CEPF's governance arrangements, and suggested revisions. The revised CEPF Governance Arrangements were circulated to the Working Group at their 48<sup>th</sup> meeting held on 17 November 2015.

The documentation presented to the Donor has two parts:

- a. CEPF Governance Arrangements for Phase III; and
- b. Operational Manual Revisions to Donor Council and Working Group Terms of Reference (TOR).

Proposed revisions to the TOR are in **bold**.

**A. CEPF Governance Arrangements for Phase III**

Issue	Current Situation	Explanation of Revision and Issues requiring Consideration by the Donor Council	New/Revised Text
<p><b>A. Donor Council Chair</b></p>	<p>Elected by Donor Council; no specific term limits or role defined</p>	<p>Definition of the role of the Chair and other considerations pertaining to his/her appointment will appear in a new subsection of the Donor Council TOR.</p> <p><b>Working Group queries and issues for discussion:</b></p> <p>Bullet #2. <i>Does the Chairperson have to be independent?</i></p> <p>Bullet #3: <i>Can renewal be non-consecutive?</i></p>	<p><b>New text to be added to Donor Council TOR:</b></p> <ol style="list-style-type: none"> <li>1. Chairperson shall be elected by Donor Council from candidates proposed by Donor Council members.</li> <li>2. Chairperson should be independent of any global donor.</li> <li>3. Serve for a 3-year term, renewable once (i.e. max 6 years).</li> <li>4. Role: chair Donor Council meetings; facilitate reaching consensus among Donor Council members; network and act as ambassador for CEPF; advise CEPF Executive Director on strategic issues.</li> <li>5. Non-voting, as decision making should be limited to global donors.</li> </ol>
<p><b>B. Donor Council TOR</b></p>	<p>TOR defined in Operational Manual</p>	<p>TOR to be revised with new subsection describing role of the Chair (see above), and a new item pertaining to implementation of the long-term visions.</p>	<p><b>New text to be added to Donor Council TOR:</b></p> <ol style="list-style-type: none"> <li>1. Review and approve strategic documents pertaining to implementation of the long-term visions.</li> </ol>

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<p><b>C. Working Group TOR</b></p>	<p>TOR defined in Operational Manual</p>	<p>TOR are revised to include a new task pertaining to the long-term visions.</p> <p>To address the Donor Council’s interest in providing strategic input into the CEPF program, a task is revised as per the text at right.</p>	<p><b>New text to be added to Working Group TOR:</b></p> <ol style="list-style-type: none"> <li>1. Advise Donor Council on approval of strategic documents pertaining to long-term visions.</li> </ol> <p><b>Revise an existing Specific Task in the TOR as follows with additional text marked below in bold:</b></p> <ol style="list-style-type: none"> <li>2. Provide support to CEPF and Donor Council members in preparing for meetings of the Donor Council by reviewing documents and recommended actions, <b>presenting options for consideration to the Donor Council</b>, resolving any issues, reflecting the position of respective organizations, and briefing Donor Council members.</li> </ol>
<p><b>D. Donor Council membership and composition</b></p>	<p>Membership of new donors are approved by the DC; no term limits defined for donors</p>	<p>Clarification of the size of contribution, period of membership, and representation is lacking, and these points will be described in a new preamble to the Donor Council TOR.</p> <p><b>Working Group queries and issues for discussion:</b></p> <p>Bullet #2. <i>What is the justification for a \$20 million contribution? Should this be revisited?</i></p> <p>Bullets #3 and 4 pertaining to period of membership raised questions and pointed to the need for accurate criteria. This is clarified with new text in bullets 1 and 3.</p>	<p><b>New text to be added in a preamble to the TOR:</b></p> <ol style="list-style-type: none"> <li>1. A contribution is defined as a pledge to commit funding to CEPF. In the case where a contribution to CEPF is made in a foreign currency, the amount of the contribution will be valued as of the date of agreement execution.</li> <li>2. Global donors must contribute, or manage contributions totaling, at least USD \$20 million over a single CEPF phase.</li> <li>3. Donor Council membership starts with the first financial contribution to the global pool after such time that the minimum membership requirements are met.</li> </ol>

