

Critical Ecosystem Partnership Fund

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

30 April 2014

**CEPF Financial Summary, Fifteenth Spending Plan
and increase in Spending Authority for Indo Burma Reinvestment and Mediterranean**

Recommended Action Item:

The Donor Council is asked to **review and approve** the Fifteenth Spending Plan on a **no-objection basis**. The plan sets out the budget for grants and operations totaling \$20.442 million for the period 1 July 2014 – 30 June 2015.

A summary of expenditures through 31 March 2014 against the Fourteenth Spending Plan is attached for information.

The Donor Council is also asked **to approve on a no-objection basis:**

1. The transfer of the unspent balance of the Spending Authority from the first phase of investment in the Indo-Burma Hotspot to the second phase of investment in the Indo-Burma Hotspot. The total Spending Authority between the two phases will remain at \$20.278 million comprising the approved \$9.878 million for the first phase and \$10.4 million for the second phase.
2. An increase of \$1,106,744 in the Spending Authority for the Mediterranean Hotspot to include the additional funding made available by the MAVA Foundation, increasing the Spending Authority from \$10 million to \$11,016,744.

The deadline for no-objection approval is **15 May 2014**.

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 Fifteenth Spending Plan provides for CEPF's operational budget for fiscal year 2015 (1 July 2014 to 30 June 2015). The Plan does not increase the authority to grant and commit funding, which remains at \$194,528,000 – this will increase to \$196,634,744 once approval is received to increase the Mediterranean Spending Authority in this resolution.

The Secretariat has included in the Ecosystem Grants spending category (page 1, Pending Regions) the projected disbursement and new grant award amounts for four regions that are currently being profiled and where granting is expected to commence in FY15 once the Ecosystem Profiles are approved by the Donor Council. These regions are Guinean Forests of West Africa, Madagascar and Indian Ocean Islands, Tropical Andes and Wallacea. The total granting budget increases from \$13.8 million in FY14 to \$16.4 million in FY15.

The Operations / Secretariat budget (page 2) reflects an increase of 17% from \$2.8 million in FY14 to \$3.2 million in FY15. This increase is partly due to the need for CEPF to hire a new Grants Director as the secondment of the current director from the French Government comes to an end in July 2014. Given the number of regions for investment, CEPF needs to retain this Grants Director but now has to pay the full cost of employment. The Secretariat budget is also higher as CEPF is establishing the foundation for Phase 3 that has been approved by the Donor Council. This includes support in developing the detailed business plan as well as support in areas like communications to ensure that we have the appropriate capacity in place for CEPF 3.

The Secretariat has included in the Preparation (Ecosystem Profiles) budget (page 2) the projected amounts for profiling the Cerrado Hotspot and mapping for the various ecosystem profiles that are under preparation.

The fundraising budget included in the Special Projects table includes costs of travel and special events related to fundraising efforts. In addition to attending the CBD COP in South Korea and the World Park's Congress in Sydney, these efforts will target the governments of Germany, the United Kingdom and Norway. In addition, in the Special Projects budget provision is made for a new granting system to replace the existing system that no longer meets CEPF's requirements. The total estimated cost of this system is \$400k, to be split between FY14 and FY15. A contractor has been appointed to develop a customized system for the new portal which will automate the grants application process and facilitate online reporting by all grantees, including monitoring data. This new system is an essential building block in preparing for CEPF 3 as presented during the 24th Donor Council meeting in Paris in January 2014.

In 2012, the Donor Council approved a second phase of investment in the Indo-Burma Hotspot. The investment in the first phase of the Indo-Burma Hotspot is coming to an end and there will be remaining funds that have not been spent, estimated at approximately \$220k. The Secretariat recommends these funds to be transferred to the second phase of Indo-Burma investment to ensure that all approved funds for Indo-Burma are spent in the region.

With effect from January 1, 2014, the MAVFA Foundation awarded a grant of \$1,129,715 to CEPF to leverage CEPF's investment in Integrated Coastal Management throughout the Mediterranean Basin. Portion of these funds will support the Secretariat's and Regional Implementation Team's costs and the balance will be invested in the Mediterranean Hotspot. The Donor Council is requested to formally approve an increase in the Spending Authority for this hotspot to allow CEPF to invest these funds.

