

**Critical Ecosystem Partnership Fund
33rd Meeting of the CEPF Donor Council
Agence Française de Développement
5 Rue Roland Barthes, 75012 Paris
10 September 2018
2:00 pm – 5:00 pm Central European Standard Time**

33rd Donor Council Meeting Minutes

List of participants - Donor Council Members (All attended in person):

Julia Marton-Lefèvre, Chairperson, CEPF Donor Council

Gilles Kleitz, Director of Ecological Transition and Natural Resources, Agence Française de Développement (AFD)

Jennifer Morris, President, Conservation International (CI)

Chantal Marijnissen, Head of Unit Environment, Natural Resources and Water – DEVCO, European Commission (EU)

Humberto Delgado Rosa, Director for Natural Capital, Directorate-General for Environment, European Commission (EU)

Claude Gascon, GPU Manager, on behalf of Naoko Ishii, Chairperson and CEO, Global Environment Facility (GEF)

Yusuke Sekiguchi, Deputy Director, Ministry of Finance, Japan

Benoît Blarel, Practice Manager, Global Platforms, Environment & Natural Resources, World Bank

1. Welcome by the Chair and Introduction of Participants

- a. See document (CEPF/DC33/1) - revised to reflect the physical and remote attendance of participants.
- b. Announcement: Olivier Langrand, Executive Director, announced the signing of a new €6 million agreement between CI and AFD for the benefit of CEPF.

2. Adoption of Agenda

- a. See document (CEPF/DC33/2) for information.

3. Presentation and Discussion of the Executive Director's Report

- See Document (CEPF/DC33/3) for information.

- The Secretariat announced adoption of new criteria for membership and rules of engagement for CEPF Global Donors based on non-objection procedure as of 13 February 2018. The MacArthur Foundation's membership has ended, and the foundation will soon be informed that it has been removed from CEPF's Donor Council.
- CEPF's risk balancing exercise is in progress (It will include considerations of new funding for financial capacity building and new risk assessment framework).

a) Action Points Review

Action Points from the Secretariat:

- Ensure that the Monitoring & Evaluation framework contains unambiguous links to the IUCN Red List.
- Include the top-level impact results in the Annual Report.
- Link the Annual Report and the Impact Report to the:
 - Aichi Targets
 - IUCN Red List
 - Sustainable Development Goals
- Provide an efficiency metric that presents the justifications to appropriate fund conservation.

Other Comments/Suggestions:

- In the discussion, it was recalled that there are various criteria for selecting areas for investment and high-nature value can justify investing in more "expensive" areas.
- The World Bank encourages action on the balance of risk – Action point 9.

b) Partnership Highlights

- A concept has been submitted by the CEPF to the Green Climate Fund (GCF) through AFD as a GCF Implementing Agency. The feedback received has been positive as promoting nature-based solution to climate change is innovative. However, there is no firm proposal submission date to the GCF Board yet: several consultations with GCF Secretariat will be necessary prior to submission.
- The EU confirmed that the decision for a new EU grant to CEPF would be submitted to Member States for approval before the end of the year.
- Donor Council members asked if the Secretariat is engaging with China and the Paradise Foundation (Alibaba etc) as this could be a win-win opportunity.
- The AFD mentioned that there is a growing collaboration between France and China on biodiversity and that CEPF could be a good tool to engage with China.
- Conservation International mentioned that the MacArthur Foundation has closed their conservation portfolio and gave their last environmental funding to NiaTero, Peter Seligmann's new organization. CI advised that it would be best that CEPF focuses on the Chinese government as a potential financial prospect because it is difficult for Chinese foundations to move funds to foreign NGOs. It would also be good to have an AFD-China match funding.

Action Point:

- The EU will help the Secretariat to engage with China and the Paradise Foundation.

a) Financial Narrative and Report

Comments/Suggestions:

