

Critical Ecosystem Partnership Fund
Twenty-second Meeting of the Donor Council
Conservation International, Arlington, VA

18 December 2012

8 a.m. – 11 a.m. EST

Approved Minutes

1. Welcome and introductions (Doc. CEPF/DC22/1)

Serving as Donor Council chairperson pro tempore, Peter Seligmann welcomed Donor Council members and representatives participating in the meeting and recognized retiring Donor Council Chairperson James D. Wolfensohn for his dedication and support to CEPF since its inception.

2. Adoption of agenda (Doc. CEPF/DC22/2)

The agenda was approved.

3. Adoption of Minutes of the Twenty-first Meeting of the Donor Council (Doc. CEPF/DC22/3)

The Donor Council adopted the minutes of the Twenty-first Meeting of the Donor Council, which took place on 11 June 2012, with corrections in the text from the GEF, the Government of Japan and the World Bank.

4. Report from the Executive Director (Doc. CEPF/DC22/4)

- Includes follow-up to the decisions taken at Twenty-first Meeting of the Donor Council

The Executive Director reviewed highlights from her written report on activities since the Twenty-first Meeting of the Donor Council on 11 June 2012.

The financial overview highlights included:

- As of September 30 donors had contributed \$233.5 million and \$187.1 million in expenses had been incurred, leaving a fund balance of \$46 million. This total does not include the \$51 million in pledges.
- Of the \$175.1 million approved in spending authority for the 22 regions, \$150.9 million, or 86 percent, has been awarded in grants. Moreover, of the \$150.9 million grants awarded, \$135.1 million of these have been disbursed, giving a 90 percent disbursement rate of the awarded funds.
- The disbursement timeframe for most initial CEPF investments in each hotspot is five years, which stretches to eight years if the hotspot is included in the consolidation program. Slow disbursement rates are often due to multi-year grant commitments that disburse gradually as projects progress and meet deliverables.

The update on follow-up to decisions taken during the Twenty-first Meeting of the Donor Council included:

- *List of key questions/issues for Secretariat follow-up:* The Secretariat shared the list of follow-up questions/issues with Donor Council members on 22 June 2012.
- *Record of communications with GEF focal points in the Eastern Afromontane Hotspot:* The Secretariat provided a table showing all interactions with GEF focal points in the Eastern Afromontane Hotspot prior to the expiration of the 60-day no-objection period, and through November 2012. The Secretariat introduced the regional implementation team (RIT) members to the focal points once the RIT became active in October 2012, and all focal points were invited to the launch in Saudi Arabia.

Ethiopia and Burundi sent endorsements, and there were positive interactions with the Democratic Republic of Congo, Kenya, Mozambique, Rwanda, South Sudan and Zimbabwe. No response had been received from Eritrea, Uganda, Yemen or Zambia. The Secretariat would ideally like endorsement from Yemen, to help build the relationship with Saudi Arabia. The Executive Director asked for Donor Council support in connecting CEPF with the GEF focal point for Yemen.

The Donor Council members discussed the process for getting endorsements from the focal points. The GEF has received endorsement from the Yemen focal point in the past for their national biodiversity plan. **The GEF and World Bank representatives will assist the Secretariat with the focal point endorsements, and will send the current contact information for each country representative.**

- *Report to donors on how CEPF is engaging local, regional and national governments:* The Executive Director's report included a table listing recent engagement with government at national and local levels conducted by CEPF staff, profiling teams, RITs and grantees. It demonstrates that government engagement is an integral component of the CEPF program at both the profiling state (pre-investment) and the investment/strategy implementation stage.

CEPF has a very active relationship with governments; government officials are invited to participate in the profiling, progress workshops, regular update meetings and proposal reviews. This engagement also extends beyond the end date of investment, as grantees continue to work with the government to sustain the investments provided in the regions.

The World Bank noted that not all of the hotspots were included in the table. **The Secretariat will update the report presented to the donors on how CEPF is engaging local, regional, and national governments in all active hotspots. Going forward, the Secretariat will produce this report for the Donor Council prior to each Donor Council meeting.**

- *Report to donors on how to achieve wider use/adoption of the ecosystem profiles:* The Secretariat noted that the ecosystem profiles were originally a tool only meant for CEPF, but these documents are being used well beyond the original intent.

