

Critical Ecosystem Partnership Fund
Fourteenth Meeting of the Donor Council
World Bank Headquarters, Washington, DC
10 November 2008

Approved Minutes

1. **Welcome and introductions** (Doc.CEPP/DC14/1)
The Chair welcomed the participants.
2. **Adoption of agenda** (Doc.CEPP/DC14/2)
The agenda was adopted.
3. **Adoption of minutes of the Thirteenth Meeting of the Donor Council**
(Doc.CEPP/DC14/3)
The Donor Council adopted the minutes of the Thirteenth Meeting of the Donor Council, noting that a GEF participant's name needed correction. This meeting of the Council took place on April 21, 2008. The participant's name has since been corrected and the revised final minutes distributed to the Council.
4. **Follow up to decisions taken at the Thirteenth Meeting of the CEPF Donor Council**
(Doc.CEPP/DC14/4)
The Executive Director provided an update on actions taken in follow up to decisions from the Thirteenth Meeting of the Donor Council. This included:
 - The Executive Director traveled to Japan in September to give a presentation about CEPF at the Sixteenth Environment Congress for Asia and the Pacific (ECO Asia 2008) at the invitation of the Ministry of Environment for Japan. Discussions at an informal level with representatives of the Ministry of Finance and Ministry of the Environment also included the opportunity represented by Japan hosting CBD 10 (see Agenda Item #6). Previously, the Secretariat also made available the information about CEPF in Japanese developed by GEF and distributed several hundred copies at the Alternative G8 Summit held by Japanese nongovernmental organizations 6-9 July 2008 in parallel with the G8 Summit in Hokkaido, Japan.
 - As part of completing the new Terms of Reference for the CEPF External Audit submitted for the Donor Council's review and approval, the Secretariat has identified unexpected additional costs to cover the expanded Terms of Reference. These and related recommendations will be discussed under Agenda Item #9.
 - The Secretariat has provided an information package about Conservation International's Center for Environmental Leadership in Business (CELB) to the Council and has started discussions with CELB about a potential meeting at the introduction of Kathy Sierra, Vice President for Sustainable Development at the World Bank, between CELB and the International Finance Corporation (IFC). Several CELB staff worked closely with IFC when it updated its policy on critical habitats and also in developing selected projects. The program would welcome greater sharing of information and collaboration with IFC. The Secretariat will be in contact with Ms. Sierra in the near future to follow up on the possibility of a meeting at her introduction between CELB and IFC to share best practices.

5. **Report on progress by the Executive Director** (Doc.CEPP/DC14/5)

The Executive Director highlighted recent activities from his written report on progress since the last meeting of the Donor Council. Items discussed included:

- The World Bank confirmed its support for the replenishment of CEPF and, in the first instance, committed to provide \$3 million from the Development Grant Facility during this fiscal year for the activities of the Fund toward an overall expected commitment of \$25 million. An update on the fundraising strategy would be discussed under Agenda Item #8.
- As mentioned previously, at the invitation of the Japanese Ministry of Environment, the CEPF Executive Director gave a presentation about CEPF at the Sixteenth Environment Congress for Asia and the Pacific (ECO Asia 2008) in September. Convened in Nagoya, Japan, this meeting focused on the conservation and sustainable use of biodiversity. Since its establishment in 1991, ECO Asia has evolved into an influential regional mechanism for discussing rapidly increasing cross-boundary environmental problems in the region. The Executive Director also traveled with other CI staff to Germany in September to meet with representatives from the German International Development Bank (KfW) about the opportunity presented by CEPF to support critical civil society efforts to conserve the biodiversity hotspots. The team also presented information on several sister funds managed by CI, including a new funding program designed to support the start-up and implementation of forest-based carbon projects to counteract global warming and deliver biodiversity and local community benefits. The Executive Director also visited Norway to discuss the opportunity represented by CEPF.
- The Secretariat is exploring opportunities for new partners and additional donors in support of the ecosystem profiling processes and future investments in the Mediterranean and Caribbean hotspots, the next two regions approved for profiling by the Donor Council. The Executive Director noted the challenge in getting the required U.S. approval to work in Cuba, but how, given its wealth of biodiversity, it may not make sense to profile this region without it. CEPF will attend an upcoming gathering of organizations working in Cuba at the invitation of the MacArthur Foundation. He said a preliminary meeting had also been held about work in this region at the recent BirdLife annual conference in Buenos Aires. The AFD Council Member inquired about the timeframe for development of the profiles for these hotspots. The Executive Director reported that the process is expected to be able to begin in December, and be completed within nine months. Grantmaking could begin as soon as the fourth quarter of 2009.
- The Secretariat provided the Working Group with detailed summaries for six regions in advanced stages of consolidation investment planning to encourage greater synergies and information sharing with the donor partners. Planning for consolidation continues to move forward in these regions, with new portfolios of grants awarded in two regions to date. The GEF representative inquired about monitoring standards for the consolidation grants and the role of small NGOs. The Executive Director stated that the strengthened monitoring program established for the second phase of CEPF funding will be applied to the consolidation grants. He also reported that decentralized small grants targeting small local organizations are part of the consolidation funding. The Council also discussed the tracking and reporting of economic benefits of CEPF-funded projects and the inclusion of financial management training for small organizations, and suggested that this might be a subject for further exploration in a future meeting.

