

**Critical Ecosystem Partnership Fund
Twenty-Fifth Meeting of the Donor Council
Washington, D.C.
24 June 2014
8 a.m.-11 a.m. EDT**

Progress Report on Phase III components

Recommended Action Item

The Donor Council is requested to review the progress on the components for CEPF Phase III and approve the framework and draft scope of work for the **Long-term strategic visions for graduating civil society from CEPF support in the biodiversity hotspots** and the updated **Terms of Reference for the Regional Implementation Teams**.

Background

In June 2013 the CEPF Donor Council held a retreat during which it discussed a new phase of CEPF providing a basis for development of a new strategic framework for the third phase of CEPF. During the meeting, donor members discussed areas of work on which CEPF could focus to better deliver its mission of engaging civil society in conserving the world's most critical ecosystems. In January 2014 during the 25th meeting of the Donor Council, the draft strategic framework was approved and the CEPF Secretariat started work to plan for the new and expanded third phase of CEPF.

This third phase will entail expanding CEPF to a scale where it can more widely and effectively impact the biodiversity crisis. Four key outcomes are expected from the new phase:

1. A revamped, scaled-up and transformational CEPF.
2. Long-term strategic visions developed and implemented for at least 12 hotspots, facilitating the development of credible, effective and well-resourced civil societies, that support improved biodiversity conservation, enhanced provision from healthy ecosystems of services important to human wellbeing, and greater alignment of conservation goals with public policy and private sector business practices.

3. Strengthened implementation structures for each investment hotspot, led by Regional Implementation Teams (RITs) or similar organizations, which become the permanent stewards of the long-term strategic vision for the hotspot, able to coordinate and support civil society organizations and connect them with government and private sector partners.
4. An improved delivery model with more efficient operations, stronger communication products and more effective impact reporting, which facilitates learning, adaptive management and amplification of demonstration models.

These four outcomes will be achieved throughout a 10-year investment phase – CEPF III – during which at least 12 biodiversity hotspots will be targeted. Progress in each hotspot will be measured against targets for “graduation”, i.e. the conditions under which CEPF can withdraw from a hotspot with confidence that effective biodiversity conservation programs will continue sustainably.

To deliver the four outcomes, the new phase will have four components: the pillars of CEPF III. These will be delivered in parallel and complement each other, establishing a fund that tackles the loss of global biodiversity by catalyzing civil society engagement, political will, private sector support and donor funding to demonstrate effective responses to the most pressing conservation issues in the short term, while facilitating the emergence of conservation movements able to respond effectively to emerging issues into the long term.

The four components are:

- Component 1 – Designing and launching a transformational fund for biodiversity and civil society – the new CEPF.
- Component 2 – Long-term strategic visions for all active hotspots: Defining graduation, funding targets and Terms of Investment.
- Component 3 – Strengthened implementation organizations that become the sustainable stewards of the long-term strategic vision for the hotspots.
- Component 4 – An improved model for delivery.

This document provides an update on the progress for each component and includes as annexes the **Concept Note and Scope of work for the Long Term Visions** and the updated **Terms of Reference for the Regional Implementation Teams**.

Progress on component 1 – Business Plan

The Secretariat has contracted with a consultant who is leading the development of the Business Plan for Phase III that will resolve key questions and explore elements of the partnership that were discussed with the Donor Council and that are central for a scaled up version of CEPF. These include:

1. New Proposed Governance Model and Structure - CEPF's governance will need to be reviewed in order to accommodate new donors joining the partnership. Considerations should be made for how CEPF should/could accommodate the participation of a variety of donors and non-donor members from different backgrounds and sectors including: private sector/corporations, foundations, NGOs, and governments. This component will help CEPF to explore and define the scope, size and governance of the new CEPF.

2. Biodiversity Funding Mechanisms and Opportunities - Given the increasing global loss of biodiversity as well as the perception by society of its importance, new mechanisms for financing and protecting biodiversity have emerged through both public and private institutions as well as non- governmental organizations. CEPF must be able to understand the functioning of these different financial mechanisms, where and how they are being used in the world that contribute to the protection of biodiversity. This component will also help CEPF map the major funding sources for biodiversity conservation in the world, ultimately helping to design a fundraising strategy for the Fund.

3. Private Sector Engagement Strategy - With 2/3 of global resources flowing through the private sector, the need for corporate engagement in biodiversity conservation is clear. Companies are increasingly accepting their responsibility to conserve the natural world because the loss of ecosystems and biological diversity pose serious risks to business. These ideas are consistent with corporate social responsibility (CSR) policies and practices, which started in the mid-1980s as voluntary initiatives designed to address social, environmental, and human-rights concerns arising from corporate impacts. The Convention on Biological Diversity endorsed corporate engagement in conservation when it included corporations as active partners in its 2002 strategic plan. National governments and civil society organizations also recognize the role of business in initiatives like The Economics of Ecosystems and Biodiversity Report for Business (TEEB 2010) study. Nevertheless, the idea that companies might play a role, and that conservation organizations should engage with them, has been viewed with suspicion. This component will identify pathways for private sector engagement and specific opportunities for bringing new corporate donors to CEPF.

