

**Critical Ecosystem Partnership Fund  
38th Meeting of the CEPF Donor Council  
Virtual Meeting  
26 May 2021  
8:00 a.m. – 11:00 a.m. Eastern Standard Time (EST)**

**Financial Narrative**

The detailed financial report for the nine months from 1 July 2020 to 31 March 2021, is attached.

In summary:

- Total expenses are 69% of the Spending Plan.
  - Operational costs were 69% of the category budget.
  - Special Projects were 66% of the category budget for work related to improving the grants management system and CEPF's website as well as 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 due to the cancellations of the two events resulting from the COVID-19 pandemic.
  - Profile Preparation payments were 65% of the category budget: The Donor Council approved re-investment in Indo-Burma and Tropical Andes at the 35<sup>th</sup> Donor Council meeting on 23 October 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, with some of these costs continuing into FY22
  - Grant disbursements achieved 71% of the Spending Plan payments target of US\$14,060,000 for FY21. Disbursements to grantees are trending slightly lower than anticipated through FY21 Q3 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 portfolio of work at the sub-grantee level.
  - Grant awards achieved 69% of the FY21 Spending Plan target of US\$14,205,000.
- The balance available for investment based on secured funds is \$0 as all funds received have been fully allocated to active and planned hotspot investments.
- CEPF is in a cash positive situation with cash and investments on hand of US\$24,588,104.

## **Revenue**

CEPF signed a new funding agreement in July with the Walton Family Foundation for US\$1,000,000 and in September CEPF signed with Bloomberg Vibrant Ocean Initiative for US\$700,000 to support the reinvestment in the Wallacea Biodiversity Hotspot. In October CEPF signed an agreement with the MAVFA Foundation of US\$2,378,951 to support the second investment in the Mediterranean Basin Biodiversity Hotspot.

After the reporting period, CEPF signed a US\$38,000,000 agreement with AFD as the Accredited Entity of the Green Climate Fund for the project "Ecosystem-based Adaptation in the Indian Ocean."

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 US\$47,187. 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.

## **Grant-Making**

CEPF committed 69% of its grant-making budget for the current fiscal year, signing a total of US\$9,791,695 new awards against a budget of US\$14,205,000. CEPF began re-investments in two hotspots, Tropical Andes and Wallacea, and plans to re-invest in a third during Q4, Caribbean Islands.

Payments on active grants achieved 71% of the annual target, with US\$10,018,369 disbursements against the budget of US\$14,060,000. COVID-19 caused decreased cashflow needs with grantees due to its impact on field activities in FY21 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 69% or US\$2,431,469 of the Total Operations and Management Costs budget of US\$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 hotspots. Expenses on these efforts are being incurred 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 US\$185,777 are fundraising efforts, ongoing upgrades to CEPF's grants management system and website, and special events, including the Convention on Biological Diversity, World Conservation Congress and a RIT knowledge and learning exchange. Expenditures on Special Projects total US\$121,992 representing 66% spent

of the approved budget in the Special Projects category. Activities that depend on travel, such as conference attendance and learning exchanges, have been delayed due to travel restrictions related to COVID-19.