CEPF has engaged frequently with other donors—the private sector, foundations, bilateral and multilaterals—about the ecosystem profiles. Through our emphasis during the profiling process on the importance of building a common vision for the civil society in the regions where CEPF works, other donors have begun to see the value of participating in our efforts and adopting the ecosystem profiles as their own strategies. This has occurred in the Mediterranean region, with the Mava Foundation and the Prince Albert II of Monaco Foundation, and in the Indo-Burma Hotspot, with the John D. and Catherine MacArthur Foundation, the McKnight Foundation and the nascent Margaret A. Cargill Foundation. The Secretariat is hoping that this will also occur in Wallacea and Madagascar, and will work with the profiling teams to ensure donor engagement efforts.

The Donor Council members discussed how to achieve wider use and adoption of the ecosystem profiles, noting the importance of having donors participate during profiling, since it builds momentum and increases understanding of the needs and strategies outlined in the ecosystem profiles. The Secretariat confirmed it is using the National Biodiversity Strategies and Action Plans (NBSAPs) established for national implementation of the Convention on Biological Diversity to engage governments.

The Secretariat is also working to play a role in donor roundtables organized around topics, specifically those on biodiversity. The World Bank suggested that the Secretariat include all stakeholders in the

process. The Secretariat confirmed that it tries for a diverse group comprised of local organizations, government officials, GEF focal points, donors and private foundations.

- *Present a history of CEPF staffing at the next meeting:* The Executive Director's report included a table showing CEPF's staffing history, which has remained very stable.

The Secretariat has maintained its capacity at the same level since inception except for the elimination of three positions: business development, assistant grant directors and information management.

- *Circulate the results of the mid-term review that was completed in August 2011:* The Secretariat shared the results of the mid-term review in the package for the Twenty-second meeting of the Donor Council.
- *Meeting on IDC:* The Secretariat had difficulties in arranging the meeting on IDC that was suggested by the Chairperson during the Twenty-first meeting of the Donor Council. An email regarding the IDC meeting was sent in July 2012, but the appropriate participants from the Donor Council members' financial teams were never identified.

The Donor Council members discussed the need for a meeting on IDC in order to better understand the breakdown of costs and functions. Conservation International noted that the approved IDC rate is based on CI's audited statements and variability occurs when CI's total supporting or programmatic expenses or their relationship change from one year to the next; when the total programmatic expenditures decline, the rate increases. CI also noted that the IDC is written into financing agreements with donors, and that IDC is only applied to Secretariat operational costs, not grants.

The Secretariat, in coordination with Conservation International, will schedule a meeting to explain to donors the breakdown of the cost and functions of the IDC. This will include information on the split of functions and related budget implications between CI and the Secretariat.

The Secretariat will circulate to the Donor Council members the IDC documents shared during the Twenty-first meeting of the Donor Council, with a request for name and contact details of the Donor Council representative who should participate in the IDC meeting.

The partnership highlights included:

- *Welcoming the EU:* The Secretariat hosted a reception during COP 11 in Hyderabad, India, in October 2012, with 170 people attending. The program emphasized the role of CEPF as an innovative mechanism to channel funding for biodiversity.
- *Conservation gathering for Francophone conservationists:* The Secretariat co-hosted with the Fonds Français pour l'Environnement Mondial (FFEM), Mava Foundation and IUCN Netherlands a social event that took place during the World Conservation Congress in Jeju, South Korea, in September 2012. Representatives of CEPF donors AFD and CI were among the 120 people who attended.
- *RIT trainings:* The Secretariat trained the Mediterranean Basin RIT and the Eastern Afromontane RIT. CEPF staff trained the RITs in CEPF's policies, procedures, World Bank safeguards, best practices that underpin grant making and data management systems. A representative of the World Bank attended the Eastern Afromontane RIT training to provide the training session on safeguards.

The Mediterranean Basin Hotspot portfolio launch was reported on in the Jordan Times, and the Eastern Afromontane Hotspot will be launched in Saudi Arabia on 29 January 2013. While in Saudi Arabia, the

Executive Director will meet with Prince Bandar bin Saud bin Mohammad Al-Saud, Secretary General of the Saudi Wildlife Authority, in Riyadh in the hopes of strengthening the relationship and discussing the potential for additional CEPF funding for the Eastern Afromontane Hotspot or for work in Yemen.

- *Fundraising efforts:* The Secretariat received additional funds from the MacArthur Foundation, who contributed \$425,000 for the strategy in Indo-Burma. Good progress has been made with the Margaret A. Cargill Foundation for \$1.8 million to be decided in February 2013. The Secretariat has also continued to make progress with the government of India, and had initial conversations with the Asian Development Bank (ADB) while in Hyderabad. The Executive Director will be attending the ADB leadership meeting in February 2013.
- *Visits to the field:* The Executive Director noted that the travel calendar was included in the quarterly report circulated in November 2012. She emphasized the Indo-Burma final assessment, taking place in March 2013, and the Maputaland-Pondoland-Albany mid-term assessment, taking place in April 2013.

