

**Critical Ecosystem Partnership Fund
35th Meeting of the CEPF Donor Council
European Commission
Brussels, Belgium
23 October 2019
14:00-17:00 Central European Summer Time (CEST)**

Selection of Hotspots for Investment

Recommended Action Item:

The Donor Council is asked to review the prioritization of hotspots for CEPF investment, approve the selection of the Indo-Burma Hotspot for immediate ecosystem profiling leading to full reinvestment, and select at least one more hotspot for partial reinvestment.

Background

Since inception, CEPF has received US\$320.6 million in contributions from its donors. Additional pledged amounts from l'Agence Française de Développement, the European Union and the Government of Japan bring this total to US\$364.6 million (Annex 1). At the end of FY19, total expenses since inception stood at US\$304.3 million, leaving a fund balance of US\$60.3 million. Of this balance, US\$35.8 million is allocated for grant making in hotspots with approved spending authorities, Secretariat operations and special projects, and US\$14.2 million is allocated for re-investment in the Caribbean Islands Hotspot (subject to negotiation with the World Bank). This leaves a balance of US\$10.3 million for new investments in one or more hotspots. The CEPF Secretariat proposes moving ahead with preparing for a full reinvestment in one hotspot and a partial reinvestment in a second hotspot, in order maintain a strong pipeline of hotspots for investment. The implication of delaying the selection of new hotspots for investment would be a period of limited grant making from FY21 onwards, during which operations costs would likely increase as a proportion of overall expenditure, and opportunities to respond to urgent needs on the ground would be lost.

During its 24th meeting on 28 January 2014, the Donor Council approved the strategic framework for Phase III of CEPF. In order for CEPF to emerge as a transformational fund, the framework identifies a need to move beyond the past model of one-off investments in hotspots. Specifically, it recognizes that CEPF needs to remain engaged in hotspots until the necessary conditions (civil society capacity, sustainable financing, enabling policy environment, etc.) are in place to allow effective biodiversity conservation programs to continue sustainably without its support.

During its 25th meeting on 24 June 2014, the Donor Council approved the framework and draft scope of work for the long-term visions for meeting these conditions in the biodiversity hotspots. This document elaborates various elements of the strategic framework for the third phase of CEPF. Among other things,

it presents a table of the first 12 hotspots to be covered during Phase III (Table 1). Eleven of these hotspots have active or pipeline investments approved by the Donor Council; the remaining hotspot has yet to be selected. The intention is that CEPF will continue to invest in these 12 hotspots on a rolling basis until they “graduate” from CEPF support; to date, none of these hotspots has reached this point.

Table 1. Current status of investment in the first 12 hotspots to be covered under CEPF Phase III

Hotspot	Current status of investment
Caribbean Islands*	Pipeline ; pending preparation of new World Bank project
Cerrado	Active ; current investment phase will continue until 2021
East Melanesian Islands	Active ; current investment phase will continue until 2021
Eastern Afromontane	Active ; current investment phase will end in 2019
Guinean Forests of West Africa	Active ; current investment phase will continue until 2022
Indo-Burma	Active ; current investment phase will end in 2020
Madagascar and Indian Ocean Islands	Active ; current investment phase will continue until 2022
Mediterranean Basin	Active ; current investment phase will continue until 2022
Mountains of Central Asia	Active ; current investment phase will continue until 2024
Tropical Andes	Active ; current investment phase will end in 2020
Wallacea	Active ; current investment phase will end in 2020
TBD	Hotspot not yet selected

Note: * = The Caribbean Islands Hotspot was not included in the document approved by the Donor Council in June 2014 but was selected for investment at the 29th meeting of the Donor Council on 10 June 2016.

The selection of hotspots for investment during CEPF Phase III was informed by a ranking of all biodiversity hotspots using a set of criteria developed by the CEPF Secretariat, in consultation with the Working Group, and approved at the 31st meeting of the Working Group on 11 April 2012 (Annex 2). This prioritization was revisited by the Secretariat and Working Group in order to inform the selection of additional hotspots for investment at the 29th meeting of the Donor Council on 10 June 2016.

