

**Critical Ecosystem Partnership Fund
37th Meeting of the CEPF Donor Council
Virtual Meeting
19 November 2020
8:00 a.m. – 9:30 a.m. Eastern Standard Time**

Financial Narrative

General

The detailed financial report for the three months from 1 July 2020 to 30 September 2020, is attached.

In summary:

- Total expenses are 9% of the Spending Plan.
 - Operational costs were 22% of the category budget.
 - Special Projects were 28% of the category budget, for work related to improving the grants management system and CEPF's website, and fundraising efforts. Work related to enhancement of the grants management system for impact reporting began in FY20 Q4 and will continue through FY21. Budget related to special events at the meeting of the UN Convention on Biological Diversity (CBD) and a RIT learning exchange were rescheduled from FY20 to FY21 due to the cancellations of the two events resulting from the COVID-19 pandemic. The use of this budget will be contingent upon relaxation of travel restrictions globally and rescheduling of the events.
 - Profile Preparation payments were 29% of the category budget: The Donor Council approved re-investment in Indo-Burma and Tropical Andes at the 35th Donor Council meeting on October 23, 2019. Initial costs for these efforts were incurred in FY20 and most costs related to re-profiling of these regions will occur now in FY21.
 - Grant disbursements achieved 13% of the Spending Plan payments target of \$14,060,000 for FY21. Disbursements to grantees are trending lower than anticipated in FY21 Q1 due to COVID-19 impacts on subgrantee activities, reducing the cashflow needs within the subgrantee portfolio. CEPF will continue to monitor closely the continued impacts of COVID-19 on the workplans and adjust its projections accordingly.
 - Grant awards achieved 4% of the FY21 Spending Plan target.
- The balance available for investment based on secured funds is \$0 following the 35th Donor Council meeting during which approvals for new hotspot investments in Indo-Burma of \$7,000,000 and Tropical Andes of \$3,000,000 were received. These approvals allocated all available funds for investment.
- CEPF is in a cash positive situation with cash and investments on hand of \$31,183,752.

Revenue

CEPF signed a new funding agreement in July with the Walton Family Foundation for \$1,000,000 and in September CEPF signed with Bloomberg Vibrant Ocean Initiative for \$700,000 to support the reinvestment in the Wallacea Biodiversity Hotspot.

CEPF receives awards from certain donors in non-USD currency. During the current fiscal year, the effect of exchange rates on the awards denominated in currency other than USD was a gain of \$44,104. Any gain or loss impacts the balance available for investment to CEPF. CEPF proactively manages anticipated gains or losses due to foreign currency rates by adjusting planned activities accordingly.

Grantmaking

CEPF committed 4% of its grantmaking budget for the current fiscal year, signing a total of \$612,145 new awards against a budget of \$14,205,000. CEPF plans to re-enter in three hotspots in FY21 (Caribbean Islands re-investment, Tropical Andes re-investment, and Wallacea re-investment).

Payments on active grants achieved 13% of the annual target, with \$1,856,686 disbursements against the budget of \$14,060,000. COVID-19 caused decreased cashflow needs with grantees due to its impact on field activities in FY21 Q1, and may continue to impact subgrantee activities throughout the year in such a way that reduces CEPF expenditures compared to the original Spending Plan during FY21.

Operational Costs

CEPF spent 22% or \$792,798 of the Total Operations and Management Costs budget of \$3,549,021 for the year.

Preparation / Ecosystem Profiles

CEPF planned two new profile preparation grants for FY21. The re-profiling of the Tropical Andes and Wallacea biodiversity hotspot will be expensed in FY21.

Special Projects

The Special Projects budget is supported by interest earned through CEPF's bank accounts and investments. The priorities funded this year through the Special Projects budget of \$185,777 are fundraising efforts, ongoing upgrades to CEPF's grants management system and website, and special events which include the convention on biological diversity, World Conservation Congress and a RIT knowledge and learning exchange. Expenditures on Special Projects total \$52,534 representing 28% spent of the approved budget in the Special Projects category. Activities that depend on travel, such as conference attendance and learning exchanges, may be further delayed depending on travel restrictions related to COVID-19.