

Critical Ecosystem Partnership Fund

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

30 April 2020

CEPF Financial Summary, Twenty-first Spending Plan

Recommended Action Item:

The Donor Council is asked to **review and approve** the Twenty-first Spending Plan on a **no-objection basis**. The plan sets out the budget for grants and operations totaling \$18,289,798 for the period 1 July 2020 to 30 June 2021.

The deadline for no-objection approval is **14 May 2020**.

Background:

In accordance with the CEPF 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 Twenty-first Spending Plan provides for CEPF's operational budget for fiscal year 2021. The Plan does not increase the authority to grant and commit funding, which remains at \$281,487,227.

The Secretariat has included in the Ecosystem Grants spending category (page 1) the projected disbursement and new grant award amounts for nine active regions (including the Multiple Hotspots authority) and two new region investments. The new regions are a reinvestment in the Caribbean Islands Biodiversity Hotspot and a reinvestment in Tropical Andes Biodiversity Hotspot. The grant commitment budget increases from \$12,200,000 in FY20 to \$14,205,000 in FY21, reflecting successful fundraising efforts in FY20 and increasing granting activity as CEPF shifts into Phase III. The expected grant disbursements decrease slightly from \$14,780,000 in FY20 to \$14,060,000 in FY20 as CEPF sees decreasing Phase II hotspot activity and begins new hotspot investments in FY21.

The Secretariat Operations budget (page 2) reflects an increase of 4% from \$3,424,793 in FY20 to \$3,549,021 in FY21. The increase is primarily the result of additional professional services approved under donor-specific project activities. Due to the uncertainty regarding COVID-19, Conservation International (host of the CEPF Secretariat) has eliminated planned merit increases and variable pay for executive staff and this budget decision is reflected in the Spending Plan.

The Secretariat plans to engage in new Ecosystem Profile Preparation work in FY21. CEPF has fully earmarked funds available from signed donor awards for use in the existing active and pending regions. Two

additional profiles are budgeted as discussed with the Donor Council to include re-profiling for re-investments in the biodiversity hotspots of Tropical Andes and Wallacea.

The Special Projects category is funded through interest income, and the activities financed in this category are consistent with the objective of CEPF. The Special Projects budget makes allocations for work related to the enhancement of the grants management system and CEPF website. A provision from Special Projects is made for support of the Executive Director's fundraising efforts. The Executive Director will focus fundraising efforts on the Green Climate Fund through the AFD Accredited Entity; KfW for support towards the Tropical Andes biodiversity hotspot; the World Bank acting as administrator of the pledge from the Government of Japan; as well as US- and EU-based foundations that support biodiversity conservation. Also budgeted under Special Projects in FY21 are costs for CEPF promotion at the Convention on Biological Diversity, the re-scheduled World Conservation Congress, as well as a Regional Implementation Team (RIT) exchange to facilitate knowledge sharing and learning across CEPF's diverse portfolio and geographies.

In FY17, CEPF began discontinuing re-investment in the investment portfolio managed by UBS (the investment portfolio approved following presentation of document CEPF/DC25/8 at the 25th meeting of the Donor Council). This has resulted in declining interest income as CEPF returns to a cash-focused position to finance project implementation in the final years of Phase II. The investment portfolio was formally closed in the beginning of FY20 and is no longer be active. Therefore, interest income will no longer be generated from the investment portfolio for CEPF use on Special Projects. Any further interest income generated and the allocation and use of such proceeds will be in accordance with donor-specific agreements.

Critical Ecosystem Partnership Fund

Twenty-first CEPF Spending Plan for the Period July 1, 2020 - June 30, 2021

Spending Category: Ecosystem Grants

	FY21 Expected Disbursement	FY21 New Grant Awards	FY20 Expected Disbursement	FY20 New Grant Awards
Active Regions				
Cerrado	2,050,000	200,000	2,390,000	1,300,000
East Melanesian Islands	1,050,000	730,000	1,100,000	900,000
Eastern Afromontane	-	-	610,000	-
Guinean Forests of West Africa Reinvestment	2,800,000	1,695,000	2,400,000	1,300,000
Indo-Burma II	200,000	-	1,000,000	-
Indo-Burma III	1,500,000	3,000,000	-	-
Madagascar & Indian Ocean Islands Reinvestment	1,600,000	480,000	1,620,000	1,200,000
Mediterranean II	2,400,000	2,250,000	2,620,000	2,500,000
Mountains of Central Asia	890,000	2,000,000	280,000	1,200,000
Multiple	120,000	-	300,000	600,000
Tropical Andes II	1,200,000	350,000	1,500,000	1,700,000
Wallacea	-	-	860,000	-
Total Active Regions	13,810,000	10,705,000	14,680,000	10,700,000
Pending Regions				
Caribbean Reinvestment	150,000	2,000,000	100,000	1,500,000
Tropical Andes III	100,000	1,500,000	-	-
Total Pending Regions	250,000	3,500,000	100,000	1,500,000
Total All Regions	\$ 14,060,000	\$ 14,205,000	\$ 14,780,000	\$ 12,200,000

Note on Disbursements vs Awards: Disbursements represents actual payments disbursed to grantees. Awards is the target for new agreements signed with grantees.