The same criteria that were used for the 2012 and 2016 prioritization exercises were applied to the updated list of 36 hotspots¹, and the scores were updated to reflect changes that had occurred since 2016. There were relatively few changes since the 2016 exercise, with the exception of scores awarded under Criteria 2 (Shortfall between conservation needs and available funding from non-CEPF sources) and 7 (Opportunity for ecosystem profiles to act as shared strategies), reflecting changes in the donor landscape in several hotspots. The application of the prioritization criteria to the 36 hotspots is presented in detail in Annex 3 and summarized in Table 3.

Eleven hotspots received a total score of 23 or more. Three of these hotspots have active CEPF investment phases and will not be in need of reinvestment any earlier than 2021 (Madagascar and the Indian Ocean Islands, Guinean Forests of West Africa, and Mediterranean Basin). Three hotspots have active CEPF investment phases that will end in 2019 or early 2020; in each case, the hotspot is some distance from graduating from CEPF support and in need of additional investment (Indo-Burma, Tropical Andes and Eastern Afromontane). Four hotspots were the focus of past CEPF investments that have now ended. Only one of these hotspots has been approved by the Donor Council to receive support during the third phase of CEPF: the Caribbean Islands. It is anticipated that the Caribbean Islands Hotspot will

¹ The list of biodiversity hotspots has subsequently grown to 36, with the addition of the Forests of East Australia and the North American Coastal Plain. As both of these hotspots are in developed countries ineligible for support from CEPF, they were not included in the updated analysis.

receive investment through a World Bank project, supported with funds pledged by the Government of Japan. However, this investment will be concentrated in only part of the hotspot and not include the largest and most biodiverse country: Cuba. The remaining hotspot has not received any CEPF investment to date: the Horn of Africa. The CEPF Secretariat considers investment in much of this hotspot to be impractical at the present time due to security issues.

Table 3. Highest ranked hotspots for investment, based on reapplication of the approved criteria

Rank	Hotspot	Feasibility /eligibility	Score	Past investment	On-going investment	Progress toward graduation
1	Indo-Burma	Yes	27	\$9.5 million 2008-2013	\$15.8 million 2013-2020	Not graduated
2=	Caribbean Islands	Yes	25	\$6.9 million 2010-2016	Pending	Not graduated
2=	Madagascar and the Indian Ocean Islands	Yes	25	\$5.7 million 2001-2012	\$12.5 million 2015-2022	Not graduated
2=	Mesoamerica	Yes	25	\$14.1 million 2002-2012		Not graduated
5=	Coastal Forests of East Africa	Yes	24	\$8.8 million 2004-2014		Not graduated
5=	Guinean Forests of West Africa	Yes	24	\$8.3 million 2001-2011	\$12.0 million 2016-2021	Not graduated
5=	Horn of Africa	No	24			No CEPF investment to date
5=	Tropical Andes	Yes	24	\$8.1 million 2001-2013	\$10.0 million 2015-2020	Not graduated
9=	Eastern Afromontane	Yes	23		\$9.8 million 2012-2019	Not graduated
9=	Mediterranean Basin	Yes	23	\$11.2 million 2011-2016	\$10.0 million 2017-2022	Not graduated
9=	Sundaland	Yes	23	\$10.0 million 2001-2006		Not graduated

Informed by results of the prioritization exercise and giving preference to hotspots approved by the Donor Council to receive support during the third phase of CEPF, the Secretariat presented a shortlist of candidate hotspots for new investment to the Working Group, at its 61st meeting on 30 September 2019.

The recommendation from Working Group members was that the Donor Council approves a full reinvestment in the Indo-Burma Hotspot and a partial reinvestment in either the Caribbean Islands, the Eastern Afromontane or the Tropical Andes.

A full reinvestment in the Indo-Burma Hotspot would require an update of the ecosystem profile, which would be completed during FY20, leading to a reinvestment in FY21. The reinvestment would also be informed by the results of an independent evaluation of lessons learned from the current phase, which will be conducted between November 2019 and March 2020. It is anticipated that the CEPF Secretariat will request an initial spending authority of US\$10 million, with around US\$7 million coming from CEPF's global donors and the balance being leveraged from regional donors, including the Margaret A. Cargill Philanthropies.