- The World Bank disagrees that there is an exchange rate loss, specifically as: 1) the agreement with the EU is in euros and 2) the money CI gets from the WB is in US dollars. Therefore, there should be no exchange rate loss; and the terminology “loss” should not be used.
 - The Secretariat clarified that the intention of reporting a loss is to show the difference in the USD-equivalent value of the award between the time the award was signed and the periodic receipt of cash payments, and that the amount CEPF anticipates receiving is less than the amount anticipated upon award signature. It is informative to track the movement in foreign exchange rates impacting funds due to CEPF because CEPF’s spending authority is based on projected funds.
- The World Bank inquired on the donor allocation of the remaining \$5M with UBS. The Secretariat confirmed that the only remaining funds with UBS stem from Conservation International and it is working with the World Bank on how to appropriately reflect that information in the Interim Financial Report.
- The World Bank reminded that CEPF should not incur expenses based on pledged amounts. The Secretariat reminded the participants that CEPF was instructed by the Donor Council itself during the Donor Council of February 6, 2012, to base spending authority on pledged amounts and that the Donor Council acknowledged the related risk, if those pledged funds would not materialize. The World Bank emphasized that this cannot apply to its pledged funds and that CEPF should not commit those funds. The Secretariat explained that it is currently working with Conservation International on not incurring liabilities on the World Bank/Government of Japan pledged funds.
- The AFD and the EU restated that they are fine with planning based on pledged funds.
- The Secretariat explained that despite the delay in receiving the additional funds from Japan, CEPF is finalizing the Caribbean Ecosystem Profile. CEPF is actively raising funds to start granting in the Mountains of Central Asia Hotspot.
- The CEPF Executive Director made a request of help in engaging with the Swiss Agency for Development and Cooperation (SDC) in relation with the investment in the Mountains of Central Asia.

Action Point:

- In future presentations, provide the projected figures as well (e.g. the new €6M from AFD) so that the Donor Council can see where the funds are going.

b) Fiscal Year 18 Approved Grants

4. Update on Action Plan to implement World Bank recommendations

The World Bank provided the Donor Council with an update on the current status of the Action Plan it had requested from CEPF in order to validate past payments and allow for future financing through the World Bank:

- The World Bank has received the approval of two Vice-Presidents for the retroactive extension of the GEF and the Government of Japan agreements.
- As a result of those approvals, the Action Plan can be finalized. The options for the \$1.2M in ineligible expenses are for CEPF to either repay them or reclass them. Then the Action Plan can be implemented.
- It has been requested for the project to be closed on December 31, 2018. This means that the \$15M from the Government of Japan administered by the World Bank will not be treated as additional financing but will be a new project.
- The change from additional financing to new project has only internal implications and the World Bank needs to create an Implementation Completion Report for the entire lifespan of the CEPF project within 6 months of closure.
- The World Bank is still in discussion with the Government of Japan about where the \$15M would go. There is no confirmation at this time that it will be the Caribbean Islands Hotspot. Timing depends on negotiations with Japan. It could take another 3-6 months after the discussions with the Government of Japan are completed for the discharge of the World Bank fiduciary responsibilities and after the supervision missions completed to take the project to the World Bank board.
- The technical discussion on the new financing can start once the Government of Japan has agreed with the World Bank which hotspot will be financed with these funds.

Comments/Suggestions:

- CEPF and the World Bank are encouraged to work together on finalizing the action plan.
- With the exception of the World Bank funds that will be managed in a separate account applying World Bank rules, all DC members have agreed that CEPF is a pool fund and it is necessary to have common rules to minimize overhead.
- A pool fund is attractive as it reduces administrative costs. Striking the right balance between simplicity, methods and criteria is critical for a pool fund.
- CEPF's partnership fundamentals should stay intact. Several donors stressed it would be good to have a donor statement about the meaning and interpretation of the "P" (Partnership) in CEPF's name.

Action Points:

- CEPF/CI must restate to the World Bank their desire to reclass instead of repaying the ineligible expenses amounting to \$1.2M.
- The EU wants the last installment of its funds to be made available to CEPF as soon as possible.
- The World Bank will provide a formal amendment or letter of the retroactive extensions.
- The Secretariat should propose language for a donor statement about the "P" in CEPF.
 - This will be used in the next Annual Report.
 - EU has language on 5Ps (partnership is one of them)

5. Effectively leveraging results from CEPF for wider impact

A discussion on how CEPF can most effectively leverage results from its grant portfolio to have a wider impact, through influencing larger donor-funded programs, public policy, private sector practice, partnership with others, etc. led to a broad discussion on the impact of CEPF activities.