The World Bank asked about a planned joint training session for the multiple RITs currently in operation, noted the importance of this for the exchange of information across hotspots. The Executive Director noted that the multi-RIT training will be scheduled in fiscal year 2014 since it was not included in the fiscal year 2013 budget. This is tentatively expected to take place in July.

Donor Council members discussed lessons learned, noting the importance of aggregating assessments to learn from failures and for future review. The Executive Director described the white papers that have been produced, which include lessons learned. In addition, the Secretariat provides information on the lessons learned to RIT staff during the training workshops. These workshops allow for the exchange of ideas and discussion on successes and failures in outreach, connecting with governments, having active donors, and more. Improving the exchange of information among hotspot RITs has been challenging and the Secretariat will continue to work to improve this.

The Secretariat will provide the Donor Council with an assessment on CEPF stated objectives and achievements by reviewing the final logframes produced in each region's final assessment report. These logframes compare outcomes to targets stated in the ecosystem profiles.

The Executive Director noted the difficulty in scheduling the biannual Donor Council meetings and suggested locked dates for these. **The Secretariat will determine locked dates for Donor Council meetings to take place each year in January and June.**

5. Approval of the scope of work for the Strategic Framework (Doc. CEPF/DC22/5)

The Donor Council was asked to approve the scope of work for the development of CEPF's Strategic Framework for the period 2013-2017, specifically defining the thematic areas the donor members would like to see included in the strategy for the new phase of CEPF.

The Executive Director reviewed the background, proposed process and potential criteria for the new Strategic Framework, which included:

- *Background:* The current Strategic Framework was designed for the period 2008-2012. During this time, CEPF has achieved tremendous results, as reported in the independent evaluation done in 2010 by David Olson as well as the supervision missions and mid-term review performed by the World Bank in 2011.

The timing is good for developing CEPF's Strategic Framework for the period 2013-2017 as the partnership is growing and evolving, with the European Union recently joining the partnership with a contribution of €18 million. In addition, important strategic processes are occurring, including the

European Union's approval of the 2020 biodiversity strategy and the AFD plan to evaluate CEPF in 2013. The World Bank is also developing a roadmap for biodiversity that may be finalized in 2013.

- *Proposed process:* The scope of work emphasized close collaboration with all global donor partners, grantees and the Secretariat, as well as thorough research on the program and on the state of biodiversity conservation.

An agreement on the thematic areas to include in the new strategy will allow for the development of detailed terms of reference that will guide selection of a consultant or group of consultants who will produce the new strategic framework. The terms of reference will be discussed with the Working Group.

The Secretariat proposed this to be a five-month process, with the terms of reference discussed with the Working Group in January 2013 and the solicitation process to occur in February. The consultant will be contracted in March and the draft produced in April. The Working Group will review and refine the draft in May, which the Donor Council will review for approval at the Twenty-third meeting of the Donor Council in June.

- *Thematic areas:* The Donor Council has periodically discussed the need to incorporate new themes in our work and adjust to new opportunities and challenges. For example, one issue previously raised by the Donor Council was the link between CEPF investments in the conservation of critical ecosystems and support for the provision of important ecological services.

The Donor Council members have also emphasized the importance of working more closely with the private sector, and ensuring that CEPF's impact is extended to marine areas where civil society requires support and where CEPF's model could be tremendously useful. Lastly, the Donor Council members have also placed emphasis on the importance of aligning CEPF investments to international agreements and targets such as the Aichi Targets agreed to in Nagoya in October 2010 at the Conference of the Parties of the Convention on Biological Diversity (CBD).

Additional suggestions include a greater demonstration of the linkages to human well-being, a more inclusive and holistic approach at the landscape level, greater impact in sustainability of CEPF investments, and seeking out opportunities to secure broader donor support.

The Donor Council members discussed the scope of work for the CEPF Strategic Framework and the thematic areas to include in the strategy. The European Union and the World Bank noted that the CBD has a clearly defined international strategy, and that highlighting the Aichi Targets in the Strategic Framework would make the CEPF strategy more clearly understood, making outreach easier.

The MacArthur Foundation suggested a retreat be held to bring together the Donor Council members for an in-depth discussion about the CEPF Strategic Framework. The retreat held during development of the strategic framework for the second phase of CEPF reaffirmed that civil society and biodiversity were a central part of CEPF. This type of discussion is necessary to see how each donor partner now views CEPF and what should change. The Foundation also emphasized the importance of not adding too many themes to the strategy, as this could stretch it beyond the resources available for success.