A partial reinvestment in a second hotspot would require an update of the ecosystem profile for that hotspot. For the Eastern Afrotropical and Tropical Andes hotspots, the profile could be updated during FY20 or early FY21, respectively. For the Caribbean Islands Hotspot, where an updated ecosystem profile is available, it would be necessary to develop an annex that defines conservation outcomes and an investment strategy for Cuba; this could be done during FY20. In all cases, reinvestment could begin in FY21. Reinvestment would also be informed by the results of an independent evaluation of lessons learned from the current phase. In the case of the Caribbean Islands Hotspot, this has already been conducted and shared with the Working Group at its 58th meeting in September 2018. The evaluation for the Eastern Afrotropical Hotspot will be conducted between November 2019 and March 2020. The evaluation for the Tropical Andes has not been scheduled yet but would be brought forwards if this hotspot is selected for a partial reinvestment.

Regardless of which hotspot is selected for partial reinvestment, the CEPF Secretariat anticipates requesting an initial spending authority of around US\$3 million from CEPF's global donors.

Profiles of the four hotspots are given in the following sections and maps are presented in Annex 4.

Rationale for a full reinvestment in the Indo-Burma Hotspot (Score 27; Rank 1)

Indo-Burma was the highest ranked hotspot in the prioritization exercise, reflecting the magnitude of threat to biodiversity (it has the highest human population of any hotspot and some of the fastest growing economies in the world), a continued need for support to an emerging civil society that is responding to these threats, and clear and immediate opportunities to coordinate CEPF investments with those of other funders. The current phase of CEPF investment in the Indo-Burma Hotspot is ending soon. The final assessment workshop, held in May 2019, documented impressive impacts throughout the portfolio, including:

- 1. Strengthened conservation of 1.3 million hectares of Key Biodiversity Areas (KBAs)**, through community-based models, including demonstrating the first community-based fish sanctuaries in Myanmar and the first community-managed protected area in Vietnam.
- 2. Demonstrated effective models for species conservation**, leading to the stabilization or recovery of core populations of 32 globally threatened species.
- 3. Tangible well-being benefits for more than 100 local and indigenous communities**, through livelihood interventions linked directly to biodiversity conservation via conservation agreements or market-based models.
- 4. Strengthened biodiversity management in 200,000 hectares of production landscapes**, through promoting wildlife-friendly agriculture and fisheries practices.
- 5. Increased public debate and awareness of 10 key environmental issues**, through coverage in mainstream and online media.
- 6. Strengthened capacity of more than 130 local civil society organizations** to design, implement and monitor the impacts of conservation projects.
- 7. Established or strengthened 40 civil society networks** to enable collective responses to priority and emerging conservation issues, such as wildlife trade, hydropower dams, and economic land concessions.

A full reinvestment in the Indo-Burma Hotspot would maintain the momentum that has been built through the current phase of investment, particularly by:

1. **Consolidating the emergence of local civil societies** at a critical moment in the development in the most populated biodiversity hotspot, including by catalyzing the creation of innovative funding mechanisms for civil society organizations that take advantage of recent developments in local philanthropy. This is especially important in the case of Myanmar, where CEPF has been one of the first donors to support the emergence of conservation-focused civil society at scale.
2. **Amplifying conservation models with demonstrated effectiveness** through replication in new contexts and mainstreaming into public policy and private-sector practice. This could include replication of successful models in other hotspots where civil society is facing similar challenges.
3. **Strengthening regional networks** to respond to conservation issues that are trans-national in nature and require a coordinated response among civil society, government and private sector actors. There are also good opportunities to consolidate transboundary conservation initiatives.
4. **Conserving freshwater, forest and coastal ecosystems that make critical contributions to climate change resilience**, which is of high significance for countries that regularly rank in the top 10 on the global Climate Risk Index.
5. **Building on the successful Lower Mekong Funders Group model**, which used the ecosystem profile as a shared strategy to guide more than US\$30 million in donor investment, including US\$5.5 million in direct leverage. One of the regional donors of the current phase, the Margaret A. Cargill Philanthropies, has invited a proposal for US\$2.5 million toward a new phase of CEPF investment.