Comments/Suggestions:

- AFD mentioned that it is especially important to involve the private sector and the public sector but how? There may be a need for new methods. How do we persuade governments to adopt innovations, and learn from best practices? CEPF should learn from its experience. Often, local civil society organizations are best placed to do this, to influence their governments. This requires activities that may not necessarily be done now. There seems to be a need to look at the financial leveraging of CEPF, not just policy and technical leveraging.
- The EU thinks that this is an important issue but that evaluations of CEPF have never pointed out a lack of leverage. The impact indicators are already helping with leverage. Pilot projects are very important. CEPF is not a lobbying organization but communicating lessons learned is very important. Thinking of leverage is useful when developing ecosystem profiles, for example the linkages to the BEST project and the “Larger than...” strategies for conservation. It is also a form of leverage to promote local civil society to stand on its own feet. Regional Implementation Teams can play an essential role and are aware of policy movements; they need to ensure synergies with local organizations and other stakeholders. Protected Area creation is a leverage opportunity. For the Convention on Biological Diversity, like the Climate Convention, voluntary pledges could be linked to CEPF priorities. The commitment process for the post 2020 global biodiversity framework should begin now. It would be useful for CSOs to help push for targets.
- CI thinks that there is a cohort of grantees to push for targets. There is a need to tell the climate world how important nature is for addressing climate change. Can we tap more into this zeitgeist? CEPF grantees have the data to show scientists and communicators how conservation actions are keeping carbon in the ground. CEPF should think about how it can develop communications on the role of nature in climate mitigation and adaptation.
- The GEF thinks that there is a lot of leverage already: by building basic capacity of CSOs, CEPF is already enabling a lot of other investments, e.g. by the GEF Small Grants Program. CEPF should examine how it is telling the story. It would be good to capture better examples like Fanamby in Madagascar for capacity building. How can CEPF perpetuate this and leverage further? What are the lessons CEPF can internalize related to this? CEPF should incorporate learning into projects and exchanges.
- The World Bank agrees on the close nexus of climate change and environment. There is no one magic solution or magic actor. CEPF has a competitive advantage, so it needs to concentrate on this. It should consider attaching small grants to larger donor programs, for greater leverage and be systematic about impact assessment and communicating lessons. What can we do about program design to address major threats, especially agriculture? Think about a programmatic approach with a set of grantees, to really build their capacity. This would suggest moving away from open calls. Build Regional Implementation Teams’ own capacity as well as their capacity to strengthen CSOs. Payment for Ecosystem Services programs in China, Mexico, India, etc. have tremendous potential for leverage, due to their budget: CSOs can help ensure they do what they were intended to do.
- CEPF felt it could be stronger when communicating about the fund with the local representatives of the global donors on the ground. The Secretariat has been encouraging Regional Implementation Team exchanges to promote sharing of experience across hotspots. Success stories should be highlighted, so they become the norm, not the exception.

6. CEPF contributions to the Post-Aichi Targets

CEPF has made significant contributions toward the Aichi Biodiversity Targets. The fund is eager to work with donor partners in articulating future contributions to support national and regional efforts now and in the post-2020 era.

Comments/Suggestions:

- The first part of the discussion focused on whether CEPF is articulating its contributions to the targets in the most useful and effective way. Donors expressed appreciation for the efforts thus far, noting that the content, as presented, contains the appropriate level of details (reporting on global level is fine; by country is not needed).
- Regarding the second point, on progress towards 2020, the donors emphasized the importance of recognizing that progress has been made towards achieving some of the targets, and some of this is very good.
- For the third point of discussion on preparation for the post-2020 agenda, donors commented that commitments should start in 2018. CEPF could play a helpful role, by making some commitments at the next COP in Egypt, encouraging civil society partners (grantees and RITs) to be on country delegations, and by producing examples of grantee accomplishments, specifically about mining and energy which will be a focus in Egypt.
- Looking to the future and the development of the post-2020 agenda, donors pointed out that attention should be devoted to ensuring that future indicators are measurable, and that they correspond to meaningful targets. It was also noted that countries have not translated targets into national policies. It would be interesting to identify lessons that could pertain to influencing the policy sector at national level.
- Finally, donors recognized the important role that civil society could play, if they had the tools to bring their experience and voice to scale. It would be beneficial if grantees could take their local lessons, and link those lessons with the Aichi targets. This recognizes that lessons and experiences pertain not only to successful projects and efforts, but also to those that are unsuccessful or have a negative impact.

Action Points:

- CEPF could make some commitments in Egypt in November at the CBP-COP 14.
- Give tools to CSOs to influence policy so they can take lessons to scale.
- Produce and share examples of projects that are influencing the energy and mining sectors. At COP14 in Egypt, the focus will be on mainstreaming biodiversity into these sectors.

7. Any other business

The next meeting of the Donor Council will be in: February 2019, with the exact date to be determined through a Doodle Poll.