

**Critical Ecosystem Partnership Fund
Twenty-Fourth Meeting of the Donor Council
Paris, France
28 January 2014
2:30 p.m. Paris time (CET)**

Adoption of the Minutes of the 23rd Meeting of the Donor Council

Recommended Action Item

The Donor Council is asked to adopt the Minutes of the 23rd Meeting of the Donor Council, which took place on 25 June 2013.

Critical Ecosystem Partnership Fund
Twenty-Third Meeting of the Donor Council
Jackson Hole, Wyoming

25 June 2013

11 a.m. – 1 p.m. MDT

Draft Minutes

1. Welcome and introductions (Doc. CEPF/DC23/1)

The Executive Director welcomed Jean-Michel Severino as the new Donor Council Chairperson.

2. Adoption of agenda (Doc. CEPF/DC23/2)

The Executive Director proposed that the agenda be revised in order to have the selection of the new investment region as the first order of business. The agenda was approved with this change.

3. Feasibility assessment for selection of a new investment region (Doc. CEPF/DC23/5)

During the Twenty-second meeting of the Donor Council on 18 December 2012, the Donor Council discussed the potential selection of the Cerrado of Brazil or the Mountains of Central Asia as CEPF's next hotspot for investment. After examining the opportunities and challenges associated with the two regions, the Donor Council asked the Secretariat to assess whether the hotspots' political and operational environments are conducive to achieving meaningful results through CEPF investment.

The Secretariat examined the political and operational milieu of the Cerrado and the Mountains of Central Asia, and interviewed 13 conservation practitioners, 10 of whom have extensive experience working in the two hotspots under review. The Secretariat found that both hotspots possess critical pre-conditions and attributes that would allow CEPF to foster civil society engagement to achieve meaningful conservation outcomes. All experts concurred that CEPF's strategy could readily be structured to reduce potential political risks and to take advantage of new and significant opportunities.

The Executive Director reviewed the key findings, noting:

- The Cerrado is an area that has been orphaned from conservation attention in Brazil but has the highest deforestation rate in the country. This hotspot also offers a potentially innovative model for CEPF grant making, testing a more proactive engagement with the private sector, with large-scale agriculture as the main threat, in support of stronger local governance that could be replicated in other geographies.
- The Mountains of Central Asia is a very diverse hotspot for government stability and in the operating space for civil society. This hotspot also provides a huge opportunity to build capacity within and to have a regional initiative that would need to be tailored to the specific needs of each country.

Based on the assessment and the different characteristics and opportunities that each of the hotspots provides, as well as the similar status of civil society in each of these hotspots, the Secretariat recommended allowing CEPF to grant funding in both hotspots to begin profiling during FY15, then

staggering implementation. Considering the available funding, the Secretariat recommended funding the Cerrado initially and then moving to the Mountains of Central Asia as soon as replenishment or the contribution of a new donor is confirmed for CEPF.

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

- **Support for investing in Cerrado:** The Donor Council members supported an initial investment in the Cerrado. The European Commission noted that it recently invested \$5 million euro in the Amazon and there could be opportunities for synergy across the hotspots. The Executive Director also noted that the UNDP small grants program for the Cerrado was just approved for an investment of \$8 million over five years, which CEPF could also align with. If approved for investment, the strategy would be to invest \$5 million and lock large areas under protection quickly.
- **Concerns raised about investing in the Mountains of Central Asia:** Some of the Donor Council members had doubts about the regional political dynamics and collaboration and believed that working across boundaries would be difficult in terms of government and civil society participation. These members supported profiling the hotspot, provided that the profile addresses the political economy questions. The European Commission noted that CEPF works primarily with civil society and not governments, so the politics should not be a pre-condition for commitment by CEPF for investment. CI noted that if the investment is a regional engagement that the common environment agenda may promote collaboration. On the other hand, the investment could be a series of national engagements so that cross-boundary issues do not apply. The GEF also confirmed that they have worked in Central Asia and countries are willing to discuss biodiversity issues regionally and can achieve success nationally.