The GEF agreed that the timing is good for the development of CEPF's Strategic Framework for the period 2013-2017, which should continue to include biodiversity in the strategy. The GEF also noted that alignment with the Aichi Targets should be prioritized with specific indicators and not necessarily all of them. In addition, while adding

the private sector and ecosystem services themes is important, the original concept of CEPF is still attractive to additional donors and should be preserved.

The European Union agreed that the CEPF strategy should not be diluted; instead it could be expanded to a broader context that is aligned with the strategic concept of the Aichi Targets and include a stronger marine emphasis. The Government of Japan also agreed that alignment with the Aichi Targets is an important component to include, noting that this should also promote implementation of the NBSAPS.

The Government of Japan asked for clarification on the scaling up of CEPF with greater integration of the private sector via donations and co-financing. The Executive Director explained that the idea is more than just having the private sector contribute and co-fund projects, but also getting the private sector and other entities to increase the impact of CEPF strategies through replication in areas where CEPF does not work. The Government of Japan and other Donor Council members agreed that the private sector should be included in the Strategic Framework and that their financial contribution is also important.

The European Union highlighted the value of CEPF as a model of innovative forms of finance, and stressed the importance of demonstrating how CEPF can effectively raise funds for the protection of biodiversity.

The World Bank noted that CEPF needs to have a niche that is sustainable and allows for growth, also emphasizing the need for a quality strategy that is operational and impactful. It is clear that this should focus more on the Aichi Targets and the private sector, but it also needs to move beyond a strategy to solely grant funds for investments to focus more on collecting lessons learned. The Executive Director explained that the intent of development of the new Strategic Framework is to provide guidance for CEPF in a more inclusive and participatory process.

The Donor Council members discussed lengthening the proposed process timeframe, with Conservation International asking about the timing of investments and if it is necessary to develop the Strategic Framework by June 2013. The Executive Director confirmed that the timing is flexible because CEPF II will not end until 2017 if contributions from the World Bank continue at \$3 million per year. In addition, the GEF extended agreement goes through 2014, and the Secretariat is looking into replenishment from the GEF, AFD and CI. Since the current Strategic Framework ended in December 2012, the entire calendar year of 2013 could be used to develop the new Strategic Framework. Then the new strategy could start in 2014, with the new donor and funding from the Government of Japan transitioned from the second to third phase of CEPF.

Conservation International suggested the Donor Council members meet twice to guide development of the Strategic Framework, meeting once at a spring retreat for brainstorming and then again in June 2013 to review a first draft. The GEF agreed and also suggested that the process include the lessons learned assessment session as decided during the report from the Executive Director. The MacArthur Foundation noted the goal of the spring retreat should be a shared mission; and that the assessment is important because it will help highlight trends.

The AFD noted that all donor partners joined CEPF with a shared objective and reiterated the importance of maintaining CEPF's identity and innovative approach. The strategy should also highlight the key issue that we can protect the environment and finance development at the same time. The AFD also advised that the lessons learned assessment include suggestions on how to gain capacity in civil society through local NGOs, as the benefits beyond conservation are essential to CEPF's work. Conservation International shared this perspective, but added that natural capital is also an essential mechanism for demonstrating the value to development.

The European Union asked about the evolution of CEPF and how to keep the initial focus while also adding thematic areas to the strategy. The Executive Director noted that CEPF I was focused on protected areas while CEPF II moved towards building up a stronger balance for management of the protected areas. The strategy has a matrix of

biodiversity, including the additional services derived from biodiversity and priority areas within key biodiversity areas. The AFD suggested the Donor Council members also discuss working in protected areas versus production landscapes.

Lastly, Conservation International suggested that the scale of impact should be reviewed, since currently each hotspot receives investments between \$5 million to \$10 million, but CEPF may want to consider fewer investments of larger amounts.

The Donor Council approved the scope of work for the development of the CEPF strategic framework, with recommendations on the process. The Secretariat will schedule a spring retreat for Donor Council members to launch the development of the CEPF Strategic Framework and gather council member input. The Executive Director will give a presentation on the evolution of CEPF during this retreat. As noted in the report from the Executive Director, the Secretariat will provide an assessment on CEPF stated objectives, achievements, and as-yet unmet objectives by reviewing the final logframes produced in each region's final assessment report.

The consultants selected to develop the Strategic Framework will produce a draft to be presented during a meeting to take place in conjunction with the June Donor Council meeting.

