

Critical Ecosystem Partnership Fund

No Objection Approval Pursuant to Section 2.03(c) of the Financing Agreement

30 April 2015

CEPF Financial Summary, Sixteenth Spending Plan and increase in Spending Authority for Madagascar & Indian Ocean Islands

Recommended Action Item:

The Donor Council is asked to **review and approve** the Sixteenth Spending Plan on a **no-objection basis**. The plan sets out the budget for grants and operations totaling \$20,992,714 for the period 1 July 2015 to 30 June 2016.

A summary of expenditures through 31 March 2015 against the Fifteenth Spending Plan is attached for information.

The Donor Council is also asked to **approve on a no-objection basis** an increase of \$765,000 in the Spending Authority for the Madagascar & Indian Ocean Islands Hotspot to include additional funding made available by the Leona M. & Harry B. Helmsley Charitable Trust, increasing the Spending Authority for the hotspot from \$7.5 million to \$8.265 million.

The deadline for no-objection approval is **15 May 2015**.

Background:

In accordance with the CEPF's Operational Manual (Section OM 2.1 Rev), CEPF shall prepare an annual spending plan no later than 30 April of each year for review and approval by the Donor Council. The plan describes the proposed funding levels of the spending categories for CEPF during the next fiscal year.

The Sixteenth Spending Plan provides for CEPF's operational budget for fiscal year 2016 (1 July 2015 to 30 June 2016). The Plan does not increase the authority to grant and commit funding, which remains at \$218,873,320 – this will increase by \$765,000 to \$219,638,320 once approval is received to increase the Madagascar & Indian Ocean Islands Spending Authority in this resolution.

The Secretariat has included in the Ecosystem Grants spending category (page 1) the projected disbursement and new grant award amounts for 13 active regions and two new regions that are currently being profiled, where granting is expected to commence in FY16. These new regions are Guinean Forests of West Africa and Cerrado. The granting budget increases slightly from \$16.4 million in FY15 to \$16.6 million in FY16. Due to the delay in the profiling of the Guinean Forests of West Africa resulting from the Ebola crisis, it is unlikely that the FY15 granting budget will be met as there was a \$1.7 million budget for this region that will not take place.

The Operations / Secretariat budget (page 2) reflects an increase of 6% from \$3.237 million in FY15 to \$3.438 million in FY16. This increase is primarily due to personnel changes including the addition of a Senior Grants Manager to focus on monitoring and evaluation of the CEPF portfolio and a full-time CEPF Executive Assistant. In addition, in the past four staff in the Grant Management and Communications teams were a shared resource, spending a portion of their time on CEPF and the balance on other CI programs. These staff will now be fully dedicated to CEPF. Total Secretariat staff now numbers 18, of which 15 are full time on CEPF.

The Secretariat budget is also higher as CEPF continues to build the foundation for Phase III. This includes finalizing the business plan and governance structures, as well as support in developing communications to ensure that we have the appropriate capacity in place for CEPF Phase III.

The Secretariat has included in the Preparation (Ecosystem Profiles) budget (page 2) a projected amount of \$350,000 for developing long-term visions for seven hotspots, which is one of the key outcomes of the strategic framework for CEPF Phase III. A portion of this budget is available from the reduction of the unspent balance in the Spending Authority of the Polynesia-Micronesia Hotspot of \$171,424. The use of these funds for the long-term visions was approved by the Donor Council by no-objection on April 2, 2015.

The fundraising budget included in the Special Projects table includes costs of travel and special events related to fundraising efforts. The fundraising efforts will target, among others, the governments of Germany, the United Kingdom and Norway. The Special Projects budget also covers the cost of the annual audit.

In addition, the Special Projects budget makes provision to complete the new grants management system to replace the existing system (GEM) that no longer meets CEPF's requirements. Implementing a new system is an essential building block in preparing for CEPF Phase III. This new system will fully automate the grants application process and facilitate online reporting by all grantees, including monitoring data.

During FY15, the Secretariat commenced with the design of a new customized grant management system. This project successfully developed two modules but as it was costing more and taking longer to build than planned, it was paused in December 2014. With the support of CI's IT Department, an extensive exercise was undertaken to explore alternative options considering the status of the project and the costs already incurred. The best long-term solution suggested by CI's IT Department, supported by the Secretariat, is to proceed with an off-the-shelf system. After reviewing alternatives, Foundation Connect, which is part of the Salesforce platform, was recommended as it offers a basic structure that meets CEPF's needs and allows customizations to meet CEPF's specific requirements. Being part of an established international customer relationship solution will ensure that CEPF's system is supported and stays updated with the latest technology. The budget is planned to cover the costs of an implementing partner to work on the customization effort for CEPF, while the ongoing license fees are included in the Operations budget. It is planned that the new system will be fully functional, including design of the customizations, testing and migration, by the end of FY16.

In March 2015, the Leona M. & Harry B. Helmsley Charitable Trust awarded a grant of \$900,000 to CEPF to support CEPF's investment in the Madagascar & Indian Ocean Islands Hotspot. A portion of these funds

(\$135,000) will support the Secretariat's costs and the balance of \$765,000 will be invested in the hotspot. The Donor Council is requested to formally approve an increase in the Spending Authority by \$765,000 to \$8,265,000 for this hotspot to allow CEPF to invest these funds.