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Fifteenth CEPF Spending Plan for the Period July 1, 2014 - June 30, 2015

Spending Category: Ecosystem Grants

FY15 Expected Disbursement FY15 New Grant Awards

Active Regions		
Caribbean	1,042,860	277,899
Caucasus	61,849	
Eastern Arc Mountains & Coastal Forests	348,583	
Eastern Afromontane	1,985,994	2,500,000
East Melanesian Islands	1,132,823	2,000,000
Indo-Burma	-	
Indo-Burma Reinvestment	1,885,527	2,500,000
Maputaland-Pondoland-Albany	663,433	100,000
Mediterranean	2,633,773	1,600,000
Mountains of Southwest China	159,251	
Western Ghats & Sri Lanka	461,447	
Total Active Regions	10,375,541	8,977,899
Pending Regions		
Guinean Forests of West Africa Reinvestment	425,000	1,700,000
Madagascar & Indian Ocean Islands Reinvestment	562,500	2,250,000
Tropical Andes Reinvestment	500,000	2,000,000
Wallacea	375,000	1,500,000
Total Pending Regions	1,862,500	7,450,000
Total All Regions	\$ 12,238,041	\$ 16,427,899
FY14 Spending Plan for Comparison	10,439,867	13,823,544

Authority to Grant & Commit Funding	Phase I	Phase II	Total Authority
Atlantic Forest	8,000,000	2,395,259	10,395,259
Cape Floristic Region	6,000,000	1,584,910	7,584,910
Caribbean Islands		6,900,000	6,900,000
Caucasus	8,500,000	997,502	9,497,502
East Melanesia Islands		9,000,000	9,000,000
Eastern Afromontane		9,800,000	9,800,000
Eastern Arc Mountains & Coastal Forests	7,000,000	1,759,296	8,759,296
Eastern Himalayas	5,000,000		5,000,000
Guinean Forests of West Africa	6,200,000	1,907,209	8,107,209
Indo-Burma		9,878,000	9,878,000
Indo-Burma Reinvestment		10,400,000	10,400,000
Madagascar & Indian Ocean Islands	4,250,000	1,385,800	5,635,800
Maputaland-Pondoland-Albany		6,650,000	6,650,000
Mediterranean		10,000,000	10,000,000
Mountains of Southwest China	6,500,000	1,351,321	7,851,321
Northern Mesoamerica	7,300,000		7,300,000
The Philippines	7,000,000		7,000,000
Polynesia-Micronesia		7,000,000	7,000,000
Southern Mesoamerica	5,500,000	1,636,402	7,136,402
Succulent Karoo	8,000,000	1,387,405	9,387,405
Sundaland	10,000,000		10,000,000
Tropical Andes	6,150,000	2,157,414	8,307,414
Tumbes-Chocó-Magdalena	5,000,000	1,846,637	6,846,637
Wallacea			
Western Ghats & Sri Lanka		6,077,000	6,077,000
Consolidation (balance of \$20mm authority)		13,845	13,845
Total Authority	100,400,000	94,128,000	194,528,000

Spending Category: Operations (Secretariat)**FY15 Budget**

Executive Management	
Personnel	266,217
Travel, Meetings & Events	28,800
Professional Services	161,000
Other Direct Costs	27,021
Subtotal	483,038

Program Management	
Personnel	891,200
Travel, Meetings & Events	136,050
Professional Services	65,000
Other Direct Costs	54,455
Subtotal	1,146,705

Grants Management	
Personnel	298,371
Travel, Meetings & Events	82,650
Professional Services	10,350
Other Direct Costs	50,024
Subtotal	441,395

Communications	
Personnel	238,926
Travel, Meetings & Events	21,300
Professional Services	68,500
Other Direct Costs	109,876
Subtotal	438,602

Financial Management	
Personnel	154,207
Travel, Meetings & Events	16,000
Other Direct Costs	32,078
Subtotal	202,285