6. Selection of new hotspot for investment (Doc. CEPF/DC22/6)

The Donor Council was asked to select a new hotspot for CEPF investment, with the Cerrado and the Mountains of Central Asia being considered.

The Executive Director reviewed the background and noted the following dates:

- February 2012 - the Donor Council approved defining new selection criteria and redefined consolidation.
- April 2012 - the Working Group reviewed the selection criteria and initial ranking.
- June 2012 – the Donor Council selected Wallacea as a new hotspot for investment and Indo-Burma for reinvestment. Consensus was not reached on the selection of a second new hotspot from the remaining four eligible hotspots, although preferences were expressed for two in particular: Mountains of Central Asia and Cerrado.
- August 2012 – the Working Group recommended Madagascar and Guinean Forests for reinvestment.
- September 2012 – the Donor Council approves the Working Group recommendation via electronic consultation.

Following discussions held by the Donor Council in June, the Secretariat further analyzed the options of investment in Cerrado and the Mountains of Central Asia and provided additional information on each, which included:

- *Mountains of Central Asia (includes portions of Kyrgyzstan, Tajikistan, Uzbekistan, Kazakhstan, China and Afghanistan):* GEF investments total \$4-5 million in Kazakhstan and Afghanistan, and \$1.5 million for Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, but there are still significant funding gaps in the region. Close to 20 million people live in high levels of poverty in rural areas and there is a great need for civil society capacity building. The region has high levels of endemism in plants and animals; key threats include hydropower mining, climate change and local use.
- *Cerrado (includes parts of Brazil, Paraguay and Bolivia):* The GEF has invested \$13.75 million in the Cerrado. Additional current investments include JICA, DEFRA, and IDB. The hotspot has a population of 24 million people, with 75 percent in urban areas. Only 3 percent of the biome is under protection; 50 percent of the original cover has been completely transformed, and by 2020 the original cover is estimated to be 28 percent. Major threats come from the expansion of agribusiness; irrigated agriculture accounts for 70 percent of water consumption.

The Secretariat recommended the Donor Council select the Cerrado as the new hotspot. The Executive Director noted the active portfolios in Africa and Asia Pacific; selecting the Cerrado would allow CEPF to maintain a geographical balance of portfolios worldwide. Without investment in the Cerrado, there will be no active portfolio in the Americas beyond the Caribbean. In addition, the Mountains of Central Asia would be a difficult region to work in while the Cerrado offers the opportunity to work hand in hand with the private sector and develop a new model for leveraging private sector support. The civil society community is further ahead than in some hotspots, but is still not working together. CEPF could provide important support to local civil society with a relatively small investment, resulting in an impact similar to the impact CEPF has had in the Atlantic Forest and Cape Floristic hotspots. Lastly, some Donor Council members expressed strong reservations about investing in the Mountains of Central Asia during the Twenty-first Meeting of the Donor Council.

The Donor Council members discussed the recommendation of the Secretariat. The discussion included:

- **Opportunities in the Cerrado:** There is good opportunity for conservation in Cerrado because civil society is already somewhat established there, some council members noted, and because of government and corporations understand that production is limited when natural capital is undermined. The expansion of agri-business in the region adds a sense of urgency to conservation investment; meanwhile, social media has placed new pressure on corporations working there, and there has been engagement on biodiversity conservation. The government has recently focused on conservation payments and recognizes that water stress is resulting directly from the agricultural industry. The developing civil society sector could flourish with strategic investment from CEPF and be agents of change. Links between Conservation International and the Brazil Ministry of Environment, and with Executive Secretary of the CBD Secretariat, who is Brazilian, may help leverage support for CEPF's activities. Some council members also felt recent changes in the "forest code," which governs activities in the Amazon rain forest of Brazil, provide a prime opportunity for civil society engagement.
- **Concerns raised about investing in Cerrado:** Council members questioned the Secretariat's recommendation of Cerrado in light of the prioritization exercise that placed the Mountains of Central Asia ahead of the Cerrado. It was also noted that CEPF may not be able to overcome the difficulties that previous investors have experienced in the Cerrado, where there are already many ongoing projects and resources. Some questioned whether it would be possible to have a positive impact in light of government support for industrial use of natural resources. Questions were also raised as to whether the size of the CEPF investment would be significant enough to make a difference in the region, and whether a coalition like the CEPF partnership would be welcomed by the Brazilian conservation community. Some members also indicated that the recently passed national "forest code" legislation, which effectively decreased the amount of land on which farmers must maintain forest cover, will hamper conservation. One council member noted his organization is no longer investing in Brazil so it could not provide any opportunity for leverage.
- **Opportunities in the Mountains of Central Asia:** Some council members recognized the high need and value for money presented by the Mountains of Central Asia. A council member pointed out that his organization is active in the Mountains of Central Asia and has not experienced any difficulties working there. Another member noted a preference for working in this region, where an innovative approach and focus on multi-country issues is more adequate.
- **Concerns raised about investing in the Mountains of Central Asia:** Council members expressed concern about the difficulties presented by political conditions in the region. A council member noted that his organization has worked in the region for many years, but the ability for the countries to work together has deteriorated over the past few years, and added that regional outcomes would be extremely difficult to

accomplish. It was also suggested that the sense of urgency is less in this region, as the area is relatively undisturbed.

