

Critical Ecosystem Partnership Fund

No-Objection Approval Pursuant to Section 2.03(c) of the Financing Agreement
12 September 2012

Selection of Regions for Re-Investment

Recommended Action Item:

The Donor Council is asked to **approve on a no-objection basis** the selection of two hotspots for reinvestment, Madagascar and the Indian Ocean Islands and the Guinean Forests of West Africa.

The Donor Council is also asked to **approve on a no-objection basis** the selection of the Western Ghats hotspot to receive additional funds remaining from the consolidation portfolio, extend the investment period for this hotspot by two years and increase the spending authority for this hotspot from \$4.5 million to \$6 million.

The deadline for the approvals is **25 September 2012**.

Background:

During its 21st meeting, on 11 June 2012, the CEPF Donor Council approved criteria for analyzing the status of conservation efforts in new regions as well as those where CEPF has invested to date, and approved selection of Indo-Burma and Wallacea for future CEPF investment. The Donor Council also requested that the CEPF Working Group discuss options for investment at their next meeting, and make recommendations to the Donor Council for the selection of additional regions to receive CEPF investment in FY13.

The CEPF Working Group met on 1 August 2012, and discussed options for reinvestment. The Secretariat proposed that the discussion of investment in new regions be deferred until the next Donor Council meeting tentatively scheduled for November 2012, so that the European Commission could participate in the discussion, as the newest member of the CEPF Donor Council; this suggestion was accepted.

The CEPF Working Group reviewed a list of hotspots (Table 1) where CEPF has invested to date, noting that Indo-Burma had already been approved for reinvestment. The list shows the hotspots ranked from highest to lowest priority based on the analysis made by the Secretariat using the criteria discussed with the Working Group and approved by the Donor Council. During the discussion, the Working Group members expressed unanimous support for the top hotspot on the list after Indo-Burma, Madagascar and the Indian Ocean Islands. All agreed that this hotspot is an urgent priority, and while it is under-funded it could present good opportunities for leveraging, mentioning that CEPF's initial investment was focused only on Madagascar and the new investment should include the Indian Ocean Islands portion of the Hotspot.

More substantive discussion ensued about the selection of the second hotspot for reinvestment. The discussion focused almost exclusively on the choice between Mesoamerica and the Guinean Forests of West Africa. When presenting these options, the Secretariat mentioned that given the capacity of local civil society organizations in the Guinean Forests of West Africa, a CEPF investment in this region would merit funding between 7 and 10 years. Working Group members noted that the Guinean Forests of West Africa is characterized by weak governance, insufficient funds and that it lacks a clear vision. Overall, it

was acknowledged that the biodiversity in the hotspot is seriously threatened. It was also observed that there are opportunities to enhance the capacity of local civil society and create synergies with the existing programs that the donors have in the region, and that the conflict that has plagued the region over the years is settling down. Although Mesoamerica received support from several Working Group members, and its status as a high priority hotspot was confirmed, concern was expressed about security and the lack of other NGOs working in the hotspot. This observation led to all considering Mesoamerica to be a less appropriate selection than the Guinean Forests of West Africa at this point in time.

The Working Group discussion resulted in a clear recommendation to the Donor Council to select the following two hotspots for reinvestment: the Madagascar and the Indian Ocean Islands, and the Guinean Forests of West Africa.

Table 1. Prioritized list of Hotspots where CEPF has previously invested

Rank	Hotspot	Countries	Investment Status
1	Indo-Burma	Cambodia, China, India, Laos, Myanmar, Thailand and Vietnam	Approved for reinvestment in June 2012.
2	Madagascar and Indian Ocean Islands	Comoros, Madagascar, Mauritius, and Seychelles	Closing consolidation in December 2012
3	Mesoamerica	Belize, Costa Rica, Guatemala, El Salvador, Honduras, Mexico, Nicaragua, and Panama	Southern Mesoamerica closing consolidation in August 2012; Northern Mesoamerica closed in 2010
4	Guinean Forest	Benin, Cameroon, Côte d'Ivoire, Equatorial Guinea, Ghana, Guinea, Liberia, Nigeria, São Tomé and Príncipe, Sierra Leone, and Togo	Closing consolidation in June 2012
5	Sundaland	Indonesia	Closed in 2008
6	Tropical Andes	Argentina, Bolivia, Chile, Colombia, Ecuador, Peru and Venezuela	Closing consolidation in December 2012
7	Philippines	Philippines	Closed in 2008
8	Western Ghats and Sri Lanka	India and Sri Lanka	Closing April 2013
9	Himalaya	Bhutan, India and Nepal	Closed in 2010
10	Polynesia – Micronesia	Cook Islands, Fiji, Niue, Samoa, Tonga, Tuvalu, Federated States of Micronesia, Kiribati, Marshall Islands, Nauru and Palau. Also, the French territories of Wallis and Futuna and French Polynesia, the new Zealand territory of Tokelau, the Chilean territory of Easter Island, the American territories of Guam and Northern Mariana Islands, and the state of Hawaii	Closing April 2013

The CEPF Working Group also discussed a proposal from the Secretariat to choose an active region to receive additional unspent funds remaining in the consolidation portfolio, from the pool of hotspots

nearing completion: Western Ghats, and Polynesia-Micronesia. All Working Group members expressed support for reinvesting in both hotspots, with no hotspot receiving more preference than the other.

In light of the lack of strong preference for either hotspot, the Secretariat recommends the selection of the Western Ghats Hotspot for additional investment. Extending the investment phase in the Western Ghats would aid efforts to leverage the interest expressed by the Government of India to participate as a global donor to CEPF, in two ways. First, it would allow another round of grants to be made, which would maintain the visibility of CEPF with state and national government. The call will explicitly encourage proposals that engage the private sector in the conservation of natural ecosystems, thereby showcasing the value of CEPF as a mechanism for catalyzing innovation and facilitating the emergence of green economies.

Second, it will allow for the CEPF Secretariat to maintain the dialogue with the Government of India. In the eyes of the Government of India, the demonstration value of an active grants portfolio is as important as the quality of dialogue it is having about the potential partnership with CEPF. In this light, the enhanced ability to sustain this dialogue is an important advantage that will result from extending the investment phase in the Western Ghats. Extending the investment phase by 24 months will require regular visits to India by the CEPF Secretariat staff, and allow us to enlist the support of grantees and the RIT to sustain regular contact with key officials within government, track the progress of CEPF's proposal, and respond to any queries raised during the review process. The contacts, advice and follow-up provided by grantees to date have proven invaluable in securing access to senior figures in government, resulting in an invitation to CEPF to submit a proposal for India to join the partnership. The investment phase in the Western Ghats is currently scheduled to end in April 2013 but the process to engage India as a global donor is expected to proceed gradually and may take longer than this. An extension to the investment phase will enhance the prospects of bringing this process to a successful conclusion.

The Donor Council is requested to approve on a no-objection basis the extension of the investment in the Western Ghats Hotspot increasing the current spending authority by \$1.5 million from \$4.5 million to \$6 million.