Operations Total	2,712,025
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Spending Category: Management Fee (CI's audited indirect cost rate)	525,319
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Total Operations & Management Fee	\$ 3,237,344
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FY14 Spending Plan for Comparison	2,768,481
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Spending Category: Preparation	320,000
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FY14 Spending Plan for Comparison	800,000
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Spending Category: Special Projects (from interest)

Auditing Fee	45,000
Fundraising and special projects	411,463
Total Special Projects	456,463

FY14 Spending Plan for Comparison	304,068
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Total FY15 Spending Plan	\$ 20,441,706
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FY14 Spending Plan for Comparison	17,696,093
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Fourteenth CEPF Spending Plan versus Actual through March 31, 2014

Spending Category: Ecosystem Grants

	FY14 New Grant Awards - Spend Plan	FY14 Grant Awards to March - Actual	FY14 Expected Disbursements - Spend Plan	FY14 Disbursements to March - Actual		
Active Regions						
Caribbean	1,700,000	528,741	1,741,223	1,582,850		
Caucasus			214,510	92,512		
Eastern Arc Mountains & Coastal Forests		23,444	579,027	322,623		
Eastern Afromontane	3,200,000	1,719,242	1,730,000	1,396,439		
East Melanesian Islands ¹	1,000,000	2,039,935	370,000	452,944		
Indo-Burma		(42,227)	520,583	358,078		
Indo-Burma Reinvestment	2,000,000	489,042	860,000	598,764		
Maputaland-Pondoland-Albany	610,022	494,210	1,722,693	1,395,979		
Mediterranean	3,500,000	2,627,970	1,501,551	1,656,265		
Mountains of Southwest China		1,650	146,670	302,132		
Polynesia-Micronesia		(52,118)	117,449	157,391		
Tropical Andes		(10,606)	29,873	34,044		
Tumbes-Chocó-Magdalena			45,000	127,764		
Western Ghats & Sri Lanka	563,522	117,837	611,288	618,743		
Total Active Regions	12,573,544	7,937,119	10,189,867	9,096,528		
Pending Regions						
Madagascar & Indian Ocean Islands Reinvestment	1,250,000		250,000			
Total Pending Regions	1,250,000	-	250,000	-		
Total All Regions	\$ 13,823,544	\$ 7,937,119	\$ 10,439,867	\$ 9,096,528	87%	57%

¹ East Melanesian Islands RIT was planned for FY13; contract was signed early in FY14

Spending Category:	FY14 Budget	FY14 Actual to March	%
Preparation	800,000	775,505	97%
Special Projects (from interest)			
Auditing Fee	55,000	40,000	73%
Fundraising and special projects	249,068	153,440	62%
Total Special Projects	304,068	193,440	64%

Spending Category: Operations (Secretariat)	FY14 Budget	FY14 Actual to March	%
Executive Management			
Personnel	244,613	210,020	
Travel, Meetings & Events	27,000	26,148	
Professional Services	136,000	54,431	
Other Direct Costs	26,251	21,852	
Subtotal	433,864	312,451	72%
Program Management			
Personnel	735,021	480,309	
Travel, Meetings & Events	126,200	66,737	
Professional Services	2,000	1,130	
Other Direct Costs	81,375	52,281	
Subtotal	944,596	600,457	64%
Grants Management			
Personnel	276,835	234,400	
Travel, Meetings & Events	41,500	28,645	
Professional Services	8,900	600	
Other Direct Costs	50,073	24,636	
Subtotal	377,308	288,281	76%
Communications			
Personnel	205,503	170,800	
Travel, Meetings & Events	12,000	7,663	
Professional Services	42,460	4,332	
Other Direct Costs	95,699	53,111	
Subtotal	355,662	235,906	66%
Financial Management			
Personnel	157,601	115,714	
Travel, Meetings & Events	14,000	6,060	
Other Direct Costs	36,212	21,249	
Subtotal	207,813	143,023	69%
Operations Total	2,319,243	1,580,118	68%
Spending Category: Management Fee	449,237	306,069	68%
Total Operations & Management Fee	\$ 2,768,480	\$ 1,886,187	68%
Total FY14 Spending Plan	\$ 17,696,092	\$ 10,792,250	61%