Rationale for a partial reinvestment in the Caribbean Islands Hotspot (Score 25; Rank 2=)

The Caribbean Islands was the joint second-ranked hotspot in the prioritization exercise as a result of the magnitude of threats to biodiversity, and the shortfall between conservation needs and available funding from non-CEPF sources. Although the hotspot does not score as highly as many other hotspots on potential to deliver human wellbeing benefits (on account of the level of economic development of most countries), it should be noted that it is exceptionally vulnerable to extreme weather events. The recent CEPF investment phase in the Caribbean Islands, which ended in 2016, reached nine countries but did not include Cuba. The major results are summarized below:

1. **Laid a foundation for innovative financing** through the development of the Caribbean's first forest carbon offset project that is designed to benefit smallholders and cocoa farmers in the Dominican Republic, and also through provision of analytical support and training for a payment for ecosystem services system involving Santo Domingo's water authority.
2. **Improved management of 26 KBAs covering 540,000 hectares** through the development and implementation of participatory protected area management plans with the meaningful involvement of local communities. These plans incorporated strategies for climate change adaptation and laid the foundation for the creation of Haiti's first municipal reserve.
3. **Strengthened the organizational capacity of 54 local civil society organizations** in all aspects of management of biodiversity conservation projects, effective communications and public awareness raising.
4. **Forged alliances and solidified multi-sectoral partnerships** throughout the hotspot, in particular in the Dominican Republic, which now serves as a model for how civil society can foster strategic alliances with the private sector and government.
5. **Improved management of invasive alien species (IAS)**, resulting in the development of biosecurity plans and systems, successful eradications of IAS, increased populations of endemic species, and increased visitation by tourists.
6. **Increased local community capacity and national attention** to make a case for protected areas, which has resulted in the cessation of a proposal to develop a large port and potential bauxite mining concessions in Jamaican KBAs.

7. **Supported the development of a regional hub** in the form of the Caribbean Natural Resources Institute (CANARI), which continues to support stakeholders working on biodiversity conservation in the region even after CEPF's investment has concluded.

The CEPF Secretariat is currently working with the World Bank to develop a project that will channel the financial contribution from the Government of Japan to the Caribbean Islands Hotspot. While the precise scope of this project is currently under discussion, it is anticipated that it will focus on only a subset of the geographic and thematic priorities for CEPF investment set out in the ecosystem profile. In particular, none of the World Bank-managed funds will be used in Cuba—the largest country by land area in the Caribbean—which supports one-third of the globally threatened species in the hotspot.

A partial reinvestment in the Caribbean Islands Hotspot would maintain the momentum built through the first phase of investment, particularly by:

1. **Further strengthening civil society's capacity and credibility** in bringing biodiversity conservation into key national dialogues and local communities' agendas.
2. **Extending lessons learned and progress to Cuba** and enabling civil society organizations active in the country to participate in regional initiatives. Local civil society organizations working on biodiversity exist in Cuba, although many are nascent. By necessity, a significant proportion of CEPF grant making would be to international NGOs and universities working there.
3. **Increasing resilience to climate change in Small Island Developing States**, including through demonstration of ridges-to-reef conservation models and ecosystem-based adaptation to sea level rise, water scarcity and extreme weather events.
4. **Filling an important niche in specifically supporting civil society's work in biodiversity conservation.** Currently, most of the funding available to Caribbean civil society is focused on climate change adaptation and disaster management without considering the crucial link to biodiversity conservation. Targeted support from CEPF's global donors could be particularly impactful in countries of the Lesser Antilles, which may not be covered by the World Bank project and where civil society organizations, albeit limited in number, play a disproportionately important role in conserving their countries' biodiversity.

It should be noted that CEPF has not previously invested in Cuba and that any investment there would be subject to two things: (i) obtention of a license from the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), in regard to financial sanctions related to Cuba; and (ii) endorsement of the ecosystem profile by the Cuban government. While the CEPF Secretariat would make every effort to operate in Cuba, it is by no means guaranteed that this would happen.

