

Critical Ecosystem Partnership Fund
43rd Meeting of the CEPF Donor Council
Virtual Meeting
Wednesday 9 October 2024
8:00 a.m. – 11:00 a.m. Eastern Daylight Time (EDT)
2:00 p.m. – 5:00 p.m. Brussels and Paris Time
9:00 p.m. – 12:00 a.m. (+1 day) Tokyo Time

Partnership with the Watch and Jewellery Initiative 2030

Recommended Action Item:

The Donor Council is asked to give the Secretariat a mandate to negotiate a partnership with the Watch and Jewellery Initiative 2030 (WJI 2030) to design, launch and implement a Fund for Nature Restoration.

If a partnership is successfully negotiated, the Secretariat will seek the Donor Council's no-objection approval to receive funding from the WJI 2030.

Background:

The [Watch & Jewellery Initiative 2030](#) was launched in 2021 by Maisons Cartier and Kering, and in partnership with the Responsible Jewellery Council (RJC), with a mission to unite watch and jewelry brands committing to ambitious goals while collaborating on projects that deliver impact all along the value chain.

The initiative builds on existing initiatives and organizations in the industry, such as the RJC and Science Based Targets, and includes newer areas of focus, such as science-based climate targets, biodiversity protection, and materials and business model innovation, with the intent of encouraging and enabling industry transformation and innovation. It is open to all watch and jewelry players with a national or international footprint that commit to dedicating their resources and energy to continuous improvement on sustainable business topics. The initiative currently counts more than 60 members, including Chanel, Gucci, Pandora and Piaget.

WJI 2030 is committed to a common core of key sustainability goals in three areas: building climate resilience, preserving resources and fostering inclusiveness. The second goal of the initiative, preserving resources for nature and communities, is to ensure that the industry's sourcing has a positive impact on nature, species and communities. Implementation of this goal began with the launch of a Nature Roadmap in May 2024.

The Nature Roadmap is a framework for businesses to act together in response to the nature and biodiversity crisis with guidance on the key steps that companies need to

take: assess, commit, transform and disclose. It is the result of a collaborative effort between WJI 2030 members and leading industry and biodiversity experts.

In June 2024, WJI 2030 issued a request for proposals to design, launch and implement a Fund for Nature Restoration. The Fund aims to provide financial and technical support to priority projects in and around supply chains of the watch and jewelry sector (from raw material production to processing). Projects will be founded on strong engagement with local communities and Indigenous people, and will drive measurable improvement in biodiversity, including species protection, restoration of ecological integrity and enhanced benefits for local communities.

Genesis of the Relationship Between CEPF and WJI 2030:

In 2021, CI partnered with Kering to launch the [Regenerative Fund for Nature](#), which aims to transform 1 million hectares of crop and rangelands into regenerative agricultural spaces over five years, focusing on sustainable production of cotton, wool and leather. On 19 June 2024, the CEPF Secretariat had a conference call with Kering and was invited to apply under a call for proposals focused on conservation and restoration of natural habitats. The Secretariat decided not to submit a proposal under this call. However, Kering referred CEPF to WJI 2030, which had an open call for proposals for the creation of a Fund for Nature Restoration.

On 21 June, the CEPF Secretariat was contacted by WJI 2030 and invited to apply under this call. A proposal was prepared and was submitted on 25 June. In mid-July, WJI 2030 responded that its selection committee had been impressed by the proposal, and had decided that *"given your expertise, as shown through your proposal, CEPF will be a key implementation partner that will receive a set portion of the Fund to be dispersed as grants to priority restoration projects around the world. They will also give input on priority setting for projects (from within global biodiversity hotspots) to the collaborating partner."*

The collaborating partner is [Clarmondial](#), a Swiss-based consulting firm specialized in nature, climate and value chain finance. Clarmondial has a track record of designing and implementing investment funds in natural resource sectors. For instance, Clarmondial collaborates with CI and the GEF on the [Food Securities Fund](#), which finances sustainable supply chains at scale in emerging markets.

Proposed Fund for Nature Restoration:

Through subsequent conversations, the CEPF Secretariat learned that WJI 2030 wishes to launch a Fund for Nature Restoration with two components: a civil society grants program and a private investment facility.

The grants program will drive measurable improvement in biodiversity, including species protection and restoration of ecological integrity, along with enhanced benefits for local communities. Funding will come from WJI 2030 members. The ambition is to raise €1 million for "trailblazer" projects in 2025, and at least double this amount per year in subsequent years. The program will be managed by CEPF and delivered through its established processes; there will be no investment of funds. Grant-making will take place in biodiversity hotspots where CEPF has ongoing investments to take advantage of existing relationships, strategies and structures; to ensure greater cost efficiency;

and to minimize additional workload for the Secretariat. Given the interest of WJI 2030's members in gold and colored gemstones, it is anticipated that these hotspots will include the Guinean Forests of West Africa, Madagascar and the Indian Ocean Islands, and the Tropical Andes. For greater impact, grants will be embedded in globally significant landscapes/seascapes.

The private investment facility will focus on the same landscapes/seascapes selected by the civil society grants program. Clarmondial will mobilize investors looking for return on investment and link them to investment opportunities in sustainable production of natural resources. This could be mineral resources or agricultural commodities in the same landscape. The aim is to provide local communities with livelihood alternatives to unsustainable practices (hunting, expansion of subsistence agriculture, gold extraction with mercury, etc.). Financial returns may be generated through various financial instruments, such loans, profit sharing arrangements, royalties, commissions and services, including monetizable payments for ecosystem services.

The private investment facility would be managed either by Clarmondial or a fund manager selected for the purpose. The CEPF Secretariat would have an advisory role on the selection of landscapes and investments. The precise structure and investment criteria for the private investment facility, as well as the role of CEPF in its governance, have yet to be elaborated.

Subject to approval from the Donor Council, the Secretariat would engage with WJI 2030 to negotiate a partnership. These negotiations would include (but not be limited to) the following areas: governance arrangements; conditions for accepting financial contributions from WJI 2030 members (e.g., demonstrated progress towards Nature Roadmap, with third party verification); CEPF's role in decision-making by the private investment facility; and visibility and use of CEPF name and logo. The negotiation team would include relevant experts from CI to better understand the robustness of the investment model and to conduct more detailed due diligence of WJI 2030 members and their supply chains.

Due diligence:

At its 40th Meeting, on 12 December 2022, the Donor Council encouraged the CEPF Secretariat to pursue funding from private sources. CEPF's approach to engaging the private sector is set out in Section OM4.1.1 of the Operational Manual. This section states that "CEPF will continue to recognize the important role that the private sector can play in biodiversity conservation and seek to further scale up its engagement of this sector" and that "CEPF will support activities that integrate biodiversity conservation in production systems and sectors, including enabling private sector actors to plan, implement, and influence biodiversity conservation efforts as effective partners in sustainable development". The opportunity to partner with WJI 2030 to develop a Fund for Nature Restoration is in line with these objectives.

CI, as the host of the CEPF Secretariat, conducted a due diligence review of WJI 2030 and its founding member, Kering. In July 2024, CI's Corporate Engagement Committee granted its approval for CEPF to seek support from WJI 2030.

The final decision on whether CEPF should enter into a partnership with WJI 2030 to design, launch and implement a Fund for Nature Restoration lies with the Donor Council. This follows the powers and duties of the Donor Council, as set out in Section OM5.1 of the Operational Manual, which include “reviewing and approving the conditions under which new donors may be invited to take part in the Fund.”