

**Critical Ecosystem Partnership Fund**  
No Objection Approval Pursuant to Section 4.1 of the Operational Manual

25 January 2024

**Revised Spending Authority for the Madagascar and the Indian Ocean Islands and the Coastal Forests of Eastern Africa Hotspots**

**1. Recommended Action Item**

The Donor Council is asked **to approve on a no-objection basis** an increase in the spending authority for the Madagascar and the Indian Ocean Islands (MADIO) Hotspot of \$8,470,000 to include additional funding made available by the European Union (EU) through l'Agence Française de Développement (AFD), and by Fondation Franklinia.

The total spending authority for the MADIO Hotspot will become \$22,570,000.

The Donor Council is asked **to approve on a no-objection basis** a new spending authority of \$850,000 for the Coastal Forests of Eastern Africa Hotspot, to deploy a portion of the additional funding made available by the EU through AFD that has been earmarked for the Zanzibar Archipelago of Tanzania.

The deadline for no-objection approval is 8 February 2024.

**2. Background**

On 28 November 2022, the Donor Council approved, on a no-objection basis (CEPF/DC/electronic/83), the ecosystem profile for the second phase of CEPF investment in the MADIO Hotspot, with a spending authority of \$14.1 million. The source of this funding is a 10-year program, funded by the Green Climate Fund (GCF) through AFD as the Accredited Entity, titled *Ecosystem-based Adaptation in the Indian Ocean*. The program is funded by a \$38 million GCF grant, which became effective on 2 June 2021. The GCF grant has a co-financing requirement of \$11.2 million.

In January 2024, CI, on behalf of CEPF, signed a financing agreement with AFD for €9,433,962 (equivalent to \$10.37 million) in funding, made available under the *EU Support Programme for the African, Caribbean and Pacific SIDS and Coastal Countries* (ACP/FED/041-205), financed under the 11<sup>th</sup> European Development Fund. From this total, €7,733,962 (\$8.5 million) is available for grant making, split between 90 percent in the MADIO Hotspot (€6,960,566 or \$7.65 million) and 10 percent in the Zanzibar Archipelago of Tanzania, within the Coastal Forests of Eastern Africa Hotspot (€773,396 or \$850,000).

In December 2023, CI, on behalf of CEPF, signed an agreement with Fondation Franklinia, a Swiss-based philanthropy, for a grant supporting the conservation of threatened tree

species in Madagascar. The total value of this grant is \$1 million, of which \$820,000 is available for grant making.

The new contributions by the EU (through AFD) and Fondation Franklinia bring the total amount of secured funding for the current phase of investment in the MADIO Hotspot to \$22,570,000. To utilize these funds for additional grant making in the MADIO Hotspot, the CEPF Secretariat requests an increase in the spending authority from \$14,100,000 to \$22,570,000.

Moreover, the CEPF Secretariat requests a new spending authority of \$850,000 for the Coastal Forests of Eastern Africa Hotspot, in order to deploy new funding made available by the EU (through AFD) in the Zanzibar Archipelago of Tanzania.

### **3. Next steps**

In the MADIO Hotspot, the CEPF Secretariat will use the additional funding to support additional grant making, in line with the strategic directions and investment priorities in the approved ecosystem profile, and consistent with the conditions of the individual financing agreements. Grant making will begin immediately.

In the Coastal Forests of Eastern Africa Hotspot, the CEPF Secretariat will first develop a strategy for investment in the Zanzibar Archipelago of Tanzania, in consultation with stakeholders from civil society, government and other donors. Based on this strategy, the CEPF Secretariat will develop a limited portfolio of grants in the second half of 2024.