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		<p>Bullet #4: The end date of membership was discussed and views ranged from 2 years to 5 years after the end of commitment. <i>What is the preferred number of years?</i></p> <p>Bullet #5: WG members noted that decisions are made by consensus, therefore a reference to voting is not needed; therefore the words “but are limited to one vote per donor” were deleted.</p>	<ol style="list-style-type: none"> <li>4. Donor Council membership ends 3 years after the end of commitment period.</li> <li>5. Global donors can send several representatives to meetings.</li> <li>6. Donor Council members attend as representatives of their institutions not in their personal capacity.</li> <li>7. Guests may participate in Donor Council meetings, on a no-objection basis.</li> </ol>
<p><b>E. Working Group membership and composition</b></p>	<p>One representative from each donor organization - such member may invite experts from their organization. Guests may participate with the consensus of WG members</p>	<p>Clarification on period of membership and representation is lacking.</p> <p>Revisions pertaining to period of membership should duplicate the text pertaining to the same issue in the section on Donor Council membership</p>	<p><b>New text to be added in a preamble to the TOR:</b></p> <ol style="list-style-type: none"> <li>1. Global donors are automatically represented on the Working Group.</li> <li>2. Working Group membership starts ....see above.</li> <li>3. Working Group membership ends....see above</li> <li>4. Global donors can send several representatives to Working Group meetings.</li> <li>5. Guests may participate in Working Group meetings, on a no-objection basis.</li> </ol>
<p><b>F. Regional Donors role</b></p>	<p>Not defined; informally, with consent of other WG members, regional donors have been invited as observers to WG meetings</p>	<p>Criteria and rules of engagement will be defined in a preamble to the Donor Council and Working Group TOR.</p> <p><b>Working Group queries:</b> Members suggested several revisions to Secretariat text to encourage regional donors to join. For bullet #3, it was suggested that regional donors could make recommendations if they</p>	<p><b>New text to be added in a preamble to the TOR:</b></p> <ol style="list-style-type: none"> <li>1. Regional donors must contribute at least USD \$1 million to one or more hotspots over a single CEPF phase.</li> <li>2. Regional donors will be invited to participate in Working Group meetings where issues concerning the hotspot(s) they are contributing to are being discussed.</li> </ol>

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		<p>contributed \$500,000, however, this figure should correspond to the minimum required contribution.</p>	<ol style="list-style-type: none"> <li>3. At Working Group meetings, regional donors are entitled to make recommendations, express opinions and share information. They may participate in decision-making only with respect to decisions concerning the implementation of CEPF's support in regions they support. In its recommendations to the Donor Council, the Working Group will include information on any differing views for regional donors not represented at the Donor Council.</li> <li>4. Regional donors may participate in Donor Council meetings, on a no-objection basis. Invitations would be sent out by the CEPF Secretariat.</li> </ol>
<p><b>G. Decision-making process</b></p>	<p>Not defined for either Donor Council or Working Group but has been <i>de facto</i> by consensus</p>	<p>The decision-making process will be described in the preamble to the Donor Council and Working Group TOR.</p> <p><b>Working Group queries and issues for discussion:</b> Several bullets related to voting.</p> <p>Bullet #2. <i>If the number of donors increases beyond 10, should decision-making remain on a consensus basis, or be decided by a 2/3 majority?</i></p> <p>Bullets #3 and #4. Revise in light of decision on bullet #2.</p>	<p><b>New text to be added in a preamble to the TOR:</b></p> <ol style="list-style-type: none"> <li>1. Decision making by the Donor Council will continue to be on a consensus basis.</li> <li>2. If the number of global donors increases to more than 10, the basis for decision making will be .....</li> <li>3. Donor Council members not able to participate in meetings will have the option to select a proxy and should mandate the chair to vote on their behalf.</li> <li>4. Global donors can identify a suitable alternate representative from within their organization if the designated voting member is not able to participate in a Donor Council meeting.</li> </ol>

## **B. Operational Manual Revisions to Donor Council and Working Group TOR**

**OM 5.X**

### **CEPF Donors: Membership and Rules of Engagement**

**The criteria for membership and rules of engagement for CEPF Global Donors are:**

- **A contribution is defined as a pledge to commit funding to CEPF. In the case where a contribution to CEPF is made in a foreign currency, the amount of the contribution will be valued as of the date of agreement execution.**
- **Global donors must contribute, or manage contributions totaling, at least USD \$20 million over a single CEPF phase.**
- **Donor Council membership starts with the first financial contribution to the global pool after such time that the minimum membership requirements are met.**
- **Donor Council membership ends 3 years after the end of commitment period.**
- **Global donors can send several representatives to meetings.**
- **Donor Council members attend as representatives of their institutions not in their personal capacity.**
- **Guests may participate in Donor Council meetings, on a no-objection basis.**

**The criteria for membership and rules of engagement for CEPF Regional Donors are:**

- **Regional donors must contribute at least USD \$1 million to one or more hotspots over a single CEPF phase.**
- **Regional donors will be invited to participate in Working Group meetings where issues concerning the hotspot(s) they are contributing to are being discussed.**
- **At Working Group meetings, regional donors are entitled to make recommendations, express opinions and share information. They may participate in decision-making only with respect to decisions concerning the implementation of CEPF's support in regions they support. In its recommendations to the Donor Council, the Working Group will include information on any differing views for regional donors not represented at the Donor Council.**
- **Regional donors may participate in Donor Council meetings, on a no-objection basis. Invitations would be sent out by the CEPF Secretariat.**