The Executive Director confirmed that the ecosystem profile examines the socio-political environment and the role of other donors in the region. In multi-country hotspots, actions within the nation as well as among nations are reviewed. She also noted that there have been cases, such as the Caucasus, where CEPF invested in a hotspot with political difficulties and was able to get civil society to work together across borders. The MacArthur Foundation also confirmed that success of the hybrid model used in the Caucasus.

The European Commission and the MacArthur Foundation noted the CEPF resource limitations and suggested that the Donor Council be pragmatic about whether there is funding to do a profile for the Mountains of Central Asia. Some of the Donor Council members suggested that the Secretariat wait to profile the Mountains of Central Asia until the funding is secured for investment. CI suggested that the profile move forward since it may help attract donors for CEPF. The GEF also believed that the profile would be adopted by other investors for the Mountains of Central Asia; however, some of the donors were concerned that a profile without investment would create unmet expectations for stakeholders.

The Executive Director noted that the Secretariat is profiling four regions in FY14: Madagascar, Wallacea, Tropical Andes and the Guinean Forests of West Africa. Some of the Donor Council members noted that the focus should be on reinvestment and not extension, and that the Secretariat should not be overburdened with profiling when the money is not available for the investment in the Mountains of Central Asia.

The Chairperson suggested that the Donor Council move forward in approving Cerrado as the new region for CEPF investment, since the funding is available and the interest is high. **The Donor Council selected Cerrado as the new region for CEPF investment and will make a decision on whether to profile the Mountains of Central Asia once additional funding is obtained.**

4. Adoption of Minutes of the Twenty-second Meeting of the Donor Council (Doc. CEPF/DC23/3)

The Donor Council adopted the minutes of the Twenty-second Meeting of the Donor Council, which took place on 18 December 2012.

5. Report from the Executive Director (Doc. CEPF/DC23/4)

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

The Executive Director reviewed highlights from her written report on activities since the Twenty-second Meeting of the Donor Council on 18 December 2012.

The partnership highlights included:

- *Conservation Award:* BirdLife International presented CEPF with the “BirdLife International Conservation Award” on June 22 during the BirdLife World Congress.
- *Regional Implementation Teams:* IUCN was selected as the RIT for both Indo-Burma II and the East Melanesian Islands biodiversity hotspots.
- *Donor roundtable:* Following the mid-term assessment for the Maputaland-Pondoland-Albany Hotspot, the Secretariat, in close collaboration with Wildlands and the South African National Biodiversity Institute (SANBI), organized the first donor roundtable discussion in a CEPF hotspot.
- *Operational manual:* The Operational Manual has been modified, following Donor Council approval, to clarify the purpose and allowable expenditures for a subgrantee’s organizational management support costs.
- *Regional launch event:* The Government of Saudi Arabia hosted the launch of the Eastern Afromontane portfolio in Abha in late January. The Ethiopian Wildlife and Natural History Society (EWNHS) hosted a second launch event in Addis Ababa in March.

The financial overview highlights included:

- Grant making for FY13 was a little behind spending targets, with 95 percent of the spending target met. The gap was due to the delay in signing the East Melanesian Islands RIT agreement.
- The profiling of Tropical Andes and the Guinean Forests of West Africa has gone slower than expected; however, the World Bank has now allowed these to move forward as contracts.
- The contract between the World Bank and CI for the European Commission funding for CEPF is being processed, but this will likely not be signed before the end of FY13.

The Executive Director confirmed that there is a cap of \$1 million on the grant size for RIT-Administration budgets, which is imposed by the GEF. The GEF noted that the cap has been raised to \$2 million for the amount that can be approved by the GEF CEO without going to the GEF Council. The RIT also has a 10 percent administration ceiling.