Rationale for new investment in the Tropical Andes Hotspot (Score 24; Rank 5=)

The Tropical Andes is a high priority hotspot for CEPF investment, which reflects, among other things, the important opportunity to integrate biodiversity conservation into development planning, to increase the capacity of domestic civil society, and to coordinate CEPF investments with those of other funders. The current phase of CEPF investment in the Tropical Andes ends in late 2020, although CEPF anticipates receiving additional funding from the German government, via KfW, which will allow investment in the hotspot to continue. However, this investment will only cover some countries (initially Ecuador), creating opportunities for parallel investments by CEPF elsewhere in the hotspot, especially Bolivia, where KfW does not support the green sector. CEPF's monitoring systems have recorded the following provisional impacts from the current investment phase:

1. **Improved management of more than 1 million hectares** within KBAs of exceptionally high biological value.
2. **Creation and/or expansion of more than 142,000 hectares of protected areas**, such as the newly created Rio Bravo Reserve in southwest Colombia, whose 24,278 hectares shelter 27 percent of the country's birds and 21 percent of its mammals.
3. **Strengthened biodiversity management within 117,391 hectares of production landscapes**, with a focus on ecotourism development, and models for agroforestry and small-scale sustainable mining.
4. **Conservation actions taken that benefit 22 globally threatened species**, mainly in the form of research to confirm their presence and identify threats, and to formulate and implement strategies for their conservation.
5. **Direct benefits to more than 100 communities**, including 17 indigenous communities, through payments of ecosystem services, ecotourism schemes and other models that directly link livelihood benefits to conservation actions.
6. **Strengthened capacity of 49 civil society organizations** and creation and/or strengthening of 26 networks and associations of organizations working for biodiversity conservation.

A partial reinvestment in the Tropical Andes Hotspot would build on these investments by:

1. **Assisting Indigenous Peoples organizations facing threats to their land and security.** Ongoing work with indigenous groups, including the Awa, Awajún, Harakmbut, Q'eros, Shuar and Tsimane Mosekene, needs to be sustained in the face of intensifying threats. This will include offering alternatives to mining, improving security, and strengthening the legal and administrative capacities of indigenous organizations responsible for the management of indigenous territories.
2. **Consolidating protected areas established with CEPF support.** CEPF grants have supported the establishment of private, municipal and community-managed protected areas at priority KBAs throughout the hotspot. There is a need to consolidate these efforts, including their financial sustainability, through such approaches as nature-based tourism, agroforestry and payment for ecosystem services.
3. **Helping civil society respond to the threat of incompatible development** in protected areas, particularly from destructive mining practices and agricultural encroachment. These threats require a coordinated response in which civil society organizations can play an important role by conducting research into impacts and alternatives and by promoting the adoption of best practices to minimize and mitigate environmental and social impacts.
4. **Scaling up approaches that deliver economic benefits from conservation to local communities**, such as payment for ecosystem services schemes based on water provisioning, as well as promising ecotourism ventures throughout the hotspot, including the birding trail model that has been piloted in Colombia under the current phase.

Rationale for reinvestment in the Eastern Afromontane Hotspot (Score 23; Rank 9=)

The Eastern Afromontane is one of the most geographically and politically diverse biodiversity hotspots, spanning non-contiguous montane regions from the Arabian Peninsula to southern Africa. The great variation among countries in respect to environmental, economic and political contexts presented a challenge to the application of the prioritization criteria. Overall, the hotspot was ranked as joint ninth, on the basis of a relatively high magnitude of threat, high opportunity to deliver human wellbeing benefits, and high shortfall between conservation needs and available funding. Had the prioritization criteria been applied to the individual sub-regions of the hotspot, however, some of them may have received a higher score and ranking. The current phase of CEPF investment in the Eastern Afromontane

Hotspot is coming to a close. The final assessment workshop, held in July 2019, documented important impacts, such as:

1. **Improved management of 3.7 million hectares located in 35 KBAs.** For example, CEPF supported the Rwandan NGO Forest of Hope Association to take on the role of manager of Gishwati Forest, which supports a population of chimpanzees and provides essential ecosystem services to local communities.
2. **Establishment and designation of more than 1.2 million hectares of new protected areas,** including successful collaboration with local communities to finalize the delimitation of Itombwe Nature Reserve at local and provincial levels, as well as boundary marking for Kabobo-Luama Landscape, both in the eastern Democratic Republic of the Congo (DRC).
3. **Improved biodiversity management of more than 700,000 hectares of production landscapes,** by promoting sustainable land-management practices in both agricultural land and grazing areas.
4. **Supported the establishment of six sustainable financing mechanisms,** including a payment for ecosystem services scheme in Kenya's Kikuyu Escarpment, which links upstream communities practicing better watershed management with downstream buyers of water services.
5. **Mainstreamed biodiversity into public policy.** For example, a CEPF grant promoted the adoption of a policy on the application of EIA guidelines in and around protected areas by the Government of Malawi.