As part of the report, Frank Hawkins, vice president of CI's Africa and Madagascar Division and the CI Working Group representative, also gave a presentation on conservation successes in the Indri Corridor in Madagascar highlighting the people-centered approach of the many projects in this region and the benefits to people.

6. Communications Plan for CEPF's 10th Anniversary (Doc.CEPF/DC14/6)

The Executive Director introduced the document proposing development of a special communications and outreach plan for 2010 in recognition of CEPF's Tenth Anniversary and the importance of the year to the international community. The milestone offers an excellent opportunity for the program to design and implement a special communications and outreach plan to demonstrate the impact of CEPF and the many partners it supports, including the contribution toward the CBD 2010 biodiversity target; the important role of civil society in conserving critical ecosystems for local and global benefits; and good practices and key lessons learned by the global program and its partners.

He directed the Council's attention to some provisional activities included in the proposal for Donor Council discussion and feedback. Selected activities would be an integral part of the CEPF global replication and dissemination strategy as called for in the Strategic Framework. The proposal was also discussed at a meeting of the Working Group on 24 October 2008.

The Donor Council endorsed the proposal. Members of the Council asked the Secretariat to work closely with individual partners in further developing the plan and to engage the Council prior to the next meeting by telephone or e-mail if special discussion or consideration of additional costs are required before the next meeting of the Council. The Secretariat also would work particularly closely with the government of Japan as the host of the CBD in 2010 and in recognition of the Government's stated need to further raise awareness of biodiversity conservation and CEPF in the country.

7. CEPF & Climate Change (Doc.CEPF/DC14/7)

The Executive Director introduced this agenda item requesting the Council to instruct the Secretariat to what extent it should explore and specifically highlight opportunities for civil society to contribute to climate change mitigation and adaptation as part of CEPF grant-making. He noted the findings provided to the Council from an analysis of CEPF portfolio linkages to climate change resilience and mitigation. The retrospective study, undertaken at the request of the Council, included analysis of 697 CEPF-supported projects in 15 hotspots. The summary of findings includes a number of interesting observations, including that a significant proportion of CEPF-supported projects are highly relevant to addressing climate change. It also includes suggestions for how the linkage might be further strengthened.

The Council members agreed that climate change is an issue of great significance, but cautioned that it should not become a singular focus of the program. At the Secretariat's recommendation, the Donor Council agreed that consideration of climate change as part of grant-making in the hotspots would take place most appropriately as part of the ecosystem profiling process. The Council agreed that future ecosystem profiles should:

- 1) Incorporate a review of current support by donors and other actors in climate change mitigation and adaptation as part of the Assessment of Current Investment.
- 2) Specifically include an analysis of the opportunity for civil society organizations to contribute to climate change mitigation and adaptation with CEPF resources.
- 3) In all instances, include an explicit strategic direction to support civil society participation in climate change mitigation and adaptation.

The Executive Director said that these points would now be incorporated into the formal Information Requirements for Ecosystem Profiles. The representative of the MacArthur Foundation reported that the Foundation is conducting a study on adaptation and mitigation in the hotspots where it is working, and that it is establishing a climate change network focusing on best practices. He invited CEPF to meet with MacArthur Foundation representatives to learn about these initiatives and explore collaboration opportunities.