The Donor Council members discussed the RIT role, noting that the person in charge of the team should be accountable to the Secretariat and should act as a team leader for engagement across the region. The competitive process for RIT selection may need to be adjusted, with the suggestion of possibly linking the profiling process to the RIT role. It was noted that a condition of being the RIT should be that the Secretariat is comfortable with the leadership. If necessary, a local professional may need to be hired to lead the RIT. During the strategy process, the programmatic and administrative roles of the RIT will be

examined to determine ways to strengthen these so that the RITs are not only acting as contract managers.

The Executive Director noted that the conflict of interest prevents the RIT from applying for other CEPF grant funding, which is likely limiting the number of organizations applying for the RIT role. The available funding for the RIT is also very limited and there has been duplication of efforts because of the RIT's role as a contract manager. Also, many national NGOs lack the regional experience needed to qualify for the RIT role.

The Donor Council members requested that the Secretariat analyze the role of the RIT. The Executive Director noted that the Secretariat is hosting a RIT Exchange later this year, which will include a session for the RIT members to meet with the Donor Council members. **The Secretariat will present to the Working Group in October an analysis from the RIT Exchange that is taking place in Washington, D.C. this September.**

The Executive Director confirmed that the meeting on IDC is set for July. **The Donor Council members should send the Secretariat the name and contact details of the Donor Council representative who will participate in the IDC/management cost meeting taking place in July.**

6. Other business

The Chairperson expressed how much the Donor Council members appreciated the efforts of James D. Wolfensohn in his role as the previous Chair of the Donor Council for CEPF. The Executive Director noted that James D. Wolfensohn will be receiving a frame with three pictures signed by the Donor Council members and a book as tokens of their appreciation.

The Chairperson confirmed that the next Donor Council meeting is set for the week of 27 January 2014 in Paris, France. The Executive Director noted that there may be a CEPF event commemorating the 300th issue of *Terre Sauvage* at the Muséum National d'Histoire Naturelle the previous evening. Yann Arthus-Bertrand, a French photographer and journalist, will be involved in this and the Secretariat is trying to get the Minister of Development to open the event.

The Chairperson thanked the Donor Council members and representatives, as well as the Secretariat, and 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-Third Meeting of the Donor Council was approved.
- The Donor Council selected Cerrado as the new region for CEPF investment. The Donor Council will make a decision on whether to profile the Mountains of Central Asia once additional funding is obtained.
- The minutes of the Twenty-Second Donor Council Meeting were adopted.

2. Follow-up actions

- The Secretariat will present to the Working Group in October an analysis from the RIT Exchange that is taking place in Washington, D.C. this September.
- The Donor Council members should send the Secretariat the name and contact details of the Donor Council representative who will participate in the IDC/management cost meeting taking place in July.

List of Attendees

Donor Council Members

Jean-Michel Severino, Chairman	CEPF Donor Council
Jean-Yves Grossclaude, Director of Operations Développement	L'Agence Française de
Peter Seligmann, CEO and Chairman	Conservation International
Cristiana Pasca-Palmer, Head of Unit, Climate Change, Environment, Natural Resources, Water (DEVCO) on behalf of Klaus Rudischhauser, Director General, DEVCO	European Commission
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
Ren Ito, Advisor, Office of the Executive Director, Japan on behalf of Ryusuke Nakayama, Director, 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 Voegele, Director, Agriculture and Environmental Services on behalf of Rachel Kyte, Vice President, Sustainable Development	The World Bank

Staff

CEPF

Patricia Zurita, Executive Director
John De Wet, Vice President, Finance and Operations
Nina Marshall, Managing Director
Jack Tordoff, Grant Director
Pierre Carret, Technical Advisor

Conservation International

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

Global Environment Facility

Yoko Watanabe, Sr. Biodiversity Specialist

Government of Japan

Rikiya Konishi, Assistant Director, Global Biodiversity Strategy Office, Nature Conservation Bureau,
Ministry of the Environment

World Bank

Valerie Hickey, Team Task Leader