A new investment in the Eastern Afrotropical Hotspot would build on these achievements and provide vital support to civil society in the hotspot, which is currently challenged by limited access to alternative sources of funding for biodiversity conservation. To ensure impact and coherence at the portfolio level, the Secretariat recommends that a partial reinvestment focus on a sub-set of the hotspot, which can be divided into the following:

1. **The Arabian Peninsula Sub-region** does not present a practical option for CEPF investment because one country (Saudi Arabia) is ineligible and the other (Yemen) presents major security risks.
2. **The Ethiopian Highlands Sub-region** presents limited opportunities for new investment based on experience with the current phase. There is limited interest in biodiversity conservation among civil society in Ethiopia, which has an over-riding focus on poverty alleviation. In Eritrea, the operating environment for civil society is so restrictive that there are almost no potential grantees.
3. **The Albertine Rift and Eastern Arc Mountains Sub-region** is a coherent unit for investment, with a wide range of successful initiatives from the current phase that could be sustained and replicated. The current investment concentrates on Kenya, Rwanda, Tanzania and Uganda but parts of the hotspot in Burundi, eastern DRC and South Sudan could also be included if the security situation improves (the Secretariat recommends excluded them if it does not). Kenya and Uganda have particularly good potential for financial sustainability because a legal framework for payment for ecosystem services is in place.
4. **The Southern "Sky Islands" Sub-region** in Malawi, Mozambique, Zambia and Zimbabwe also has significant results from the current phase that could be built upon. The unique geography of isolated montane ecosystems separated by long distances is responsible for high levels of endemism in plants and animals but also presents challenges for implementation. This is the most biologically unique and acutely threatened sub-region in the hotspot but also the one with the greatest need for funding. Consequently, it presents an opportunity for CEPF to make a major contribution preventing species extinctions.

Of these four sub-regions, the Working Group members felt that there was a particularly strong argument to consider a partial reinvestment in the Southern Sky Islands Sub-region. This sub-region contains 24 KBAs, 11 of which are recognized as priority sites for CEPF investment in the current phase. A reinvestment could build upon important conservation results at these sites with regard to KBA delineation, management planning, habitat restoration and local livelihood alternatives. It could also expand transboundary conservation initiatives between Mozambique and Zimbabwe, and Mozambique and Malawi, which contribute to post-cyclone recovery and resilience efforts in these areas. Except for the Mozambican side of the Chimanimani Mountains, where there is ongoing support from the World Bank's Transfrontier Conservation Areas and Tourism Development Project, there is very limited support to conservation activities in the sub-region from donors other than CEPF.

There are particular challenges to working in the Southern Sky Islands Sub-region, not least of which is remoteness. The CEPF priority sites are located between 225 and 1,200 kilometers from their respective national capitals, and many are only accessible by air. While there are local NGOs present at some of the priority sites, delivering conservation actions at other sites requires the engagement of national or international actors, which have the necessary capability but raise questions of cost effectiveness, local ownership and sustainability. A future CEPF investment in the sub-region would, therefore, have a focus on building support and capacity for conservation at the community level, coupled with a focus on long-term financial sustainability for conservation initiatives through promoting the recognition of CEPF priority sites as priorities for national conservation trust funds, such as Mozambique's BIOFUND. Remoteness and the geographic dispersion of priority sites makes the existing regional implementation team model less appropriate for the Southern Sky Islands Sub-region, and CEPF would need to explore alternative arrangements for providing capacity building and oversight for grantees, as well as facilitating coordination among grantees and with government processes and donor initiatives. These arrangements could include targeted grant making to provide capacity building and mentoring for cohorts of local civil society organizations to design, implement and consolidate the impacts of CEPF grants, as well as a greater reliance of planning grants and grants-by-invitation to develop a coherent, mutually supporting portfolio.