- **Alternatives:** Conservation International suggested a two-staged approach. Since rapid change is occurring in the Cerrado, investment should occur there first. Then a smaller investment could go towards analyzing the impact of an investment in the Mountains of Central Asia. The Executive Director noted that based on pledged funds, funding is available for investment in both regions. The Secretariat could start the investment in the Cerrado and then profile the Mountains of Central Asia. The profile is a \$400,000 investment, and a rapid profile could cost less. A representative of the World Bank suggested the Tropical Andes be considered for reinvestment since the decision on the new hotspot was at an impasse and investment in the Americas is important. The Executive Director provided background information on the Tropical Andes, noting that CEPF invested \$8 million from 2001 until now. Consolidation of the hotspot ends in FY13. This investment was limited to the border between Peru and Bolivia, and opportunities exist to expand north and link with other donors including the MacArthur, Moore, Blue Moon and Avina foundations. Like Madagascar and West Africa, the entire hotspot could be profiled for the reinvestment, as opposed to the limited profiling conducted for the original investment. Important results achieved in this region include the creation of protected areas and mainstreaming conservation into development decisions. Strides were also made in relation to ecosystem services and linkages to human well-being. Key threats include infrastructure development, population growth, deforestation and agricultural expansion.

Conservation International recommended the Secretariat conduct an analysis on the Cerrado and the Mountains of Central Asia to determine the probability for success in each region based on the political realities. Then once the pledged funding is available, the Secretariat could move forward in those regions as well as the Tropical Andes.

The Donor Council selected the Tropical Andes Hotspot for reinvestment.

The Secretariat will develop political assessments for the Mountains of Central Asia and Cerrado to determine if CEPF investment in either hotspot could be successful. The analyses will include input from Donor Council members working in the corresponding countries of each hotspot. The political analyses of each hotspot will be presented during the Twenty-third meeting of the Donor Council in June 2013.

7. Selection of the new chairperson of the Donor Council (Doc. CEPF/DC22/7)

The Donor Council was asked to discuss the recommendation made by the Chairperson of the Donor Council, James D. Wolfensohn, that the Donor Council consider Jean-Michel Severino as a suitable candidate to replace him as the Chairperson. Mr. Wolfensohn announced his retirement from the position earlier in December.

The Executive Director noted that Mr. Severino would bring phenomenal assets to CEPF, as he has experience in development, and with CEPF, and he may be able to influence other European donors in regard to support for CEPF. Conservation International noted that Mr. Severino previously was a member of the CI Board of Directors, but is no longer on the board.

The Donor Council selected Jean-Michel Severino as the Chairperson of the CEPF Donor Council.

8. Presentation and approval of the ecosystem profile for the East Melanesian Islands Hotspot (Doc. CEPF/DC22/8)

The Donor Council was asked to approve on a no-objection basis the ecosystem profile for the East Melanesian Islands biodiversity hotspot. The Donor Council was also asked to increase CEPF's spending authority by \$9 million for the implementation of this profile.

The Executive Director introduced William (Bill) Aalbersberg from the University of the South Pacific and Job Opu from the University of Papua New Guinea, both of whom were members of the profiling team for the East Melanesian Islands Hotspot. They gave a presentation on the background of the hotspot and the profiling process.

East Melanesia comprises Vanuatu and the Solomon Islands plus the islands region of Papua New Guinea (PNG), which includes the provinces of Manus, New Ireland, East New Britain and West New Britain as well as the Autonomous Region of Bougainville. The hotspot holds exceptional cultural and linguistic diversity, and local people are true stewards of biodiversity, with food security and livelihoods closely connected to biodiversity.

The hotspot is a terrestrial conservation priority, with habitats including coastal vegetation, mangrove forests, freshwater swamp forests, lowland rainforests, seasonally dry forests and grasslands and montane rainforests. The geographic scope of the hotspot includes nearshore marine habitats such as coral reefs and seagrass beds, thus presenting opportunities for investment in ridge-to-reef conservation strategies that preserve environmental flows and foster resilience to climate change.