8. **Update on the CEPF Fund-raising Strategy** (Doc.CEPF/DC14/8)

The Donor Council reviewed the Update on the CEPF Fund-raising Strategy (FY 2008-2012). The Executive Director reported on progress toward the fundraising goal of \$150 million, noting that the new World Bank commitment would bring CEPF to its initiative goal of \$100 million for the global program. Additionally, the World Bank representative assured the Council that the World Bank's is committed to providing its full pledge of \$25 million for the global program over the next five years. The Executive Director also reported that Saudi Arabia and Dubai had been approached about possible partnerships. The Chair reported that he would be traveling to Saudi Arabia soon and offered to assist in following up with representatives there as needed.

9. **Terms of Reference for CEPF External Audit** (Doc.CEPF/DC14/9)

The Executive Director introduced a new Terms of Reference for the External Audit for the Council's review and approval. As detailed in Operational Manual Section 2.1 *Overview of Financial Management*, the External Audit will be conducted annually by independent auditors to provide assurance on the financial statements of CEPF. In addition, the Terms of Reference have been expanded as part of the conditions for the new GEF financing to include compliance with certain provisions of the Financing Agreement and related internal controls.

The Secretariat developed the Terms of Reference in consultation with the CI-Finance Department and Pricewaterhouse Coopers as the current auditor. Consultations were also undertaken with the World Bank as implementing agency for GEF. The estimated annual cost of the audit is about \$20,000 for the financial statements and an additional \$40,000-60,000 for the compliance testing, a total of about \$80,000 per year or \$400,000 for five years.

As the compliance testing costs are beyond the expenses originally planned during CEPF budget development and CEPF is managing at a capped level of operational expenses, the Secretariat requested that the additional compliance testing be charged against interest earned and to be considered as a budget item separate from the operational expenses of the Fund. This would be similar to the way in which External Evaluation is presented.

The Donor Council approved the Terms of Reference for the CEPF External Audit. The Council also approved the use of interest earned from the CEPF Bank Account to pay for the compliance testing part of the audit costs each year, and for the compliance-specific costs to be considered as a budget item separate from the operational expenses of the Fund. The approved Terms of Reference will be included in the program's Operational Manual.

10. **Time and place for the next meetings of the Donor Council** (Doc.CEPF/DC14/10)

The Donor Council set 22 June 2009 and 9 November 2009 as the dates for the next two meetings. These dates are linked to the regular meetings of the GEF Council as previously agreed by the Donor Council to facilitate broad participation from the Donor Council members.

List of Follow-up Actions:

1. The Secretariat will update the Information Requirements for Ecosystem Profiles in the Operational Manual to reflect the new points agreed related to climate change.
2. The new Terms of Reference for the External Audit will be incorporated into the Operational Manual. In addition, the compliance testing costs of the annual audit will be charged against interest earned and be considered as a budget item separate from the operational expenses of the Fund.
3. The Secretariat will move forward with developing a special Communications Plan for CEPF's Tenth Anniversary in 2010, working closely with the partners and particularly the Government of Japan as host of the CBD 10 and in recognition of the need to raise awareness of biodiversity conservation and CEPF in Japan. The plan would be part of a global replication and dissemination strategy in development.
4. The Secretariat will meet with MacArthur Foundation representatives to learn about its climate change study and explore opportunities for further collaboration.
5. The next meetings of the Council will take place on 22 June 2009 and 9 November 2009.

List of Attendees

Donor Council Members

Monique Barbut, CEO	Global Environment Facility
Jonathan Fanton, President	The MacArthur Foundation
Pierre Jacquet, Executive Director for Strategy	L'Agence Française de Développement
Hiroshi Takami, Director of Development Issues, International Bureau, Ministry of Finance on behalf of Hiroshi Naka	Government of Japan
Peter Seligmann, CEO and Chairman	Conservation International
James Wolfensohn, CEPF Donor Council Chair	

Staff

CEPF

Jorgen Thomsen, Senior Vice President and CEPF Executive Director
Bobbie Jo Kelso, Senior Director for External Affairs
Julie Shaw, Writer/Editor, External Affairs

Conservation International

Frank Hawkins, Vice President for Madagascar and Africa

Global Environment Facility

Gustavo Fonseca, Team Leader, Natural Resources
Yoko Watanabe, Program Manager/ Senior Biodiversity Specialist, Natural Resources

World Bank

Warren Evans, Sector Director, Environment

Other Donor Partner Representatives

Motoo Kakihara, Advisor, Office of the Executive Director, Japan, The World Bank
Akiko Nakagawa, Assistant Director, Government of Japan, Environmental Cooperation Office,
Global Environment Bureau, Ministry of the Environment

These Minutes were approved at the Fifteenth Meeting of the Donor Council in September 2009.