Annex 1. CEPF Fund Balance at 30 June 2019 (US\$ thousands)

Donor	Awards	Pledges	TOTAL
L'Agence Française de Développement	34,052	15,455	49,507
Conservation International Foundation	75,000	-	75,000
European Union	20,166	14,351	34,517
Global Environment Facility	55,000	-	55,000
Government of Japan	34,625	14,183	48,808
MacArthur Foundation	37,425	-	37,425
World Bank	50,000	-	50,000
The Leona M. and Harry B. Helmsley Charitable Trust	3,300	-	3,300
Margaret A. Cargill Foundation	5,600	-	5,600
MAVA, Fondation Pour la Nature	1,910	-	1,910
Fondation Prince Albert II de Monaco	109	-	109
Interest Income	3,398	-	3,398
Total Funds	320,584	43,988	364,572
Total Expenses			(304,312)
Fund Balance			60,261
<i>Fund Balance Allocations:</i>			
Approved Hotspot Spending Authority Balances			(27,167)
Secretariat Operations			(8,367)
Special Projects			(280)
Caribbean Re-Investment (to be negotiated with WB)			(14,183)
Fund Balance Available for New Investments			10,264

Annex 2. Criteria for prioritizing hotspots for investment approved by the Working Group in April 2012

No.	Criterion	Indicator(s) and thresholds
1	Magnitude of threat to biodiversity	<p>(a) Percentage original habitat remaining:</p> <p>0-5% = extreme (5) 6-10% = very high (4) 11-20% = high (3) 21-30% = medium (2) >30% = low (1) [by definition, no hotspot is low]</p> <p style="text-align: right;"><i>AND</i></p> <p>(b) Number of CR and EX mammals, birds and amphibians:</p> <p>>50 = extreme (5) 31-50 = very high (4) 21-30 = high (3) 11-20 = medium (2) 0-10 = low (1)</p>
2	Shortfall between conservation needs and available funding from non-CEPF sources	<p>Qualitative assessment of the criterion, based on the following descriptors of the availability of conservation funding to civil society organizations:</p> <p>Almost none = extremely high (5) None in some countries, insufficient in others = very high (4) Insufficient = high (3) Insufficient in some countries, sufficient in others = medium (2) Sufficient = low (1)</p>
3	Opportunity to integrate biodiversity conservation into landscape and development planning	<p>Relative importance of land-use change and infrastructure development as causes of biodiversity loss:</p> <p>One of these factors identified as the top driver of biodiversity loss = very high (4) One or both factors identified in the top three drivers of biodiversity loss = high (3) One or both factors identified in the top five drivers of biodiversity loss = medium (2) Neither factor identified in the top five drivers of biodiversity loss = low (1)</p>

No.	Criterion	Indicator(s) and thresholds
4	Opportunity to increase conservation capacity of domestic civil society	<p>Qualitative assessment of the criterion, based on the following descriptors of domestic civil society engaged in biodiversity conservation:</p> <p>Limited or non-existent = medium (2) Few national NGOs with limited capacity; limited or non-existent local NGOs and CBOs = high (3) Significant number of effective national NGOs; limited or non-existent local NGOs + CBOs = high (3) Large number of effective national NGOs, complemented by emerging local NGOs and/or CBOs = medium (2) Large number of effective domestic organizations at national, local and grassroots levels, well coordinated through networks, with low dependence on external funding support = low (1)</p>
5	Value for money	<p>World Bank ICP Price Level Index (2005 data):</p> <p>0-40 = high (3) 41-80 = medium (2) >80 = low (1)</p>
6	Practicality of effective CEPF implementation	<p>CEPF able to operate safely, legally and effectively within all or a significant part of the hotspot:</p> <p>Yes No</p> <p>Note: no score is assigned to this criterion; if the hotspot is assessed as “No”, investment there is not practical</p>
7	Opportunity for ecosystem profiles to act as shared strategies	<p>Opportunity to coordinate CEPF investments with those of other funders:</p> <p>Tangible and immediate opportunities to coordinate CEPF investments with those of CEPF donors or other funders = high (3) Significant potential to coordinate CEPF investments with those of CEPF donors or other funders in future = medium (2) Limited potential to coordinate CEPF investments with those of CEPF donors or other funders in future = low (1)</p>
8	Potential to deliver human wellbeing benefits	<p>Level of economic development of the hotspot:</p> <p>Significant part (>50%) within Low Income countries = very high (4) Significant part (>50%) within Low Income or Lower Middle Income countries = high (3) Significant part (50-80%) within Upper Middle Income or High Income countries = medium (2) Very significant part (>80%) within Upper Middle Income or High Income countries = low (1)</p>