Authority to Grant & Commit Funding	Phase I	Phase II	Phase III	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
Cerrado	-	8,000,000	-	8,000,000
East Melanesia Islands	-	9,000,000	-	9,000,000
Eastern Afromontane	-	12,000,000	-	12,000,000
Eastern Arc Mountains & Coastal Forests	7,000,000	1,749,473	-	8,749,473
Eastern Himalayas	5,000,000	-	-	5,000,000
Guinean Forests of West Africa	6,200,000	1,907,209	-	8,107,209
Guinean Forests of West Africa II	-	12,000,000	-	12,000,000
Indo-Burma	-	9,656,797	-	9,656,797
Indo-Burma II	-	15,966,203	-	15,966,203
Indo-Burma III	-	-	7,000,000	7,000,000
Madagascar & Indian Ocean Islands	4,250,000	1,385,800	-	5,635,800
Madagascar & Indian Ocean Islands II	-	12,540,000	-	12,540,000
Maputaland-Pondoland-Albany	-	6,650,000	-	6,650,000
Mediterranean	-	11,016,744	-	11,016,744
Mediterranean II	-	-	10,578,000	10,578,000
Mountains of Central Asia	-	-	8,000,000	8,000,000
Mountains of Southwest China	6,500,000	1,350,738	-	7,850,738
Multiple	-	600,000	-	600,000
Northern Mesoamerica	7,300,000	-	-	7,300,000
The Philippines	7,000,000	-	-	7,000,000
Polynesia-Micronesia	-	6,828,576	-	6,828,576
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
Tropical Andes II	-	10,000,000	-	10,000,000
Tropical Andes III	-	-	3,000,000	3,000,000
Tumbes-Chocó-Magdalena	5,000,000	1,846,270	-	6,846,270
Wallacea	-	6,850,000	-	6,850,000
Western Ghats & Sri Lanka	-	6,077,000	-	6,077,000
Consolidation (balance of \$20M authority)	-	25,525	-	25,525
Total Authority	100,400,000	152,509,227	28,578,000	281,487,227

Spending Category: Operations (Secretariat)	FY21 Budget	FY20 Budget
Executive Management		
Personnel	339,146	
Travel, Meetings & Events	63,950	
Professional Services	-	
Other Direct Costs	37,107	
Subtotal	440,203	486,486
Program Management		
Personnel	792,252	
Travel, Meetings & Events	126,120	
Professional Services	10,000	
Other Direct Costs	77,937	
Subtotal	1,006,309	993,085
Grant Management		
Personnel	506,870	
Travel, Meetings & Events	45,950	
Professional Services	5,000	
Other Direct Costs	60,081	
Subtotal	617,901	699,495
Monitoring, Evaluation, & Outreach		
Personnel	278,661	
Travel, Meetings & Events	30,665	
Professional Services	92,000	
Other Direct Costs	7,939	
Subtotal	409,265	346,293
Communications		
Personnel	226,874	
Travel, Meetings & Events	20,605	
Professional Services	119,600	
Other Direct Costs	55,163	
Subtotal	422,242	342,125
Finance & Operations Management		
Personnel	175,787	
Travel, Meetings & Events	3,125	
Professional Services	34,000	
Other Direct Costs	22,945	
Subtotal	235,857	180,861
Operations Total	3,131,777	3,048,346
Spending Category: Management Fee (CI's audited indirect cost rate or donor restriction)	417,245	376,448
Total Operations & Management Fee	3,549,021	3,424,793
Spending Category: Preparation	350,000	600,000
Spending Category: Donor-earmarked activity	0	56,000
Spending Category: Special Projects (from interest)		
Audit Fee (Program audit discontinued; Donor-specific audits in Operations)	0	
Fundraising	25,177	
Special Events: WCC/CBD and RIT Exchange	85,000	
Grant Management System & Website	75,600	
Total Special Projects	185,777	334,844
Total FY21 Spending Plan	\$ 18,289,798	\$ 16,615,638