The products of this consultancy will be developed through 2014 and drafts will be presented to the Donor Council during the 26th meeting in January 2015.

Progress on Component 2 – Long-term strategic visions for graduating civil society from CEPF support in the biodiversity hotspots

CEPF should not be a permanent presence in each hotspot but define and work towards an end point at which local civil society 'graduates' from its support with sufficient capacity, access to resources and credibility to respond to future conservation challenges. Experience to date shows that, in most hotspots, reaching a point at which civil society graduates from CEPF support will take more than five years. The long-term strategic visions, proposed as the second component of the strategic framework of Phase III, will set clear graduation targets, which individual investment phases (typically of five years) will work towards, guided by detailed strategies set out in the ecosystem profiles, which will be updated on a periodic basis (typically every five years). They will also include financing plans describing the funding requirements for implementation of the long-term visions (i.e. the best estimate of the funding needed to achieve the graduation targets).

Since the Donor Council meeting in January 2014, the Secretariat developed the concept note and scope of work of the Long-Term strategic visions and presented them to the Working Group during their 42nd meeting on 4 June 2014. The annex document includes the comments and suggestions of the Working Group members who received positively the proposal for the long-term strategic vision. The Donor Council is requested to approve the scope of work for the long-term strategic vision so the Secretariat can begin the development in targeted hotspots.

Progress on Component 3 – Strengthened implementation organizations that become the sustainable stewards of the long-term strategic vision for the hotspots.

During the early discussions of the strategic framework for Phase III, the Donor Council members expressed their satisfaction with the evolution of the RITs, recognizing that in order to secure long-term sustainability these organizations along with others needed to become the stewards of the long-term vision, so impact on biodiversity can be sustained. These social structures and institutions should also include additional skills that current RITs may lack such as those related to effectively engaging governments and private sector partners and fundraising.

Following the review and approval of the Phase III strategic framework, the Secretariat has revised the terms of reference of the Regional Implementation Teams to incorporate these skills and others that were identified by the RIT members during the exchange in September 2013. We have also included key roles that were identified through an assessment to selected RIT members. The Terms of Reference for the RITs were reviewed by the Working Group during the 42nd meeting on 4 June 2014. Their comments and revisions have been included in the final version of the TORs and the

Donor Council is requested to approve the updated Terms of Reference for the RITs included in Annex B.

Progress on Component 4 – Improved model of delivery

The Strategic Framework approved by the Donor Council in January 2014 included upgrading the operational systems of CEPF, revising the communications strategy and updating the monitoring system to be better aligned with the Aichi Targets.

In order to support CEPF's growing portfolios of grants and to further the CEPF Phase III strategy outcome "Stronger communications, monitoring and operations" CEPF has appointed contractor, InfernoRed Technology to develop a customized grantee application and reporting system. The new system will streamline the grants application and approval process, improve the applicant and grantee user experience, and facilitate online reporting and data capture. It will promote collaboration between the CEPF Secretariat and the RITs while accommodating applicants and grantees in low bandwidth environments across multiple languages. The new system will allow CEPF to more easily collect and distribute stories of grantee successes and challenges through data rich portrayals of experiences in the field. Development of the new system is expected to be completed in phases over the fall and winter of 2014 to allow CEPF to maintain its day-do-day business. Full deployment is anticipated by the spring of 2015.

CEPF's Secretariat is working on updating the monitoring framework to include clear indicators that show how the work of our grantees are helping advance the Aichi Targets. A special report is being compiled and will be presented at the COP in Pyeongyang, Korea in October 2014.

Regarding communications, the Secretariat drafted terms of reference for a consultant or firm to develop a communications strategy for Phase III, then shared the draft terms of reference with a selection of communications professionals with related expertise for their input. Among those professionals was April Bucksbaum of the Baum Foundation, whose extensive experience as a creative communications and marketing strategist includes serving as creative producer of "The Future We Want" exhibition for the Rio+20 Earth Summit, producing and naming the "Hotspots to Hopespots" project for the UN Environment Program, and working with NGO stakeholders to produce a trilogy of films for the State of California chronicling the historic California's Marine Life Protection Act to secure the MPA network completed in December 2012. Her review of the terms of reference inspired Bucksbaum to work with several colleagues in the firm Spherical Thinking Tools on a proposal for developing the Phase III Communications Strategy. April will present some of the key points from the Spherical team's proposal to the Donor Council at the 25th meeting to jumpstart donor partner engagement in the development of the communications strategy.