

**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)**

**Future Funding Opportunities**

**What CEPF Could or Should Pursue?**

**Background**

CEPF currently has six global donors: l'Agence Française de Développement (AFD), Conservation International (CI), the European Union (EU), the Global Environment Facility (GEF), the Government of Japan and the World Bank. After 17 years and a total contribution of US\$37 million, the MacArthur Foundation left the pool of the global donors in 2018.

In 2016, the World Bank informed the CEPF-Secretariat that it would stop providing funding to CEPF and in the future would cease acting as a fiduciary agent for third parties such as the Government of Japan and the European Union. However, the World Bank is still acting as a fiduciary agent for funding (US\$15 million) released by the Government of Japan to the benefit of CEPF in 2015. CEPF is currently working with the World Bank to finalize the contract for this funding that will be invested in the Caribbean Islands Biodiversity Hotspot.

AFD is currently a global donor of CEPF through its own financial contribution and, since 2019, has also served as the fiduciary agent for funding from the European Union. In addition, AFD is the Accredited Entity for the Green Climate Fund (GCF) funding that CEPF is investing in the Madagascar and Indian Ocean Islands Biodiversity Hotspot.

## **Donors: from global to regional**

In the past four years, CEPF has noted that, among existing donors, there is a tendency to favor regional investments as opposed to global investments. This trend was upheld when CEPF moved away from the pooled account to allow tracking expenses by donor. CEPF noted that potential CEPF donors have a strong preference for a regional approach, mostly because funding is available through geographical and not thematic structures in their own institutions. This is the case for KfW with its upcoming investment in Ecuador.

CEPF is targeting several bilateral donors for possible regional investments, including Canada Aid for Bolivia and Haiti, and Swiss Development Cooperation for the Central Asian countries.

CEPF is also working with AFD and the EU to engage more actively with their country and regional offices because investment decisions are increasingly decentralized. This engagement has already started in the Cerrado, Guinean Forests of West Africa and Tropical Andes hotspots.

## **Bridging biodiversity conservation and climate change**

In March 2021 a US\$38 million grant financing agreement for the Green Climate Fund (GCF) was signed between CI (GCF Implementing Entity on behalf of CEPF) and AFD (GCF Accredited Entity). This 10-year project will promote ecosystem-based adaptation (EbA), also known as one of the nature-based solutions, in the Madagascar and Indian Ocean Islands Biodiversity Hotspot.

Promoting EbA broadens CEPF's focus beyond a narrow definition of biodiversity conservation and makes conservation of critical ecosystems relevant to the global climate change agenda.

CEPF intends to submit three more proposals to the GCF. The most advanced concept was formulated in partnership with IUCN and entails three coordinated mechanisms to mobilize local actors in implementing nature-based solutions to climate change. These are a competitive grants mechanism to engage civil society organizations (CSO) in the Indo-Burma Biodiversity Hotspot; a grants mechanism to engage community groups and local administrative authorities; and an investment facility to enable communities and small businesses to adopt nature-based solutions. A request of US\$60 million over 10 years is envisioned.

Two additional concepts will be developed in partnership with BirdLife International and will focus on the Mediterranean Basin and the Guinean Forests of West Africa hotspots.

## **Responding to calls for proposals**

CEPF has not in the past responded to calls for proposals, however, in 2021, CEPF responded to a call from IKI (International Climate Initiative in Germany) and, in partnership with the German-based NGO NABU, submitted a proposal for 13 million

euros over 7 years. The project would amplify multiple innovative models for climate-conscious and biodiversity-friendly production involving local partners in four countries in the Mountains of Central Asia Biodiversity Hotspot: Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. A response from IKI is expected nine months from now.

### **Promoting CEPF as an effective grant mechanism to donors**

In February 2021, CEPF submitted, through the CI-GEF Accredited Entity, a concept to the Secretariat of the GEF presenting CEPF as a possible delivery mechanism under GEF-8 for the Small Grants Programme (SGP), which has historically been implemented by UNDP.

GEF-8 will start in July 2022, and CEPF would like to take advantage of this new cycle of funding to increase its support to CSOs. CEPF will engage with selected countries supported by the GEF to explore their interest in investing a portion of their national allocation (GEF8-STAR) into CEPF as a mechanism to support local civil society.

GEF-8 could also constitute a significant source of co-financing for larger projects such as the one implemented by CEPF with funding from the GCF.

CEPF established a productive relationship with Margaret A. Cargill Philanthropies (MACP) in the Indo-Burma Biodiversity Hotspot that then led to an investment by MACP in coastal and marine conservation in the Wallacea Biodiversity Hotspot. MACP promoted CEPF among its peers as an effective mechanism to support local NGOs. This led three other private foundations—Packard Foundation, Walton Family Foundation and Bloomberg Philanthropies—in joining forces with MACP to deliver conservation in Wallacea using CEPF as a grant-making mechanism.

Recently, CEPF was approached by two large U.K.-based private foundations: Sigrid Rausing Trust and Arcadia Foundation. Discussions are currently taking place regarding approaches and geographies. There is good potential for Acadia Foundation to become a global donor of CEPF.

### **Private sector: a potential source of funding for CEPF?**

Historically, CEPF has received funding from multilateral and bilateral organizations, international NGOs, and U.S.- and European-based foundations. While CEPF donors briefly discussed private sector engagement at the CEPF Donor Retreat in 2014, thus far, no attempt has been made to engage with private sector partners as donors.

Recent interest by some private companies in supporting local stakeholders involved in nature conservation has been expressed and, as a result, CI and CEPF are discussing the possibility of engaging with private sector partners, specifically from the fashion industry.

## **Regional development banks: a nut hard to crack**

In the past, several attempts were made by CEPF to secure funding from regional development banks: African Development Bank, Arab Development Fund, Asian Development Bank, Caribbean Development Bank and the Inter-American Development Bank. These engagements and visits did not lead to any fundraising success, and it seems that these structures are more interested in funding projects directly rather than in contributing to a re-granting program.

## **CBD COP-15 – Engaging China as a funding partner of CEPF**

A trip to China was undertaken in 2019. The CI-China Program facilitated meetings with Chinese authorities from the Foreign Environmental Cooperation Center at the Ministry of Ecology and Environment, which were positive. It was initially envisioned that COP-15 would offer an excellent venue for a possible announcement of a future partnership with China, however, given the current timing and continued challenges presented by the pandemic, this is unrealistic. As subsequent conversations have not yet taken place, it is likely that the process needs a fresh start.

## **Discussion**

Donors are invited to consider the following questions:

- Is responding to calls for proposals an effective way for CEPF to catalyze funding? Should CEPF respond to more calls for proposals?
- Do donors have advice on engaging with private sector partners?
- Should CEPF pursue the regional development banks?
- What steps should CEPF take next regarding China?
- Are there other funding opportunities CEPF should be considering? If so, what are they?