East Melanesia has very high levels of endemism, both within the hotspot as a whole and on single islands. The endemics harbored by the hotspot include 3,000 vascular plant species, 41 mammals, 148 birds, 54 reptiles, 45 amphibians and three freshwater fish species.

The ecosystem profiling process was launched by the profiling team at the Pacific Islands Roundtable on Nature Conservation in Suva, Fiji, on 27 July 2011. Input from stakeholders was facilitated through consultation workshops at regional, national and provincial levels. A technical workshop was followed by three national launch events and eight provincial workshops. These meetings were open to anyone who wished to attend, and were advertised through local media, including radio broadcasts, but the logistics of getting appropriate attendees was a challenge. The profiling process concluded with a three-day regional stakeholder workshop, held in Honiara in May 2012, which brought together 24 representatives of government departments, domestic and international civil society and local communities to review draft outputs from the profiling process and consider conservation strategies from a regional perspective. The bottom-up approach was thought to be very effective, and the overall process engaged more than 150 stakeholders, making it one of the most inclusive exercises of its kind to have been undertaken in the region.

Five thematic studies were commissioned for the ecosystem profile:

1. *Socioeconomic context:* Communities in the East Melanesian Islands traditionally used natural resources for economic development.
2. *Policy context:* Most land and resources in the hotspot are under customary ownership, and conflict has resulted because the villagers have control over the land and sea resources that the government wants to use for development.
3. *Civil society context:* Civil society is relatively new in the area, but community-based NGOs, faith-based organizations and academic institutions were recognized as potential partners.
4. *Climate change context:* The East Melanesian Islands have already been affected by severe droughts, sea level rise, strong cyclones and other factors that are affecting water and food security, coral bleaching and acidification.
5. *Trends in investment:* Bilaterals, multilaterals, national governments and foundations are making conservation investments in the hotspot, with a focus on building resilience through natural resource management and climate adaptation.

Population growth, urbanization, lack of awareness, unsustainable economic development models and more are driving the main threats to the hotspot: deforestation, agriculture and mining. These threats demonstrate the importance of local communities partnering with civil society for conservation action. To allow time for trust building, capacity transfer and financial sustainability of the partnerships, the conservation interventions need to be developed gradually, so an investment of \$9 million over eight years was proposed.

The Donor Council members discussed the requests and noted the following:

- The World Bank asked about the marine aspect of the hotspot, since this was a topic of conversation during the discussion on the scope of work for the Strategic Framework. The profiling team members noted that the approach for the East Melanesian Islands Hotspot has a continuum since it will combine inshore marine with terrestrial priorities for watershed protection.
- The GEF asked about invasive species. It was noted that this threat was discussed at each workshop, but it ranked lower than other threats since invasive species are a smaller threat in the East Melanesian Islands than in other Pacific islands.
- The GEF also asked about lessons learned from the profiling approach. The profiling team members noted that it will be necessary to build capacity in community-based organizations, but that there may be synergies with the system used by the United Nations Development Programme in the East Melanesian Islands. This may provide opportunities for local NGOs to get more funding from CEPF. The locally managed marine network is viewed globally as a good approach that local communities helped develop, monitor and implement, but the community-based approach usually requires more money over a longer investment period.
- Conservation International suggested that the profiling team take another look at including Malakula Island in the CEPF priorities.
- The AFD asked about the leadership capacity in the region. It was noted that a few conservation leaders are already emerging due to the MacArthur Foundation grant that provided funding for regionally trained taxonomists to do biological assessments in the Solomon Islands. The profiling team may contact these taxonomists about forming a national NGO and becoming champions for the hotspot. Traditional leaders can also be developed as conservation leaders.
- Conservation International noted the geographical overlap between the East Melanesian Islands Hotspot and the Pacific Oceanscape, which may allow for leveraged funding and synergy building. The head of the IUCN program may be a good partner for the RIT.

The Donor Council approved the East Melanesian Islands Hotspot ecosystem profile. The Donor Council also approved an increase of \$9 million to the Secretariat's spending authority for the implementation of the profile over eight years.

9. Other business

The Secretariat will circulate to the Donor Council members within two weeks the summary of decisions and follow-up actions resulting from the Twenty-second Meeting of the Donor Council.

The Chairperson pro tempore adjourned the meeting.