Annex 3. Application of prioritization criteria to full list of biodiversity hotspots (ranked)

#	Hotspot	1(a)	1(b)	2	3	4	5	6	7	8	Total
1	Indo-Burma	5	4	3	4	3	2	Yes	3	3	27
2=	Caribbean Islands	4	5	4	3	3	2	Yes	2	2	25
2=	Madagascar & Indian Ocean Is	4	5	3	3	3	2	Yes	2	3	25
2=	Mesoamerica	3	5	4	4	3	2	Yes	2	2	25
5=	Coastal Forests of East Africa	4	1	3	4	3	2	Yes	3	4	24
5=	Guinean Forests of W Africa	3	3	4	4	3	2	Yes	2	3	24
5=	Horn of Africa	5	1	4	4	2	2	No	2	4	24
5=	Tropical Andes	2	5	3	4	3	2	Yes	3	2	24
9=	Eastern Afromontane	3	2	4	3	3	2	Yes	2	4	23
9=	Mediterranean Basin	5	2	3	3	3	2	Yes	3	2	23
9=	Sundaland	4	4	3	3	2	2	Yes	2	3	23
12 =	Madrean PineOak Woodlands	3	4	3	4	3	2	Yes	2	1	22
12 =	Mountains of Central Asia	3	1	4	4	3	2	Yes	2	3	22
12 =	Western Ghats and Sri Lanka	2	4	3	3	2	3	Yes	2	3	22
15 =	Himalaya	2	1	3	4	3	3	Yes	2	3	21
15 =	New Caledonia	5	1	3	4	3	1	N/A	3	1	21
15 =	Philippines	4	3	3	2	2	2	Yes	2	3	21
15 =	Wallacea	3	2	3	3	3	2	Yes	2	3	21
19 =	East Melanesian Islands	2	2	3	3	3	2	Yes	2	3	20
19 =	Polynesia-Micronesia	2	5	3	2	3	1	Yes	2	2	20
19 =	Tumbes-Choco-Magdalena	2	2	3	4	3	2	Yes	3	1	20
22 =	Atlantic Forest	4	3	3	4	1	1	Yes	2	1	19
22 =	Mountains of SW China	4	1	3	3	3	2	Yes	2	1	19
24	Irano-Anatolian	3	1	4	4	2	2	No	1	1	18
25 =	California Floristic Province	2	1	3	4	2	2	N/A	2	1	17
25 =	Chilean WR-Valdivian Forests	2	1	3	4	3	1	Yes	2	1	17
25 =	Maputaland-P'land-Albany	2	1	3	3	2	2	Yes	2	2	17
25 =	North American Coastal Plain	3	1	3	3	2	2	N/A	2	1	17

29 =	Caucasus	2	1	3	2	3	2	Yes	2	1	16
29 =	Cerrado	2	2	3	4	1	1	Yes	2	1	16
30	Japan	3	2	1	4	1	1	N/A	2	1	15
32 =	Cape Floristic Region	3	1	1	4	1	1	Yes	2	1	14
32 =	Succulent Karoo	2	1	2	2	3	1	Yes	2	1	14
34 =	Forests of Eastern Australia	2	1	1	4	1	1	N/A	2	1	13
34 =	New Zealand	2	3	1	2	1	1	N/A	2	1	13
36	Southwestern Australia	2	1	1	3	1	1	N/A	2	1	12

Annex 4: Maps of short-listed hotspots



Indo-Burma Hotspot



Caribbean Islands Hotspot



Tropical Andes Hotspot



Eastern Afromontane Hotspot