**The criteria for membership and rules of engagement for CEPF Working Group members are:**

- **Global donors are automatically represented on the Working Group.**
- **Working Group membership starts with the first financial contribution to the global pool after such time that the minimum membership requirements are met.**
- **Working Group membership ends 3 years after the end of commitment period.**
- **Global donors can send several representatives to Working Group meetings.**
- **Guests may participate in Working Group meetings, on a no-objection basis.**

### CEPF Donor Council Terms of Reference

The powers and duties of the Donor Council shall include:

- a) Providing general guidance to Conservation International (CI) on the operations of the Fund;
- b) Reviewing and approving each Annual Spending Plan of the Fund;
- c) Reviewing and approving a priority list of Ecosystem Profiles to be prepared;
- d) Reviewing and approving each Ecosystem Profile;
- e) Reviewing and approving amendments to the Operational Manual;
- f) Reviewing and approving the procedures for procurement of goods and services, above the threshold amount set forth in the Operational Manual;
- g) Reviewing and approving the conditions under which new donors may be invited to take part in the Fund and approving additional members of the Donor Council;
- h) Reviewing and approving the fund-raising strategy for the Fund;
- i) Electing the chairperson of the Donor Council;
- j) Reviewing and approving the selection of each Regional Implementation Team in accordance with the procedure established in the Operational Manual. Whenever CI applies to become the Regional Implementation Team, the CI Donor Council member shall recuse him or her self from the selection process;
- k) Reviewing and approving proposed grants for award to CI. In such cases, the CI Donor Council member shall recuse him or her self from the review and approval process;
- l) Reviewing and approving the terms of reference for a midterm evaluation, the external audit, and a CEPF program audit conducted by internal auditors or consultants acceptable to the Donor Council, as well as any subsequent material changes to those terms of reference;
- m) Reviewing and approving strategic documents pertaining to implementation of the long-term visions, and**
- n) Approving terms of reference for the CEPF Working Group and, whenever it deems necessary, delegating specific powers and duties to the CEPF Working Group.



**Matters relating to the Chairperson of the Donor Council shall include:**

- i. Chairperson shall be elected by Donor Council from candidates proposed by Donor Council members**
- ii. Chairperson should be independent of any global donor**
- iii. Serve for a 3-year term, renewable once (i.e. max 6 years)**
- iv. Role: chair Donor Council meetings; facilitate reaching consensus among Donor Council members; network and act as ambassador for CEPF; advise CEPF Executive Director on strategic issues**
- v. Non-voting, as decision making should be limited to global donors.**

\* These Terms of Reference were approved by the CEPF Donor Council in **January 2016**.

## CEPF Working Group Terms of Reference

Term Duration: Permanent or as determined by the Donor Council

Reports to: CEPF Donor Council

Chaired by: CEPF Executive Director. The Working Group Chair reports to the Donor Council.

Purpose: To serve as a resource to CEPF for consultation on CEPF matters such as maximizing the potential to leverage donor organization resources and expertise, and development of ecosystem profiles, and to provide input and guidance on certain operational issues and addressing obstacles and challenges to biodiversity conservation success.

Frequency of meetings: Three times a year or as necessary.

### Specific Tasks:

Support the mission and objectives of CEPF and leverage CEPF investment by identifying the technical and financial resources that member organizations can contribute in specific geographic regions.

Represent and communicate the CEPF mission, objectives, and investment strategy within respective donor organizations to help leverage and amplify CEPF investment.

Provide support to CEPF in the preparation of the ecosystem profiles by representing Donor Council members in reviewing the draft profile, discussing geographic priorities, providing additional information and constructive input, and assisting in identifying current investment, threats to biodiversity, leveraging opportunities, and gaps that CEPF funding might address.

Provide input and guidance on certain operational matters, such as modifications to the Operational Manual, and monitor and assist in implementation of Council decisions, and other issues as necessary.

### **Advise Donor Council on approval of strategic documents pertaining to long-term visions.**

Provide support to CEPF and Donor Council members in preparing for meetings of the Donor Council by reviewing documents and recommended actions, **presenting options for consideration to Donor Council**, resolving any issues, reflecting the position of respective organizations, and briefing Donor Council members.

Select CEPF Regional Implementation Teams, to be approved by the Donor Council, in accordance with the procedure established in the CEPF Operational Manual. In the event CI applies to become a Regional Implementation Team, the CI representative on the Working Group shall recuse his or her self from such selection process.

By authority granted by the Donor Council, review and approve proposed grants for award to CI under each approved Ecosystem Profile. In such cases, the CI Working Group member shall recuse him or her self from the review and approval process.

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