Summary of decisions and follow-up actions

1. Decisions Reached

The Donor Council reached the following decisions:

- The agenda of the Twenty-second Meeting of the Donor Council was approved.
- The minutes of the Twenty-first Meeting of the Donor Council were adopted with corrections.
- The scope of work for the development of the CEPF strategic framework was approved with recommendations on the process.
- The Tropical Andes Hotspot was selected for reinvestment.
- Jean-Michel Severino was selected as the Chairperson of the CEPF Donor Council.
- The East Melanesian Islands Hotspot ecosystem profile was approved. The Donor Council also approved an increase of \$9 million to the Secretariat's spending authority for the implementation of the profile over eight years.

2. Follow-up actions

- The Global Environment Facility and World Bank representatives will assist the Secretariat with the focal point endorsements for the Eastern Afrotropical Hotspot, and will send the current contact information for each country representative.
- The Secretariat will update the report to donors on how CEPF is engaging local, regional, and national governments in active regions to include all active hotspots. Going forward, the Secretariat will produce this report on a regular basis for the Donor Council prior to each Donor Council meeting.
- The Secretariat, in coordination with CI, will schedule a meeting to explain to donors the breakdown of the cost and functions of the IDC. This will include information on the split of functions and related budget implications between CI and the Secretariat.
- The Secretariat will circulate to the Donor Council members the IDC documents shared during the 21st meeting, with a request for name and contact details of the Donor Council representative who should participate in the IDC meeting.
- The Secretariat will determine locked dates for Donor Council meetings to take place each year in January and June.
- The Secretariat will schedule a spring retreat for Donor Council members to launch the development of the CEPF Strategic Framework and gather council member input. The Executive Director will give a presentation on the evolution of CEPF during this retreat. The Secretariat will provide assessment on CEPF stated objectives and achievements by reviewing the final logframes produced in each region's final assessment report. These logframes compare outcomes to targets stated in the ecosystem profiles.
- The consultants selected to develop the Strategic Framework will produce a draft to be presented during a summer meeting to take place in conjunction with the June Donor Council meeting.
- The Secretariat will develop political assessments for the Mountains of Central Asia and Cerrado to determine if CEPF investment in either hotspot could be successful. The analyses will include input from Donor Council members working in the corresponding countries of each hotspot. The political analysis of each hotspot will be presented during the Twenty-third meeting of the Donor Council in June 2013.

List of Attendees

Donor Council Members

Catherine Garreta, Director of Cross Operations Issues and Operational Support, on behalf of Jean-Yves Grossclaude, Director of Operations	L'Agence Française de Développement
Peter Seligmann, CEO and Chairman	Conservation International
Karl Falkenberg, Director General for Environment	European Commission
Gustavo Fonseca, Team Leader – Natural Resources on behalf of Naoko Ishii, CEO and Chairperson	Global Environment Facility
Ryusuke Nakayama, Director of Development Issues International Bureau, Ministry of Finance of Japan	Government of Japan
Jørgen Thomsen, Director, Conservation and Sustainable Development, on behalf of Robert Gallucci, President	MacArthur Foundation
Juergen Voegelé, Director, Agriculture and Environmental Services on behalf of Rachel Kyte, Vice President, Sustainable Development	The World Bank

Staff

AFD

Gilles Kleitz, Project Manager, Biodiversity – Natural Resources

CEPF

Patricia Zurita, Executive Director
John De Wet, Vice President, Finance and Operations
Nina Marshall, Managing Director
Deborah Rainey, Senior Director, Grant Management Unit
Julie Shaw, Director, Communications
Mandy DeVine, Communications Coordinator
Jack Tordoff, Grant Director, East Melanesia Islands

Conservation International

Niels Crone, Chief Operating Officer
Jennifer Morris, Executive Vice President, Ecosystem Finance and Markets

European Commission

Jérôme Petit, Biodiversity Policy Officer, EuropeAid/Directorate General Development and Cooperation
Laure Ledoux, Biodiversity Policy Office, Directorate General Environment

Global Environment Facility

Yoko Watanabe, Sr. Biodiversity Specialist

Government of Japan

Yuji Tsujiki, Deputy Director and Special Officer for Development Finance, Ministry of Finance
Hiroki Katayama, Section Chief, Development Institutions Division, International Bureau, Ministry of Finance

Asako Kobayashi, International Bureau, Ministry of Finance

Yasuharu Ina, Assistant Director, Global Biodiversity Strategy Office, Nature Conservation Bureau, Ministry of the Environment

Mori Yuki, Global Biodiversity Strategy Office, Nature Conservation Bureau, Ministry of Environment

World Bank

Valerie Hickey, Team Task Leader

Guests

William (Bill) Aalbersberg -- University of the South Pacific, and

Job Opu -- University of Papua New Guinea