

**Critical Ecosystem Partnership Fund**  
No Objection Approval Pursuant to Section 2.03(c) of the Financing Agreement

14 November 2022

**Ecosystem profile for the Madagascar and the Indian Ocean Islands Biodiversity Hotspot**

**1. Recommended Action Item:**

The Donor Council is asked **to approve on a no-objection basis** the ecosystem profile for the Madagascar and the Indian Ocean Islands (MADIO) Biodiversity Hotspot, and an increase in CEPF's spending authority by \$14.1 million for the implementation of this profile.

The deadline for no-objection approval is **28 November 2022**.

**2. Background**

The ecosystem profile for the MADIO Hotspot was updated between September 2021 and August 2022, following the Donor Council's approval, at its Thirty-second Meeting on 6 February 2018, of CEPF accessing funding from the Green Climate Fund (GCF) to promote Ecosystem-based Adaptation (EbA) to climate change in the hotspot. Subsequently, in March 2021 a US\$38 million grant financing agreement was signed between CI (GCF Implementing Entity on behalf of CEPF) and AFD (GCF Accredited Entity) for a 10-year program entitled *Ecosystem-based Adaptation in the Indian Ocean*.

According to the design of the GCF program, the ecosystem profile will be updated during the first and sixth years of the program, to guide CEPF grant making to civil society organizations to promote the EbA approach in the hotspot. To this end, the updated ecosystem profile sets out a five-year investment strategy with five strategic directions: (1) empower communities and civil society to implement actions to improve the resilience of species, ecosystems, and human populations to climate change in priority Key Biodiversity Areas (KBAs); (2) support local communities and civil society to strengthen the integration of the EbA approach, ecosystem resilience and biodiversity conservation into political and economic decision-making processes and education; (3) strengthen the capacities of local communities and civil society at regional and local levels to enhance adaptive capacity and reduce exposure to climate change risks; (4) support research and ensure the dissemination of results for the promotion and improvement of knowledge on EbA actions and related good practices; and (5) provide strategic leadership and effective coordination of CEPF investment across the hotspot through a Regional Implementation Team.

CEPF investments will target 70 priority KBAs across the four countries, selected using the KBA+ methodology based on their relative importance for the delivery of ecosystem

services important to local populations. By definition, all KBAs are of global importance for the conservation of biodiversity.

The ecosystem profile was updated by a consortium led by CI's Madagascar Program, in partnership with Missouri Botanical Garden, Asity Madagascar, Biotope and the Moore Center for Science & Oceans at CI, and with support from consultants recruited locally. Consultations were organized with the participation of various government ministries, donor agencies, national and international NGOs, associations, universities and research centers. Around 270 individuals from more than 120 institutions were consulted as part of the process, including the National Designated Authorities (NDAs) for the GCF in each country.

The draft ecosystem profile was presented to the Working Group on 8 September 2022 for its review and recommendation to the Donor Council. A small number of revisions were then made to the profile, to address comments from the Working Group.

As required by the financing agreement for the GCF program, the draft ecosystem profile was shared with AFD (as the GCF Accredited Entity) and the GCF Secretariat for review on 16 September. Detailed comments were received from the GCF Secretariat on 20 October. These comments mainly related to the approach used to prioritize sites for CEPF investment, following the KBA+ methodology. The CEPF Secretariat responded to these comments on 28 October and, on 9 November, the GCF Secretariat confirmed that its comments had been addressed and no changes to the ecosystem profile were required. A matrix showing the comments from the GCF Secretariat, the CEPF response and the final response from the GCF is attached.

As required by the CEPF Operational Manual, the draft ecosystem profile was submitted to the Donor Council on 15 September for online review for a period of 45 days. By the deadline for comments on 30 October, one set of comments had been received from the World Bank. A matrix showing these comments and how the CEPF Secretariat proposes to address them is attached.

### **3. Next Steps**

Addressing the comments from the World Bank will require some additional literature review, to strengthen some of the background chapters in the ecosystem profile. However, no changes will be made to either the geographic (priority sites) or thematic (strategic directions and investment priorities) priorities for CEPF investment. The ecosystem profile will be revised to address these comments, as described in the attached matrix, and the final version will be posted on the CEPF website, in English and French, no later than 16 December 2022.

Assuming that the Donor Council approves the ecosystem profile, the CEPF Secretariat plans to award the first grants under the new investment phase in the MADIO hotspot by June 2023.